

THE JEFFERSON JOURNAL

...a commentary from

THE THOMAS JEFFERSON INSTITUTE FOR PUBLIC POLICY

Taking State Parks off the State's Books, Part II

By Leonard C. Gilroy

6/25/2010 – My last column (see [“Taking State Parks Off the State's Books”](#)) explored the concept of long-term concessions with private recreation management firms for the operation and maintenance of state parks, generating reader feedback ranging from supportive to skeptical. Such polarization is understandable given that the proposal represents a novel and emerging paradigm in public land management that's altogether different than the norm today, characterized by a public sector monopoly on the operation of public lands.

In many ways, the situation for state parks today is analogous to the early days of the U.S. market for privately-financed toll roads and other transportation infrastructure in the late 1980s. The completion of pioneering private road projects like the Dulles Greenway and the Pocahontas Parkway in Richmond began to chip away at the stale paradigm that only governments should finance and operate highways. This cleared the way for over two dozen states to enact laws advancing the expanded use of transportation public-private partnerships (PPPs). By 2010, Texas, Florida and Virginia alone have highway PPP projects in development representing over \$10 billion of private capital investment, and these and other states have begun to use PPPs for the private operation of other public assets in education, corrections, mental health, and numerous other fields.

There's no inherent reason to treat state parks any differently. Though these state land assets serve a variety of purposes (ecological, preservation, etc.), perhaps the most visible and fundamental—and the one that generates the bulk of park system revenues—is the recreation enterprise. Users pay to enter parks and use camping and other facilities. Federal public land authorities like the U.S. Forest Service (USFS) and National Park System figured out years ago that while ecology and land preservation were core competencies, running recreation enterprises was not. As such, these agencies began rapidly expanding their use of private sector recreation management concessions over a decade ago.

Advancing this concept at the state level requires addressing several of the myths and misconceptions that emerged among various reader comments on Part I:

- **Myth 1. “Parks bring in a profit and do not lose money like other departments, so why change it?”:** Virginia's park system, like those of most states, require subsidies from the general fund (even though most parks charge user fees as well), so by definition the parks do not generate a system-wide “profit” that's returned to the state. At the individual park level, states like Virginia that charge park user fees typically have a mix of revenue-generating parks and those that do not break even. Under a PPP/concession model, concessionaires would not only take on operating expenses currently borne by the state today (removing these costs from government's ledger), but they would also pay the state a set percentage of annual revenues for each park as a yearly lease payment. Hence, the state would receive an annual lease payment even for those parks that operate at a loss

today, increasing revenue to the parks system. And because concessionaires can usually reduce labor expenditures by double-digit percentages, the parks system would also stand to realize even more revenue from those parks that are already cashflow-positive today. So in effect, even if some parks in the system are operating overall at a “profit” today, the combination of lease payments to the state and the removal of some or all operating costs from the state’s books could increase that “profit” substantially and offer a sustainable source of funding for existing or additional public safety, environmental and educational programs in the parks system.

- **Myth 2. “Concessions would lead to more development in state parks”:** Wrong—this myth is based on a fundamental misunderstanding of the nature of concessions for the private operation of public facilities. Park management concessions are governed by contracts that require private operators to manage parks in accordance with the recreation or preservation mission established by the parks authority. Concessionaires cannot disturb a tree, expand a water or power line, build a restroom or change fees and operating procedures without prior approval from the parks organization. For example, in one park management concession at the USFS’s Juniper Springs Recreation Area in Florida—located adjacent to a federal wilderness area—the concessionaire’s staff is required by contract to use canoes to move about the park in keeping with the park’s largely undisturbed character, and all park maintenance must be done entirely with hand tools (e.g., no power tools or chain saws).

For a parks agency contemplating management concessions, the math is simple: if you don’t want additional development of a park or if you want to impose use restrictions, write it in the contract.

Further, it should be noted that recreation management companies generate revenue when people visit the parks they operate, and the users of state parks are typically recreationists seeking more nature and fewer amenities. Even if a contract allowed it, it would make no sense for a concessionaire to seek to intensify development within a park when it would potentially alienate the biggest segment of their customer base. In short, good stewardship is good business for private recreation management firms.

- **Myth 3. “Public sector parks employees are superior to private ones”:** One commenter suggested the conceit that state park employees “have made this their career and have pride in their parks and profession that temporary, seasonal concession workers can never have.” But it’s simply self-delusion to assume that there is something inherently better about public sector employment or that permanent bureaucrats care more about parks than seasonal workers that choose to spend 3-6 months per year living in and tending to them. As a frequent camper that stays at a wide range of concessioned U.S. Forest Service campgrounds throughout Arizona run by different recreation management firms, I have yet to run into a seasonal park host that (a) didn’t care, (b) didn’t take their job seriously, or (c) didn’t feel fortunate to be there.

Further, recreation tends to be subject to seasonal peaks and valleys. Unlike state park employees, a concessionaire’s workforce does not need to be paid year round, even when the park is not busy. And since most of the recreation-related work in parks involves landscaping and janitorial work, does it really make sense to have permanent public employees with generous benefits doing this work?

- **Myth 4. “Privatization is incompatible with ongoing environmental and educational activities in state parks”:** False. Park concessions routinely incorporate or accommodate ongoing environmental and educational/interpretive activities. Concessionaires are often required by contract to offer ranger programs, educational/social activities and the like, and parks authorities have full discretion to structure concession contracts to leave as much room for ongoing research activities and conservation programs as desired. In fact, the additional revenues that concessions can bring to the parks system can actually be used to maintain or expand such programs.

Some of the above myths are simply fear-based, while others are mantras espoused by turf-protecting park bureaucrats. Either way, policymakers should not be misled. Sacred cows and protected silos are always unhealthy in government, but especially so in a time of widespread fiscal crisis. If there’s an opportunity to reinvent state parks in a way that preserves their character while increasing the fiscal sustainability of the parks system itself, it should behoove policymakers to at least explore it.

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