

State Parks Purchasing Authority

January 2003

Arthur A. Hayes, Jr., CPA, JD, CFE
Director

Deborah V. Loveless, CPA
Assistant Director

Dena W. Winningham, CGFM
Audit Manager

Joseph Schussler, CPA, CGFM
In-Charge Auditor

David Wright, CFE
Staff Auditor

Amy Brack
Editor

"Audit Highlights" is a summary of the audit report. To obtain the complete audit report, which contains all findings, recommendations, and management comments, please contact

Comptroller of the Treasury, Division of State Audit
1500 James K. Polk Building, Nashville, TN 37243-0264
(615) 401-7897

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STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
State Capitol
Nashville, Tennessee 37243-0260
(615) 741-2501

John G. Morgan
Comptroller

January 31, 2003

The Honorable John S. Wilder
Speaker of the Senate
The Honorable Jimmy Naifeh
Speaker of the House of Representatives
and
Members of the General Assembly
State Capitol
Nashville, Tennessee 37243

Ladies and Gentlemen:

Transmitted herewith is the special report on the State Parks Purchasing Authority, as required by Section 11-3-112(e), *Tennessee Code Annotated*.

Sincerely,

John G. Morgan
Comptroller of the Treasury

JGM/dww
03-013

State of Tennessee

Audit Highlights

Comptroller of the Treasury

Division of State Audit

Special Report

State Parks Purchasing Authority

January 2003

AUDIT OBJECTIVES

The objectives of the audit were to determine if cost savings or other benefits have resulted from the enactment and implementation of purchasing authority and to determine if the state parks operations' costs and expenditures and rates charged consumers meet industry standards for facilities at state parks, inns, cabins, restaurants, golf courses, gift shops, marinas, snack bars, and vending machines.

ANALYSIS AND EVALUATION

Allowing State Parks to Purchase Supplies and Equipment Without the Approval of Any Other Agency of State Government Has Resulted in Savings, Increased Purchasing Flexibility, and Improved Efficiency

The purchasing authority granted to the Department of Environment and Conservation and detailed in Section 11-3-112, *Tennessee Code Annotated*, has provided improved flexibility for purchasing decisions and has led to improved efficiency and lower costs (page 3).

In General, the Rates Charged at State Parks Appear to Be in Line With Similar Non-Park Operations in Tennessee and With Corresponding Operations in Surrounding States

Rates at inns and cabins in Tennessee state parks compare favorably to rates at state parks in surrounding states. The report also compares the revenues and expenses of each operation at each Tennessee state park to the same operation at other Tennessee state parks. Rates charged at golf courses and marinas are compared to non-park businesses located in the same geographic area of each state park. Exceptions and recommendations are noted in the pertinent sections of the report. Improvements desired by park managers and other department staff include flexibility to provide discounts to increase sales, especially during the off season, and ability to utilize temporary help to reduce personnel expenses (page 6).

ISSUES FOR LEGISLATIVE CONSIDERATION

To maximize the economic benefits of the flexible purchase program, the General Assembly may wish to consider expanding the type of items the department is authorized to purchase. The legislature may also wish to add the authority to purchase services (page 33).

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Special Report

State Parks Purchasing Authority

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Special Report State Parks Purchasing Authority

INTRODUCTION

PURPOSE AND AUTHORITY FOR THE AUDIT

Chapter 407 of the Public Acts of 2001 amended the statutes concerning purchases made for state park operations. The act authorized the Commissioner of the Department of Environment and Conservation to develop the method for purchasing—without the approval of any other agency of state government—raw materials, merchandise for resale, supplies, and equipment necessary for the provision of quality services for state park operations. These purchases are to be at the lowest possible price while at the same time ensuring quality and timely delivery. Park operations covered by the authority are defined as inns, cabins, restaurants, golf courses, gift shops, marinas, snack bars, and vending machines. The act also directs the Comptroller of the Treasury to report to the General Assembly no later than February 1, 2003, on the success or failure of the purchasing authority; determine if the state park operations' costs and expenditures and rates charged consumers meet industry standards; and include and allocate any expenditures for equipment, services, or capital outlay that are provided directly or indirectly to state park operations. The Analysis and Evaluation section of this report is organized to reflect the request of the General Assembly. The first section addresses the purchasing authority, and the second section addresses rates charged at the parks.

OBJECTIVES OF THE AUDIT

The objectives of the audit were

1. to determine if cost savings or other benefits have resulted from the enactment and implementation of this act; and
2. to determine if the state park operations' costs and expenditures and rates charged consumers meet industry standards for facilities at state parks, inns, cabins, restaurants, golf courses, gift shops, marinas, snack bars, and vending machines.

SCOPE AND METHODOLOGY OF THE AUDIT

The audit reviewed the state park purchasing activities from February 2002 to December 2002, the income and expenses of the various sections of parks for fiscal year 2002, and the rates charged and revenue received at parks for that same period and for the first six months of fiscal

year 2003. The audit was conducted in accordance with government auditing standards generally accepted in the United States of America and included

1. a review of applicable legislation, division policies and procedures, and files maintained by the Parks Division of the Department of Environment and Conservation;
2. a review of purchases made under the new flexible purchasing procedures, with comparison to purchases made from statewide contracts;
3. interviews with department staff at the central office and with staff at state parks, including visits to three parks; and
4. interviews with staff of the Purchasing Division of the Department of General Services and review of data obtained from the division.

ORGANIZATION AND RESPONSIBILITIES

There are 54 state parks in Tennessee: 7 resort parks and 47 nonresort parks. The State Parks and Resort Operations Division of the Department of Environment and Conservation, headed by an Assistant Commissioner, manages the operation of the parks. Under the Assistant Commissioner, management includes the Director of Resort Operations, Assistant Director of Operations, and Director of Retail Operations. In the Fiscal Services section, the Property and Procurement Officer compiles and monitors information related to purchases.

Chapter 407 of the Public Acts of 2001, the act that initiated this report, passed June 7, 2001, and was approved by the Governor June 19, 2001. The rules and procedures required by section (b) were developed by the Department of Environment and Conservation and approved by the Board of Standards on December 4, 2001. The department implemented the new purchasing authority February 1, 2002.

For fiscal year 2002, the Parks Division had expenditures of \$52,139,382, revenue of \$28,704,435, and state appropriations of \$23,434,947.

ANALYSIS AND EVALUATION

I. THE FLEXIBLE PURCHASE PROGRAM

In an effort to generate cost savings, in June 2001 the General Assembly amended Section 11-3-112, *Tennessee Code Annotated*, to authorize the Department of Environment and Conservation to develop a method of purchasing raw materials, merchandise for resale, supplies, and equipment necessary for providing quality services for state park operations that would not require the approval of any other agency of state government. The department subsequently implemented a flexible purchase program in February 2002, changing certain purchasing requirements by allowing staff to continue to purchase items from statewide contracts but also allowing them to make purchases apart from statewide contracts. At that time, the department also increased the amount, from \$400 to \$1,000, that staff could spend without requiring bids from three separate vendors. According to department staff, the change in the method of making purchases would result in cost savings through increased competition while ensuring the continued acquisition of quality materials. Staff report that the change has also allowed them to purchase needed items in a more efficient manner. To facilitate the successful implementation of the new program, the department provided training to park staff and distributed a written policy and procedures manual.

Methodology

Our review of the department's flexible purchase program covered the period from implementation in February 2002 to December of that year. As part of the assessment, we interviewed managers of several of the department's retail operations as well as other department staff. We interviewed individuals responsible for managing park golf courses, restaurants, inns, cabins, marinas, and gift shops. We also interviewed Department of General Services Purchasing staff. We attempted to determine whether the flexible purchase program generated any cost savings by comparing the price for items purchased with the new purchase program against the price for similar items on the statewide contract. We also tried to determine whether the flexible purchase program resulted in any other tangible or intangible benefits.

Benefits of the Flexible Purchase Program

While participation in the program is voluntary, we found that a large number of the parks use it to some extent. Our review found that the majority of purchases made with the flexible purchase program were made by park restaurants for food items not normally carried on statewide contract, such as meat and fresh vegetables. Other notable purchases made with the flexible purchase program include chemicals and fertilizer for golf course maintenance and items for resale in park and golf course gift shops.

Almost unanimously, department staff agree that the flexible purchase program has improved the department's method of making purchases. Some staff report that the new system results in cost savings by enabling them to negotiate with vendors for better prices. For example, one marina was able to negotiate a lower fuel rate of 88 cents a gallon versus the statewide contract price of 95 cents a gallon. The marina in question purchased 2,100 gallons at the reduced price, saving \$147. Other department staff report that although the difference in price between the statewide contract price and the price that can be obtained elsewhere may not always be great, the new purchase program allows them to obtain higher quality products.

Other savings are generated as a result of the new purchase program's increase in the amount that can be spent without obtaining three bids. Department staff report that the increase provides them the flexibility necessary to take advantage of closeout sales and purchase more items in bulk. Staff also state that the new purchasing system reduces fees associated with using TOPS (Tennessee Online Purchasing System). The department is assessed a user fee by the Department of General Services for each transaction entered on TOPS. The amount of the fee is based on the expenses of General Services' Purchasing Division. The fee changes as those expenses change, and the fee amount per transaction is not easily determined as it is assessed agency-wide. Prior to the implementation of the flexible purchase program, the department was required to enter a separate transaction for each purchase. For FY 2002, the department was assessed \$435,294 in TOPS fees. The restaurant at Fall Creek Falls paid \$15,797 in TOPS charges while the restaurant at Pickwick Landing paid \$27,019. Procedures under the flexible purchase program allow the department to consolidate multiple purchases into a single transaction, reducing TOPS charges. However, staff at the Department of General Services report that this shifts the burden of covering the cost of TOPS to the remaining user agencies.

In an effort to assess cost savings, the Department of Environment and Conservation requested each of the parks to submit a list quarterly to the central office of 15 of their most purchased items under the new purchase program. The list was to compare the cost of those items with the cost of similar items on statewide contract. Collection and submission of information is voluntary, and few parks have submitted the requested information. This has hampered the department's ability to fully assess the impact of the flexible purchase program.

Analysis

A comparison of information provided by the department found that, for the information provided, the flexible purchase program has resulted in cost savings. Of the six parks that submitted quarterly reports to the central office from February to October 2002, the department realized \$21,991 in savings. These modest cost savings are examples of the types of cost savings possible with the flexible purchasing authority. Additionally, a limited comparison by restaurant staff at Pickwick Landing of items available on statewide contract versus similar items purchased apart from statewide contract revealed that the restaurant saved over \$641 from April to October 2002. The restaurant staff compared approximately 15 different items such as ketchup, orange juice, tomato juice, pitted plums, and sliced peaches. The comparison, by total amount, is as follows:

Comparison of Statewide Contract Prices to Noncontract Prices at Pickwick Landing Park

<u>Month</u>	<u>Statewide Contract Price</u>	<u>Noncontract Price</u>	<u>Savings</u>
April	\$489.31	\$369.31	\$120.00
May	220.49	160.71	59.78
June	112.06	80.02	32.04
July	573.41	486.09	87.32
August	946.96	839.68	107.28
September	903.32	807.79	95.53
October	787.27	647.43	<u>139.84</u>
Total Savings			<u>\$641.79</u>

Other Intangible Benefits

In addition to cost savings, we found that the flexible purchase program resulted in intangible benefits. For example, department staff report that the flexible purchase program reduces the amount of paperwork and bureaucracy associated with making purchases. As a result, staff are able to place more attention on their other responsibilities and duties. Department staff also state that the flexible purchase program allows them to obtain higher quality items than are available on statewide contract. They report that some items available on statewide contract do not meet the standard necessary to compete with items purchased elsewhere to be offered to park customers. On the other hand, Department of General Services staff stated that they can obtain the quality items desired by state parks and contend that they can negotiate contracts for whatever commodity the department needs, including name brand items. We did not pursue this specific issue further.

Limitations on the Flexible Purchase Program

Legislation authorizing the Department of Environment and Conservation to create the flexible purchase program states that it may only be used to purchase raw materials, merchandise for resale, and supplies and equipment necessary for providing quality services for state parks. To minimize unauthorized purchases, the department initially requested the parks to submit each purchase for review and approval. As of December 2002, the department no longer reviews purchases as the parks have demonstrated their understanding and ability to only make authorized purchases. However, it appears that purchasing limitations create confusion in why certain items can or cannot be purchased. Department staff at the park level expressed frustration at not being able to use the flexible purchase program to obtain necessary items for their operations. For example, staff reported that the repair of an oven at a park restaurant was slowed because they first had to obtain bids from three separate vendors. Yet, if they had been able to utilize the flexible purchase program, delays in repairing the oven could have been avoided. Department staff assert that when operating a business that interacts directly with paying

customers, it is critical to ensure quality service is maintained. In another example, the flexible purchase program can be used to purchase chemicals for a swimming pool located at the park inn but cannot be used to purchase the same chemicals for a swimming pool that is part of the natural (nonresort) part of the park.

State Credit Card Pilot Project

In addition to the flexible purchase program, the department is participating in the Department of Finance and Administration's pilot project that allows state agencies to pay for items with a state credit card. To help minimize abuse, the department's participation in the pilot project is limited to only 17 cards issued to staff in the central office and three parks. Department staff report that the number of cards will gradually increase. According to users, payment with a state credit card offers several benefits. One benefit is to expand the pool of potential vendors competing for business with the state. Certain vendors are reluctant to do business with the state because of the lengthy payment period. The credit card allows vendors to receive immediate payment for service, making it more appealing to do business with the state. Another benefit is cost savings. The department's informal analysis of savings from using the card reported savings of over \$4,000 for seven months' use.

Conclusion and Recommendations

We conclude that the purchasing authority granted to the Department of Environment and Conservation detailed in Section 11-3-112, *Tennessee Code Annotated*, has provided improved flexibility for purchasing decisions and has led to improved efficiency and lower costs. In addition, we offer the following recommendations to improve the process.

1. The central office should periodically review purchases to assess the impact of the flexible purchase program. As part of this, the department should consider requiring parks to maintain and submit cost comparisons of items purchased with flexible purchasing to similar items found on statewide contract.
2. To maximize the economic benefits of the flexible purchase program, the legislature may wish to consider expanding the type of items the department is authorized to purchase. The legislature may also wish to add the authority to purchase services.

II. COSTS, EXPENDITURES, AND RATES CHARGED CONSUMERS

In addition to reviewing the flexible purchasing program, Chapter 407 of the Public Acts of 2001 directs the Comptroller of the Treasury to determine if the state park operations' costs and expenditures and rates charged consumers meet industry standards for facilities at state parks, inns, cabins, restaurants, golf courses, gift shops, marinas, snack bars, and vending machines. Such determination shall include and allocate any expenditures for equipment, services, or capital outlay that are provided directly or indirectly to state park operations.

Indirect Costs

There are four types of costs that are reallocated to state parks. General Administration costs are the central office administrative costs of the Parks Division. The Retail Administration costs are the administrative costs of the Resort Parks Section. Park Maintenance costs are maintenance costs at the park, and Park Administration costs are administrative costs of the park. These costs are allocated to the relevant functional areas. Charges from outside the department are included in each functional area. This includes items such as telephone billing, payroll billing, attorney general billing, boiler and elevator inspection, data processing services, and records management. It appears that charges from outside agencies are included in the expenses of each functional area and that departmental charges are being properly charged or allocated. Some administrative expenses of the department that could be, but are not yet, allocated to the parks include internal audit, purchasing, and costs associated with the Commissioner's office. Department management has considered allocating these areas but has not done it yet.

The first allocation is to distribute a percentage of general administrative costs to each park based on that park's previous month's expenditures. Following this, the process for resort parks and nonresort parks is different. At nonresort parks, administration and maintenance for each park is allocated to all other cost centers at that park based on current-month expenditures. Parks with only one operation (Old Stone Fort, T.O. Fuller, David Crockett, Harrison Bay, Cumberland Mountain, and Warriors' Path) receive special treatment. Prior to July 1, 2002, all administrative and maintenance costs were allocated to this one operation. This resulted in very high expenditures for that operation. As of July 1, 2002, only 5% of the administrative costs and maintenance costs at each of these parks is allocated to that one operation, and the remaining 95% is allocated to all other segments of the park. This includes the "natural" side of the park as well as the retail side.

At resort parks (Fall Creek Falls, Henry Horton, Montgomery Bell, Natchez Trace, Paris Landing, Pickwick Landing, and Reelfoot), after allocation of the General Administration costs, the parks receive allocation of the Retail Administration costs. This allocation is based on the prior month's actual expenditures. The resort parks are then charged 20% of the administrative costs from the natural side of each park, and this total combination of charges (general administration, retail administration, and 20% of natural side administration) is allocated to the retail operations based on the current month's expenditures. Table 1 summarizes the allocation amounts for operations included in this report at all parks for fiscal year 2002.

Table 1
Allocation by Relevant Area for All Parks for Fiscal Year 2002

<u>Program Area</u>	<u>General Administration</u>		<u>Parks Maintenance</u>		<u>Parks Administration</u>		<u>Retail Administration</u>	
Amount allocated	\$3,058,941		\$7,895,339		\$11,712,240		\$813,462	
Percent of total	13.0%		33.6%		49.9%		3.5%	
Area allocated to:								
Restaurants	212,311	6.9%	494,084	6.3%	641,176	5.5%	305,132	37.5%
Inns			202,050	2.6%	298,442	2.5%	326,025	40.1%
Cabins	520,798	17.0%	1,398,059	17.7%	1,674,676	14.3%		
Golf	246,303	8.1%	352,876	4.5%	695,646	5.9%	145,593	17.9%
Leased operations	23,564	0.8%	53,398	0.7%	76,481	0.7%		
Marinas	41,712	1.4%	118,472	1.5%	145,739	1.2%	31,858	3.9%
Gift shops	313,851	10.3%	785,432	9.9%	1,761,376	15.0%		
Refreshment stand	19,671	0.6%	61,442	0.8%	80,005	0.7%		
Vending	37,288	1.2%	91,602	1.2%	165,911	1.4%		
Conference centers	7,139	0.2%	15,713	0.2%	22,312	0.2%		
Retail gift shops			1,917	0.0%	1,711	0.0%	1,586	0.2%

Note: Columns do not add to total at top because not all areas are included.

Source: STARS report 822 for fiscal year 2002.

Note that the largest amount of allocation is from parks administration, 50%, and that the greatest allocations were to cabins and gift shops, and that the amount of parks maintenance allocation is approximately twice the amount of general administration allocation. Some unusual situations occur because of reallocation. For example, in Table 27 on page 32, Paris Landing vending has a negative reallocation of \$59,333. Department staff believe this was due to an inventory transfer. The large reallocations of \$808,956 to the Bicentennial Mall gift shop and \$157,570 to Long Hunter gift shop, in Table 21 on page 26, are because these parks have few cost centers to which to allocate expenses. The relatively large reallocations of indirect costs to the Harrison Bay marina (Table 22 on page 27) and to the golf courses at Old Stone Fort, T.O. Fuller, and Warriors' Path (Table 15 on page 21) are explained by the special treatment for parks with only one cost center, as discussed above.

Inns

The department operates inns in six of the seven resort parks. The inn at Reelfoot Lake, in Tiptonville, closed in October 2001. Fall Creek Falls' inn is situated on Fall Creek Lake, near Pikeville. There are 144 rooms featuring both single and double accommodations as well as a large suite with kitchenette. All rooms are carpeted; most open onto a private patio or balcony overlooking the lake, and each has a phone and color TV. Horton Inn, in Chapel Hill, provides 72 units, including four suites with kitchenettes. Each unit has two double beds. All rooms are carpeted, air-conditioned, and equipped with TVs and phones. The new inn at Montgomery Bell, near Burns, opened in October 1998 with expanded rooms, a conference center, and a restaurant overlooking Lake Acorn. Amenities include cable television, indoor pool, Jacuzzi, outdoor pool,

exercise room, and laundry facilities. Every room has a view of the lake. At Natchez Trace near Wildersville, Pin Oak Lodge is situated on the wooded shores of Pin Oak Lake. This 47-unit facility provides singles, doubles, and suite accommodations. Support facilities include an exercise room, playground, tennis courts, and adult and kiddie swimming pools. Private meeting and dining rooms and a new conference center are also available. The 130-room inn at Paris Landing is situated on the western shore of Kentucky Lake near Buchanan. A restaurant, five meeting rooms, a day-use boat dock, TVs, tennis courts, and a swimming pool and kiddie pool are all part of the inn complex. Completed July 1, 2001, the Pickwick Landing Inn and Conference Center overlooks Pickwick Lake at Pickwick Dam in Hardin County. In addition to 119 rooms, the inn has a gift shop, exercise room with Nautilus equipment, an indoor pool, outdoor pool, laundry facilities, and a day-use area with tennis courts. Comparative data for the inns are shown in Tables 2 and 3. The rate is the summer weekend rate although discounts are given at most parks for stays during the off season and during the week. For 2003, rates have increased by \$10 per room at Pickwick Landing and \$3 per room at the other inns.

Table 2
Capacity and Occupancy of State Park Inns for Fiscal Year 2002

<u>Park</u>	<u>Rooms</u>	<u>Rate</u>	<u>Occupancy</u>	<u>Rooms Occupied</u>	<u>2003 Rate</u>
Fall Creek Falls	144	\$75	45%	23,677	\$78
Henry Horton	72	\$64	32%	7,752	\$67
Montgomery Bell	125	\$75	37%	16,832	\$78
Natchez Trace	47	\$67	25%	3,872	\$70
Paris Landing	130	\$70	39%	18,742	\$73
Pickwick Landing	119	\$68	38%	15,789	\$78

Note: Horton Inn closed November 25, 2001, and reopened for weekends only on October 18, 2002.

Source: *Tennessee State Parks* brochure, September 1999; *Rate Schedule 2000-2001* brochure, October 2000; department staff, state parks Web site.

The data in Tables 2 and 3 show that the inn with the highest occupancy rate is Fall Creek Falls. That inn also makes the most gross revenue, net revenue before reallocation, net revenue after reallocation, and has the highest self-sufficiency. (See Table 4.) The inn at Pickwick Landing is in second place in all these categories. The next step is to combine the data to determine revenue per inn room occupied, as shown in the Table 4. In addition, self-sufficiency (revenue/expenses) for the inn of each park is calculated by the department. We did not find evidence of a requirement for Tennessee state parks to be self-sufficient, but the department uses self-sufficiency as a measure of park operations. One deterring factor to greater self-sufficiency is allocation of administrative costs. Reelfoot Lake is not included because the inn closed in October 2001.

Table 3
Revenues and Expenses of Inns and Cabins for Fiscal Year 2002

<u>Park</u>	<u>Revenues</u>	<u>Direct Expenses</u>	<u>Net Before Reallocation</u>	<u>Reallocation Expenses</u>	<u>Net</u>
Fall Creek Falls	\$2,380,178	\$1,855,069	\$525,109	\$206,224	\$318,885
Henry Horton	337,651	490,320	(152,669)	52,881	(205,550)
Montgomery Bell	1,137,374	1,183,039	(45,665)	121,779	(167,444)
Natchez Trace	515,893	659,153	(143,260)	150,858	(294,118)
Paris Landing	1,401,579	1,345,598	55,981	124,209	(68,228)
Pickwick Landing	1,443,151	1,255,485	187,666	110,412	77,254
Reelfoot Lake	<u>64,296</u>	<u>87,240</u>	<u>(22,944)</u>	<u>60,152</u>	<u>(83,096)</u>
Total	<u>\$7,280,122</u>	<u>\$6,875,904</u>	<u>\$404,218</u>	<u>\$826,515</u>	<u>(\$422,297)</u>

Source: STARS report 822 for fiscal year 2002.

Table 4
Revenue per Room Occupied for Fiscal Year 2002

<u>Park</u>	<u>Net Revenue</u>	<u>Rooms Occupied</u>	<u>Revenue per Room Occupied</u>	<u>Self-Sufficiency</u>
Fall Creek Falls	\$318,885	23,677	\$13.47	115%
Henry Horton	(205,550)	7,752	(26.52)	64%
Montgomery Bell	(167,444)	16,832	(9.95)	87%
Natchez Trace	(294,118)	3,872	(75.96)	62%
Paris Landing	(68,228)	18,742	(3.64)	95%
Pickwick Landing	77,254	15,789	4.89	102%

Table 5
Inn Revenue Percent, Personnel Expense Percent, and Allocation by Source

<u>Park</u>	<u>Inn Revenue Percent of Total</u>	<u>Personnel Expenses Percent of Total</u>	<u>Cost Allocation by Source</u>	
			<u>Parks</u>	<u>Central Office</u>
Fall Creek Falls	69.4%	45%	\$122,554	\$83,670
Henry Horton	90.4%	76%	25,463	27,419
Montgomery Bell	94.2%	62%	66,540	55,240
Natchez Trace	72.2%	64%	113,335	37,524
Paris Landing	85.8%	41%	65,226	58,983
Pickwick Landing	90.5%	52%	55,636	54,776

Source: Income statement report prepared by the Department of Environment and Conservation.

Based on the data in Table 5 above, inns at those parks with lower revenue and lower self-sufficiency should increase their revenue, decrease their expenses, or both. We also compared the inns at Tennessee state parks with inns in surrounding states' parks. North Carolina and Virginia do not have inns at their state parks. The Table 6 summarizes that data.

Table 6
Rate and Occupancy of Inns in Surrounding States, Fiscal Year 2002

<u>State</u>	<u>Inns</u>	<u>Room Rate</u>	<u>Rooms</u>	<u>Occupancy</u>	<u>Rooms Rented</u>
Alabama	6	\$45-214	476	47%	75,832
Arkansas	3	\$77	182	Not available	38,376
Georgia	7	\$80	284	67%	26,224
Kentucky	17	\$42-78	833	59%	182,174
Mississippi	3	\$50-55	45	Not available	3,722
Missouri	11	\$39-120	102	52%	11,140
Tennessee	6	\$64-75	669	38%	81,401

Note: Georgia and Missouri operations are privatized.

Managers at those parks that have inns visited by the auditors may or may not think the room rates are too high now, but they do not think the rates should be raised. Each inn is in a unique location, has varying amounts of competition, and provides amenities different from other state parks and different from other local room providers. The biggest difference is that the inn is located in a state park. Based on the audit work performed, the rates at inn rooms appear to be in line with or higher than comparative facilities. Rather than increase rates, department management may wish to consider giving inn managers greater flexibility to offer price fluctuations necessary to increase customer count and increase occupancy. Inn managers expressed the desire to be able to do this to better compete with private hotels that have this ability.

Cabins

Cabins are located at 19 different Tennessee state parks and are classified as rustic, AA, AAA, and Villa. Rustic cabins, also referred to as type A, were built by the Civilian Conservation Corps and are located at six parks. They each have one or two bedrooms, one bath, a furnished kitchen, a living area, and a grill. Deluxe cabins, type AA or AAA, are located at each of the 19 parks except Rock Island and Paris Landing, where there are only villas. Deluxe cabins may have central heat and air conditioning, and some have phones. Villas are located at Natchez Trace, Pickett, Paris Landing, Fall Creek Falls, and Rock Island and have two to three bedrooms, two baths, cable television, and phone, in addition to the amenities of a deluxe cabin. Only Pickett has all four types of cabins. Cabins are equipped for housekeeping including appliances, all cooking and serving utensils, and linens. In many parks, at least some cabins are

open year-round. Cabin rates are summarized in Table 7. Rates are for 2003 in-season weekend nights, the most expensive rates. They are usually reduced for weekdays and for the off-season, November through March.

**Table 7
Number and Rates of State Park Cabins for Fiscal Year 2003**

<u>Park</u>	<u>Number of Cabins</u>	<u>Rates by Type</u>			
		<u>Villas</u>	<u>AAA</u>	<u>AA</u>	<u>A</u>
Big Ridge	19			\$62	
Cedars of Lebanon	9		\$104	78	\$57
Chickasaw	13			78	
Cumberland Mountain	37		120	78	52
Edgar Evins	34			78	
Fall Creek Falls	30	\$150	110		
Henry Horton	7		104	78	
Meeman-Shelby Forest	6			73	
Montgomery Bell	8			73	
Natchez Trace	28	130		68	52
Nathan Bedford Forrest	7		104		
Norris Dam	29		94	73	52
Paris Landing	10	146			
Pickett	20	125	99	78	78
Pickwick Landing	10		120		
Roan Mountain	30		99		
Rock Island	10	120			
Standing Stone	23		104	78	57
Tims Ford	<u>20</u>		120		
Total	<u>350</u>				
<u>Average rate</u>		<u>\$134.20</u>	<u>\$107.09</u>	<u>\$74.58</u>	<u>\$58.00</u>

Note: These rates increased from \$2 to \$6 per night over 2002 rates.

Source: *Tennessee State Parks* brochure, September 1999; park Web sites.

The revenue and expenses of cabins at state parks are summarized in Table 8. The park with the greatest cabin revenue, Cumberland Mountain, has the greatest number of cabins and is the only park with positive net revenue from cabins for fiscal year 2002 after reallocation. Prior to reallocation, all parks had revenue greater than expenses except Edgar Evins and Chickasaw. Revenue, expenses, and allocation amounts for cabins at resort parks are included in the inn amounts. For these cabins, Fall Creek Falls has the most cabin-days available, the highest

occupancy rate, and the second highest average cabin rate. Natchez Trace has the second highest number of cabin-days available but the lowest occupancy rate of the cabins at resort parks.

**Table 8
Revenues and Expenses of Cabins for Fiscal Year 2002**

<u>Nonresort Parks</u>	<u>Revenues</u>	<u>Direct Expenses</u>	<u>Net Before Reallocation</u>	<u>Reallocation Expenses</u>	<u>Net</u>
Big Ridge	\$57,100	\$31,287	\$25,813	\$139,726	(\$113,913)
Cedars of Lebanon	140,912	99,847	41,065	191,244	(150,179)
Chickasaw	142,092	184,591	(42,499)	394,812	(437,311)
Cumberland Mountain	303,797	137,941	165,856	136,205	29,651
Edgar Evins	197,731	200,573	(2,842)	577,749	(580,591)
Meeman-Shelby	59,718	41,384	18,334	169,153	(150,819)
Nathan Bedford Forrest	62,139	49,812	12,327	87,048	(74,721)
Norris Dam	145,084	58,979	86,105	248,681	(162,576)
Pickett	158,037	57,643	100,394	313,187	(212,793)
Roan Mountain	336,795	224,204	112,591	433,963	(321,372)
Rock Island	161,330	72,777	88,553	177,334	(88,781)
Standing Stone	169,685	99,876	69,809	408,930	(339,121)
Tims Ford	<u>228,881</u>	<u>159,075</u>	<u>69,806</u>	<u>315,502</u>	<u>(245,696)</u>
Total	<u>\$2,163,301</u>	<u>\$1,417,989</u>	<u>\$745,312</u>	<u>\$3,593,534</u>	<u>(\$2,848,222)</u>

<u>Resort Cabins (included in inns)</u>	<u>Revenue</u>	<u>Cabin-Days Available</u>	<u>Percent Occupancy</u>	<u>Average Cabin Rate</u>
Fall Creek Falls	\$728,116	10,933	73%	\$102.61
Henry Horton	33,427	2,355	45%	\$68.40
Montgomery Bell	66,241	2,752	52%	\$51.90
Natchez Trace	140,198	9,352	36%	\$73.31
Paris Landing	198,488	3,650	57%	\$115.53
Pickwick Landing	<u>132,844</u>	3,650	51%	\$85.94
Total	<u>\$1,299,314</u>			

Source: STARS report 822 for fiscal year 2002.

We also compared cabins at Tennessee state parks to state parks in surrounding states, where available. A broad summary of visitors by state is presented in Table 9, followed by rates for individual states. Missouri does not have state-owned cabins in its parks.

Table 9
2002 Cabin Visitors by State

<u>State</u>	<u>Visitors</u>
Alabama	132,828
Arkansas	70,166
Georgia	177,525
Kentucky	214,682
Mississippi	152,850
North Carolina	7,041
Tennessee	177,262
Virginia	<u>186,098</u>
TOTAL	<u>1,118,452</u>

Source: The 2002 Annual Information Exchange, National Association of State Park Directors, March 2002.

Alabama has over 120 cabins of various sizes at 11 of its state parks. Prices range from \$51 for a one-night stay in a two-person cabin to \$158 for an eight-person cabin. Following are the average rates for cabins at those parks.

Average Rates for Alabama State Park Cabins

<u>Capacity</u>	<u>Price</u>
2	\$68.20
4	\$76.09
6	\$100.00
8	\$108.50

In Arkansas, there are 113 cabins with a total capacity of 626. Rates vary by capacity, location, and even within a park. For example, a four-person cabin at Devil's Den rents for \$65 a night, while a four-person cabin at Petit Jean (with a fireplace and hot tub) rents for \$155 a night. Following is an overall summary of the rates at state park cabins in Arkansas.

Average Rates for Arkansas State Park Cabins

<u>Capacity</u>	<u>Price</u>
4	\$77.24
5	\$78.78
6	\$81.43
8	\$101.08

There are 358 cottages with one, two, or three bedrooms available at 29 Georgia state parks. In most cases, cottages are located near lakes or on hillsides, providing spectacular views. They are fully equipped with stoves, refrigerators, kitchen and dining utensils, bed linens, blankets, and towels. All cottages have heat and air conditioning. Many cottages have screened porches or decks and wood burning fireplaces or stoves. Firewood, paper towels, and dish soap are not provided. Cottages are described in terms of the number of bedrooms rather than the capacity. The price of a one-bedroom efficiency cottage varies but appears to average around \$70-75. Two-bedroom cottages are more common in Georgia parks, and the average price of these appears to be around \$84, based on the average price at each state park (except Amicalola Falls, where the price runs up to \$159). For a three-bedroom cottage, the average price appears to be around \$110 per night.

Kentucky has approximately 250 cabins in 16 different state parks. The rates of these are as listed below.

Average Rates for Kentucky State Park Cabins

<u>Capacity</u>	<u>Price</u>
2	\$89.10
4	\$118.10
6	\$156.67

In Mississippi state parks, there are 231 cabins spread among 19 parks. The average rates, based on capacity, are shown below. The average rate for the cabins with a capacity of 12 may be misleading because there are three rustic cabins with rates from \$50 to \$61, and there are two villas with a \$200 price per night.

Average Rates for Mississippi State Park Cabins

<u>Capacity</u>	<u>Price</u>
2	\$51.56
4	\$57.29
6	\$62.33
8	\$41.00
10	\$61.00
12	\$111.00

Review of available information on contracted cabins in Missouri's state parks indicates the following comparative data.

Average Rates for Contracted Missouri State Park Cabins

<u>Capacity</u>	<u>Price</u>
2	\$42.00
4	\$74.33
6	\$82.67
8	\$112.50
12	\$170.00

North Carolina has cabins at only 2 of its 29 state parks. At each of those two parks, there are six rustic two-bedroom cabins, each with a capacity of six people. The cabins rent for \$60 per night, must be paid for 30 days in advance, and must be rented by the week during the summer.

Virginia has a total of 180 cabins in its state parks. A one-room two-person cabin rents for \$69 a night, a one-bedroom two-person cabin rents for \$89 or \$94 a night, and a two-bedroom four-person cabin rents for \$93, \$103, or \$109 a night. Cabin furnishings and equipment include rustic furniture, microwave, refrigerator, range, water heater, dishes, cooking utensils, silverware, kitchen towels, and glassware. Bath towels as well as bedroom linens including mattresses, mattress covers, pillows, blankets, sheets, and pillowcases also are included. All cabins also have fireplaces except those at Chippokes. Cabins at Smith Mountain Lake have wood stoves. During the peak season between Memorial Day and Labor Day, a week's reservation is required at all cabins and lodges except at Staunton River and Twin Lakes.

We compared the rates of the cabins at Tennessee state parks; however such comparisons need to be made with caution. (See Table 10.) Although the same general amenities are offered for cabins in all the states reviewed, there are different qualities of cabins by state and within states, different locations within the state and within the parks, and the characteristics of each park vary, even within the same state. Because of the differences, the same dollar amount may rent a rustic six-person cabin in one park or a modern four-person cabin in another. People who decide to visit a state park cabin may not make the decision primarily on price, and price may be determined by something beyond the control of the park. As a result of this review, it appears that prices for lower-capacity cabins in Tennessee state parks are generally in line with those in other states. The average rate for 8-person cabins in Tennessee (villas) is higher than for similar cabins in the other states. However, the occupancy rate for Fall Creek Falls, where there are only villas and AAA cabins, was 74.6% for the last six months of calendar year 2002. Paris Landing villas had a 58.3% occupancy for the same period. It appears that market forces and park characteristics allow the higher price without driving away customers. It may be helpful for the department to allow park managers quicker and easier ways to offer special promotions to increase occupancy during slow times.

Table 10
Average Cabin Rental Price by Capacity and State

<u>Capacity</u>	<u>AL</u>	<u>AR</u>	<u>GA</u>	<u>KY</u>	<u>MS</u>	<u>MO</u>	<u>NC</u>	<u>TN</u>	<u>VA</u>
2	\$68			\$89	\$56	\$42		\$58	\$69
4	76	\$77	\$75	118	57	74		75	92
6	100	81	84	157	62	78	\$60	107	102
8	109	101	110		41	113		134	

Restaurants

The department operates restaurants at eight state parks in Tennessee. These include the six resort parks (Fall Creek Falls, Henry Horton, Montgomery Bell, Natchez Trace, Paris Landing, and Pickwick Landing) plus Cumberland Mountain and David Crockett. The restaurant at Reelfoot Lake closed in October 2001, and there are no plans to reopen it. In addition, smaller, leased restaurant operations are located at Chickasaw, Cove Lake, and Harrison Bay, but these are not included in the comparison below because they are not operated by park staff. Table 11 is a summary of the revenue and expenses of the restaurants for fiscal year 2002. As demonstrated in the table, all restaurants/conference center operations had greater expenses than revenues for fiscal year 2002. The park with the smallest “loss” is Cumberland Mountain, and the park with the greatest is Pickwick Landing. Following reallocation, Natchez Trace has the smallest net loss, and David Crockett has the greatest.

Table 11
Revenues and Expenses of Restaurants and Conference Rooms for Fiscal Year 2002

<u>Park</u>	<u>Revenues</u>	<u>Direct Expenses</u>	<u>Net Before Reallocation</u>	<u>Reallocation Expenses</u>	<u>Net</u>
Cumberland Mountain	\$664,100	\$665,976	(\$1,876)	\$503,893	(\$505,769)
David Crockett	416,394	573,466	(157,072)	392,590	(549,662)
Fall Creek Falls	1,535,610	1,617,791	(82,181)	177,113	(259,294)
Henry Horton	378,050	566,443	(188,393)	52,582	(240,975)
Montgomery Bell	811,769	1,004,624	(192,855)	101,310	(294,165)
Natchez Trace	251,806	349,162	(97,356)	69,978	(167,334)
Paris Landing	1,318,140	1,480,877	(162,737)	138,897	(301,634)
Pickwick Landing	<u>1,204,629</u>	<u>1,568,750</u>	<u>(364,121)</u>	<u>138,457</u>	<u>(502,578)</u>
Total	<u>\$6,580,498</u>	<u>\$7,827,089</u>	<u>(\$1,246,591)</u>	<u>\$1,574,820</u>	<u>(\$2,821,411)</u>

Source: STARS report 822 for fiscal year 2002.

The department tracks more detailed information for the six open resort parks. (Reelfoot Park closed in October 2001.) Some of that data is presented in Table 12.

Table 12
Cost of Goods Sold and Personnel Expense as Percent of Revenue for Fiscal Year 2002

Park	Restaurant Revenue	Cost of Goods Sold	Percent	Personnel Expense	Percent
Fall Creek Falls	\$1,536,899	\$574,791	37%	\$819,101	53%
Henry Horton	383,384	179,862	47%	269,320	70%
Montgomery Bell	814,210	342,256	42%	490,754	60%
Natchez Trace	250,203	138,500	55%	136,754	55%
Paris Landing	1,318,034	522,537	40%	729,370	55%
Pickwick Landing	<u>1,196,243</u>	<u>519,994</u>	43%	<u>736,719</u>	62%
Total	<u>\$5,498,973</u>	<u>\$2,277,940</u>	42%	<u>\$3,182,018</u>	59%

Source: Income statement prepared by department staff.

Table 13 shows the customer count and the average check for the restaurants at each of the resort parks for fiscal years 2001 and 2002, and for the first four months of 2003. Except for Fall Creek Falls and Pickwick Landing, the customer count decreased from one year to the next. The average check also increased at those two parks and at Natchez Trace, where the customer count dropped by 33%. For 2001, the highest average check amount (\$9.30) and the second highest customer count was at Paris Landing. For 2002, the highest average check (\$8.65) was at Henry Horton, which had the second lowest customer count, 23% lower than the previous year. Reelfoot Lake is not included as the restaurant closed in October 2001.

Based on audit work performed and interviews with department staff, there is no industry standard, and there are no good criteria to compare state park restaurants to other facilities. In the industry, 20% profit is good, but in state parks that can be difficult to achieve. Labor costs at state park restaurants are about 49% of expenses, whereas in private industry, management strives to keep labor costs below 40%. One option to address this is to allow state park restaurant managers to hire temporary help to handle fluctuation in demand. Restaurants are light on administrative costs. Those locations that are increasing their customer count and the average check amount may have advice for other locations.

Table 13
Customers and Average Check for Fiscal Years 2001, 2002, and First Six Months of 2003

Park	Customers			Average Check		
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Fall Creek Falls	194,785	197,221	96,902	\$7.64	\$7.68	\$8.00
Henry Horton	91,308	70,238	4,994	8.69	8.65	\$9.13
Montgomery Bell	133,834	111,214	60,003	8.37	7.50	\$7.53
Natchez Trace	55,148	36,881	15,602	8.03	8.18	\$8.32
Paris Landing	157,570	147,076	66,918	9.30	8.37	\$8.12
Pickwick Landing	<u>138,953</u>	<u>143,503</u>	<u>70,608</u>	<u>7.62</u>	<u>8.04</u>	<u>\$8.35</u>
Total	<u>771,598</u>	<u>706,133</u>	<u>315,027</u>	\$8.27	\$8.07	\$8.24

Source: Department of Environment and Conservation, Parks Division.

Golf Courses

The department operates golf courses at eight state parks. All courses have 18 holes except Old Stone Fort, which has only 9 holes, and all courses rent riding carts.

The par 72 golf course at Fall Creek Falls opened in 1972. In 1998, the greens were rebuilt and restored to their original design, and drainage work was performed in all 71 bunkers. This course offers 4 sets of tees ranging from 4,417 to 6,669 yards. All 18 holes are lined with trees. On-site amenities include a driving range, practice green, pull carts, lodging, a snack bar, and club rental.

The golf course at Henry Horton is an 18-hole, par 72 golf course. The course measures 5,625 yards from the ladies forward tees and 7,020 yards from the men's championship tees. This course is heavily treed with hardwoods, contains 37 bunkers, and has greens which are larger than normal. There are three sets of tees on the course and an on-site driving range, practice green, pull carts, on-site lodging, a snack bar, and club rental.

The par 71 course at Montgomery Bell was built in 1973 and then redesigned in 1988. The course can stretch from 4,961 yards to 6,146 yards. The entire course is heavily wooded with an abundance of wildlife featuring deer, geese, and wild turkey. Montgomery Bell is host every year to the Dogwood Classic. On-site amenities include a driving range, practice green, pull carts, lodging, and a snack bar.

The par 72 golf course at Paris Landing, situated on the western shore of Kentucky Lake, opened in 1971. The entire course is tree-lined, and several holes skirt Kentucky Lake. This course offers four sets of tees ranging from 5,321 to 6,685 yards. On-site amenities include a driving range, practice green, pull carts, lodging, a snack bar, and club rental.

The golf course at Pickwick Landing is located close to the border of Mississippi and Alabama, near Pickwick Dam. The par 72 course opened in May 1973. Every hole is tree-lined, water is found on 8 holes, and there are a total of 21 bunkers throughout the course. Pickwick Landing Golf Course is host to the annual St. Jude's Charity Golf Tournament and hosts several district and regional high school events during the year. On-site amenities include a driving range, practice green, lodging, a snack bar, and club rental, but there are no pull carts to rent.

The golf course at T.O. Fuller is located in the southwest corner of Memphis. This 5,986 yard, par 72 course features wide fairways and bermuda greens. This course was honored by the State of Tennessee as the 1998 State Park Golf Course of the Year. On-site amenities include a practice green, pull carts, and a snack bar.

The course at Warriors' Path is an 18-hole course located on the shores of Fort Patrick Henry Lake in the foothills of the Appalachian Mountains. The par 72 course opened for play in 1972. It measures 6,601 yards from the men's championship tees and 5,204 yards from the ladies' tees. The course also features a large practice facility complete with large teeing ground, practice green, practice bunker, driving range, pull carts, and a snack bar.

The golf course at Old Stone Fort is the only nine-hole course of the eight courses located at state parks. This par 36 course was built in 1973 and known as the Manchester Country Club before being purchased by the state. The course borders the Duck River with mature trees encompassing each hole. The irrigation system was updated and the tees were rebuilt in 1995. A new golf shop opened in 1998. The course features three holes with water to contend with and has hardwoods on all nine holes. On-site amenities include a practice green, pull carts, vending machines, and limited food service.

Table 14 compares rates charged at state park golf courses to other non-state courses in the area of each state park.

Revenue and expense information is summarized in Table 15. The amount of reallocation expense varies by the number of functional areas of each park and the amount of direct expenses of each area. Parks that have few functional areas, like Old Stone Fort, T. O. Fuller, and Warriors' Path, have a larger allocation expense for each area. For fiscal year 2002, every golf course had revenue greater than expenses, even after reallocation of central office and park administrative expenses. The golf course at Montgomery Bell had the greatest gross revenue, and the course at Old Stone Fort had the least.

Table 14
Rates at State Park Golf Courses Compared to Non-State Park Courses, October 2002
(Rate compared is weekend rate for 18 holes with a cart and does not include senior or membership discount or annual pass.)

<u>Park</u>	<u>Park rate</u>	<u>Course A</u>	<u>Course B</u>	<u>Course C</u>	<u>Course D</u>	<u>Course E</u>
Fall Creek Falls	\$35.50	\$31.00	\$59.00	\$28.00	\$35.00	\$37.00
Henry Horton	35.50	49.00	36.00	38.00	20.00	36.00
Montgomery Bell	35.50	29.00	29.00	55.00	35.00	
Old Stone Fort	27.50	36.00	27.00	34.50		
Paris Landing	33.50	29.00	27.00	35.00	28.00	32.00
Pickwick Landing	33.50	33.00	49.00	31.00	59.00	
T. O. Fuller	29.50	42.00	49.00	34.00	42.00	28.00
Warriors' Path	30.50	43.00	29.00	27.00	28.00	38.00

Note: Courses "A" through "E" are courses in the vicinity of each state park that were used for comparison.

Source: Department of Environment and Conservation staff.

Table 15
Revenues and Expenses of State Park Golf Courses for Fiscal Year 2002

<u>Park</u>	<u>Gross Revenues</u>	<u>Direct Expenses*</u>	<u>Net Before Reallocation</u>	<u>Reallocation Expenses</u>	<u>Net Revenue</u>
Fall Creek Falls	\$512,759	\$246,052	\$266,707	\$25,149	\$241,558
Henry Horton	781,969	306,420	475,549	34,913	440,636
Montgomery Bell	845,504	285,624	559,880	59,989	499,891
Old Stone Fort	313,927	153,152	160,775	131,070	29,705
Paris Landing	579,752	244,461	335,291	22,216	313,075
Pickwick Landing	574,367	471,614	102,753	42,438	60,315
T. O. Fuller	358,602	188,790	169,812	157,356	12,456
Warriors' Path	<u>765,323</u>	<u>268,286</u>	<u>497,037</u>	<u>241,563</u>	<u>255,474</u>
	<u>\$4,732,203</u>	<u>\$2,164,399</u>	<u>\$2,567,804</u>	<u>\$714,694</u>	<u>\$1,853,110</u>

*Does not include expenses categorized as "Golf Maintenance," approximately \$800,000.

Source: STARS report 822.

The course at Warriors' Path had the greatest number of 18-hole rounds played, and Old Stone Fort had the fewest. (See Table 16.) Even though it had the most rounds played,

Warriors' Path did not have the greatest revenue because there were many more annual permit rounds and senior rounds played there. These two categories bring in less revenue per round than do regular rounds. (See Table 17.)

Table 16
Types of Rounds Played at State Park Golf Courses for Fiscal Year 2002

<u>Park</u>	<u>Total Players</u>	<u>Regular Rounds</u>	<u>Permit Rounds</u>	<u>Senior Rounds</u>	<u>Other Rounds</u>	<u>18-Hole Rounds</u>
Fall Creek Falls	23,064	15,301	168	2,065	5,530	19,234
Henry Horton	27,819	19,689	1,720	3,549	2,861	25,294
Montgomery Bell	35,286	23,936	2,507	4,598	4,245	30,461
Old Stone Fort	26,739	18,197	3,340	2,507	2,695	18,705
Paris Landing	28,087	15,936	3,264	3,180	5,707	24,907
Pickwick Landing	21,969	14,901	2,656	2,652	1,760	19,746
T. O. Fuller	19,455	15,332	-	1,726	2,397	16,762
Warriors' Path	<u>43,961</u>	<u>23,615</u>	<u>12,689</u>	<u>4,602</u>	<u>3,055</u>	<u>37,167</u>
Totals	<u>226,380</u>	<u>146,907</u>	<u>26,344</u>	<u>24,879</u>	<u>28,250</u>	<u>192,276</u>

Note: "Other" rounds include discount golf card rounds and rounds played by volunteers, golf course employees, and high school golf teams. The "18-hole rounds" category is an industry comparative measure of activity that includes all rounds played.

Source: Department of Environment and Conservation staff.

Table 17
Gross and Net Revenue Per Course and Per 18-Hole Round Played for Fiscal Year 2002

<u>Park</u>	Per Course		Per 18-Hole Round	
	<u>Gross Revenue</u>	<u>Net Revenue</u>	<u>Gross Revenue</u>	<u>Net Revenue</u>
Fall Creek Falls	\$512,759	\$241,558	\$26.66	\$12.56
Henry Horton	781,969	440,636	30.92	17.42
Montgomery Bell	845,504	499,891	27.76	16.41
Old Stone Fort	313,927	29,705	16.78	1.59
Paris Landing	579,752	313,075	23.28	12.57
Pickwick Landing	574,367	60,315	29.09	3.05
T. O. Fuller	358,602	12,456	21.39	0.74
Warriors' Path	765,323	255,474	20.59	6.87

For fiscal year 2003, detailed data by golf course activity at each golf course is shown in the Table 18. The table does not include the snack bars at Henry Horton and Montgomery Bell or the access fees charged at Montgomery Bell, Old Stone Fort, and T. O. Fuller. There is not a driving range at Old Stone Fort or T. O. Fuller.

Table 18
Golf Course Revenue by Park and by Function for December 2002 Fiscal Year to Date

<u>Park</u>	<u>Green Fees</u>	<u>Cart Rental</u>	<u>Golf Shop</u>	<u>Driving Range</u>	<u>Club Rental</u>	<u>Total</u>
Fall Creek Falls	\$156,092	\$91,668	\$28,813	\$6,964	\$1,117	\$284,654
Henry Horton	179,657	113,197	25,359	7,098	167	325,478
Montgomery Bell	184,527	141,068	24,937	12,554	421	363,507
Old Stone Fort	84,670	62,348	16,462	N/A	456	163,936
Paris Landing	136,073	108,049	32,747	5,374	1,117	283,360
Pickwick Landing	146,511	101,006	44,300	8,719	571	301,107
T. O. Fuller	90,392	76,844	16,565	N/A	346	184,147
Warriors' Path	<u>186,912</u>	<u>154,586</u>	<u>39,792</u>	<u>19,811</u>	<u>496</u>	<u>401,597</u>
All golf courses	<u>\$1,164,834</u>	<u>\$848,766</u>	<u>\$228,975</u>	<u>\$60,520</u>	<u>\$4,691</u>	<u>\$2,307,786</u>

For fiscal year 2003, the golf courses at state parks are projected to receive approximately the same amount of revenue as in fiscal year 2002, or up to 11% more. (See Table 19.) The actual amount collected seems to depend on weather more than any other factor. It also appears that golf course rates charged are in line with what other courses in the area of the park charge. There is no industry standard. Golf courses that are cheaper may not have the amenities of the state park, and courses that are more expensive probably have more amenities. Golf course managers interviewed believe the current rates are satisfactory and do not believe a price increase now would be prudent.

Table 19
Golf Revenue for Fiscal Year 2003 (Projected) Compared to 2002

<u>Park</u>	<u>2002 Revenues</u>	<u>2003 July to December</u>	<u>2003 Projected Total</u>	<u>Percent 2003 of 2002</u>
Fall Creek Falls	\$512,759	\$284,654	\$569,308	111%
Henry Horton	781,969	366,874	733,748	94%
Montgomery Bell	845,504	405,372	810,744	96%
Old Stone Fort	313,927	170,233	340,466	108%
Paris Landing	579,752	283,360	566,720	98%
Pickwick Landing	574,367	301,107	602,214	105%
T. O. Fuller	358,602	188,747	377,494	105%
Warriors' Path	<u>765,323</u>	<u>401,597</u>	<u>803,194</u>	105%
Total	<u>\$4,732,203</u>	<u>\$2,327,781</u>	<u>\$4,655,562</u>	98%

Source: STARS Report 822, 10-day report obtained from department.

Gift Shops

There are gift shops in 43 of the 54 state parks, operated by either the manager at that park or by the staff on duty. The gift shops are designed as “novelty” shops to have items to help people remember their stay. In the past, the gift shops were generally stocked with caps and t-shirts, but recently have been changed to include items such as picture frames, giftware, apparel, and toiletries. Prices and popularity of items vary among parks. For example, prices and discounts may vary by park because of market demand. Most of the parks have little competition because of geographic location. The central office sets the initial markup and price of the items in the gift shops based on industry practices, passes this information on to the gift shop managers, and follows up with visits and promotional advice. Sometimes a change in presentation or location in the gift shop makes a difference in how an item sells.

Gift shops vary widely in size and in revenue collected. For fiscal year 2002, the most revenue was collected by Fall Creek Falls, \$153,697. Before reallocation of administrative expenses, 30 parks had revenue greater than expenses. After reallocation, only five parks had positive net revenue. This may be misleading because the number of park functional areas affects the amount of allocation to each. For example, both Bicentennial Park and Long Hunter have few cost centers so each one receives a seemingly large allocation. Table 20 is a comparison of 2001 and 2002 calendar year revenue for gift shops at the resort parks and Table 21 is a summary of fiscal year 2002 data for all parks.

Table 20
Gift Shop Revenue for Resort Parks, Calendar Years 2001 and 2002

<u>Park</u>	<u>2001 Revenue</u>	Percent of <u>Total</u>	<u>2002 Revenue</u>	Percent of <u>Total</u>	Percent Change <u>from 2001</u>
Fall Creek Falls	\$142,411	43%	\$169,821	45%	19%
Montgomery Bell	36,520	11%	50,851	13%	39%
Natchez Trace	39,903	12%	22,701	6%	-43%*
Paris Landing	82,314	25%	70,942	19%	-14%
Pickwick Landing	<u>31,866</u>	9%	<u>66,320</u>	17%	108%
Total	<u>\$333,014</u>		<u>\$380,634</u>		14%

* Closed December 2001 to April 2002

The department does not compare operations at its gift shops with operations in other gift shops either in Tennessee or in other states. Gift shop managers take inventory every month and track what items sell best. The department also gets advice from industry representatives and from the gift shop managers themselves. Based on the audit work performed, it appears that prices and sales practices in the gift shops are in accordance with the industry.

Table 21
Revenues and Expenses of Gift Shops for Fiscal Year 2002

<u>Park</u>	<u>Revenues</u>	<u>Direct Expenses</u>	<u>Net Before Reallocation</u>	<u>Reallocation Expenses</u>	<u>Net</u>
Bicentennial Mall	\$88,653	\$52,256	\$36,397	\$808,956	(\$772,559)
Big Hill Pond	216	-	216	-	216
Big Ridge	2,569	2,230	339	6,774	(6,435)
Bledsoe Creek	74	10	64	6,065	(6,001)
Booker T. Washington	44	20	24	75	(51)
Cedars of Lebanon	2,315	7,681	(5,366)	12,484	(17,850)
Chickasaw	3,513	5,969	(2,456)	9,943	(12,399)
Cove Lake	551	800	(249)	2,926	(3,175)
Cumberland Mountain	11,618	9,529	2,089	5,577	(3,488)
David Crockett	11,476	15,759	(4,283)	8,137	(12,420)
Davy Crockett Birthplace	5,162	4,365	797	9,902	(9,105)
Edgar Evins	851	507	344	1,372	(1,028)
Fall Creek Falls	153,697	127,299	26,398	279,898	(253,500)
Fort Loudoun	3,659	2,447	1,212	63,271	(62,059)
Fort Pillow	7,574	6,763	811	137,757	(136,946)
Frozen Head	3,629	1,728	1,901	44,768	(42,867)
Harrison Bay	(2,086)	431	(2,517)	748	(3,265)
Henry Horton	14,725	13,860	865	11,692	(10,827)
Hiwassee River	495	3,024	(2,529)	5,447	(7,976)
Indian Mountain	313	9	304	34	270
Long Hunter	1,458	1,179	279	157,570	(157,291)
Meeman-Shelby	436	2,966	(2,530)	5,488	(8,018)
Montgomery Bell	49,520	30,528	18,992	219,543	(200,551)
Mousetail Landing	2,797	4,965	(2,168)	45,804	(47,972)
Natchez Trace	26,157	20,422	5,735	37,859	(32,124)
Nathan Bedford Forrest	1,076	262	814	161	653
Norris Dam	6,171	5,818	353	20,605	(20,252)
Old Stone Fort	6,931	4,399	2,532	3,936	(1,404)
Panther Creek	93	106	(13)	2,163	(2,176)
Paris Landing	77,034	56,316	20,718	249,741	(229,023)
Pickett	5,715	4,265	1,450	5,598	(4,148)
Pickwick Landing	56,503	72,456	(15,953)	349,878	(365,831)
Pinson Mounds	5,509	3,448	2,061	20,529	(18,468)
Radnor Lake	5,925	802	5,123	116,645	(111,522)
Red Clay	4,734	2,370	2,364	18,847	(16,483)
Reelfoot Lake	17,268	17,337	(69)	23,935	(24,004)
Roan Mountain	44,904	24,754	20,150	31,228	(11,078)
Rock Island	3,303	783	2,520	1,825	695
South Cumberland	6,130	4,935	1,195	9,831	(8,636)
Standing Stone	6,130	4,445	1,685	11,547	(9,862)
Sycamore Shoals	3,965	4,677	(712)	118,797	(119,509)
T. O. Fuller	29	1	28	(116)	144
Tims Ford	<u>1,559</u>	<u>1,873</u>	<u>(314)</u>	<u>3,016</u>	<u>(3,330)</u>
Total	<u>\$642,399</u>	<u>\$523,794</u>	<u>\$118,605</u>	<u>\$2,870,256</u>	<u>(\$2,751,651)</u>

Source: STARS report 822 for fiscal year 2002.

Marinas

The department operates marinas in Harrison Bay, Paris Landing, and Pickwick Landing state parks. In addition, there are leased operations at Edgar Evins, Norris Dam, and Warriors' Path. At Paris Landing, the marina store sells fishing licenses, bait, tackle, ice, and grocery items. A service dock with fuel and supplies is also available, as is a launch ramp and parking. Two-hundred and twenty-five covered and uncovered slips are located at the marina along with overnight dockage. Pickwick Landing has 191 slips for dryboat storage, 46 sailboat slips, and 35 overnight slips. A service dock is available with gas, diesel, and pre-mix. Fishing boats may be rented there, and laundry and shower facilities are located at the marina office building. At Harrison Bay, the marina features 161 covered slips, 28 uncovered slips, and 4 sailboat slips. There is no overnight slip rental available. Fuel is available at the dock, and a boat ramp is available to the general public.

For fiscal year 2002, all marinas had revenues greater than expenses, even after allocation of overhead costs. This information is summarized in Table 22.

Table 22
Revenue and Expenses of State Park Marinas for Fiscal Year 2002

<u>Marina</u>	<u>Revenue</u>	<u>Direct Expenses</u>	<u>Net Before Reallocation</u>	<u>Reallocation Expenses</u>	<u>Net</u>
Harrison Bay	\$443,264	\$111,345	\$331,919	\$272,317	\$59,602
Paris Landing	507,102	262,925	244,177	24,757	219,420
Pickwick Landing	<u>828,678</u>	<u>479,119</u>	<u>349,559</u>	<u>40,706</u>	<u>308,853</u>
Total	<u>\$1,779,044</u>	<u>\$853,389</u>	<u>\$925,655</u>	<u>\$337,780</u>	<u>\$587,875</u>
<u>Leased Operations</u>					
Edgar Evins	\$44,906		\$44,906		\$44,906
Norris Dam	7,286		7,286		7,286
Warriors Path	<u>5,351</u>		<u>5,351</u>		<u>5,351</u>
Subtotal Leased	<u>57,543</u>		<u>57,543</u>		<u>57,543</u>
Total	<u>\$1,836,587</u>		<u>\$983,198</u>		<u>\$645,418</u>

Source: STARS report 822 for fiscal year 2002.

Auditors compared rates at state park marinas with rates at other marinas located in the area of each park. Marinas #1 and #2 are in the vicinity of Paris Landing, marinas #3 and #4 are in the vicinity of Pickwick Landing, and marinas #5, #6, and #7 are in the vicinity of Harrison Bay. (See Table 23.) Rates provided by Tennessee state parks are per foot of slip length. Rates

at other marinas are sometimes determined by the foot and sometimes by month, quarter, or year. Because marinas vary in the types of services, slip sizes offered, and amenities provided, the rate for renting a 40-foot covered slip on a monthly basis was used for comparison. Rates do not include any discount that may be available for a quarterly or annual lease or for paying in advance.

The monthly rate per foot for Paris Landing appears to be comparable to other marinas in the vicinity. The rates for Pickwick Landing and Harrison Bay appear to be significantly lower than the marinas compared to them. Other factors that may influence the price of a marina are proximity of the marina to desired services such as lodging and groceries, ease of access to the marina, and wave damage protection offered by the marina.

Table 23
Comparison of Rates at Tennessee State Park Marinas with Other Marinas

<u>Marina</u>	<u>Monthly Rate Per Foot</u>		<u>40' covered</u>
	<u>Covered</u>	<u>Uncovered</u>	
Paris Landing	5.00	3.25	\$200
Marina #1	2.57 to 4.75	None	\$176
Marina #2	4.92 to 5.66	4.30	\$234
Pickwick Landing	6.00	3.25	\$240
Marina #3	6.00 to 18.70	4.25 to 5.80	\$386
Marina #4	8.08 to 10.62	3.43	\$354-406
Harrison Bay	5.00	3.25	\$200
Marina #5	7.50	None given	\$300
Marina #6	None given	None given	\$350
Marina #7	None given	None given	\$250

Source: Tennessee state park rates obtained from Web site. Other information obtained from annual survey of rates by department staff.

Snack Bars

A snack bar is almost always located at a golf course or a swimming pool and is usually bid out for a flat monthly fee. The department is working to assume management of the snack bars at golf courses to have the snack bar open when the golf course is open (virtually all year long). Contracted vendors sometimes do not come to open the snack bar during the off season even if the golf course is open. The department also wants to improve service at the golf course snack bars. The pools, on the other hand, are open for three months of the year at most. Because of the short operating season and the uncertain daily weather conditions during that term, it is easier to lease the snack bars at pools. Whereas a snack bar usually has a grill and sells

hamburgers, hot dogs, french fries, and sandwiches, a refreshment stand has no kitchen equipment and sells mostly prepackaged food.

Of the snack bars on record for fiscal year 2002, all but four (Henry Horton, Montgomery Bell, David Crockett, and Standing Stone) were leased operations, not operated by the department. The snack bars at Henry Horton and Montgomery Bell are operated by golf course personnel, and the snack bars at David Crockett and Standing Stone are located at the pool and operated by park staff. Staff of Paris Landing will begin operating the golf course snack bar there on February 12, 2003. The snack bar at David Crockett will be contracted for fiscal year 2003 because of security concerns as noted below.

Table 24 shows revenue and expenses from park-operated snack bars and Table 25 shows revenue from leased operations for fiscal year 2002. Only Montgomery Bell and Henry Horton had positive net revenue before reallocation of expenses. Department staff stated that David Crockett had break-ins and theft of inventory during the year and incurred unusually high expenses. Following reallocation of expenses, only Henry Horton had positive net revenue. However, this may be misleading because the snack bar at Henry Horton does not have any reallocation expenses for fiscal year 2002. The snack bar used to be operated by the restaurant at the park, but the restaurant was closed November 25, 2001, part way through the fiscal year, and responsibility for its operation was transferred to the golf course. The department only updates the reallocation procedures at the beginning of the year, so there was no provision to charge reallocation expenses to the snack bar during fiscal year 2002. Considering all this information, the snack bar with the greatest loss for fiscal year 2002 after reallocation is the one at Standing Stone.

Table 24
Revenues and Expenses of Park-Operated Snack Bar Operations for Fiscal Year 2002

<u>Park</u>	<u>Revenue</u>	<u>Direct Expenses</u>	<u>Net Before Reallocation</u>	<u>Reallocation Expenses</u>	<u>Net</u>
David Crockett	\$2,990	\$6,792	(\$3,802)	\$4,087	(\$7,889)
Henry Horton	33,412	31,002	2,410	0	2,410
Standing Stone	15,635	19,210	(3,575)	42,976	(46,551)
Montgomery Bell	<u>48,782</u>	<u>24,900</u>	<u>23,882</u>	<u>69,353</u>	<u>(45,471)</u>
Total	<u>\$100,819</u>	<u>\$81,904</u>	<u>\$18,915</u>	<u>\$116,416</u>	<u>(\$97,501)</u>

Source: STARS report 822 for fiscal year 2002.

Table 25
Revenue from Leased Snack Bar Operations for Fiscal Year 2002

<u>Park</u>	<u>Monthly Lease Payment</u>	<u>Revenue</u>
Chickasaw	\$340	\$3,711
Harrison Bay	\$675	\$5,637
Cove Lake	\$1,400	\$14,400
Cumberland Mountain	\$1,111	\$1,702
Fall Creek Falls	\$1,506	\$3,246
Fall Creek Falls	\$500	\$3,088
Paris Landing (1)	\$500	\$3,500
Pickwick Landing	\$500	\$4,000
Roan Mountain	\$200 (2)	\$480
T.O. Fuller	\$200	\$1,628
Warriors' Path	\$325	\$3,268

- (1) The state will assume operation of the Paris Landing snack bar February 12, 2003.
(2) Roan Mountain was not open in 2002. The rate listed was for 2001.

Other parks that have snack bars but no revenue listed include Cedars of Lebanon (which only held short-term events) Big Ridge (where the snack bar was closed down because of the illness of the vendor) and Norris Dam (where the entire park was closed down September 2001).

Based on audit work performed, we found no criteria for comparison of snack bars, and competition in the immediate area of most snack bars is usually minimal. Prices at snack bars are determined by the leaseholder but, according to the terms of the lease, should be comparable to other operations in the area. Lease rates are occasionally adjusted, based on the income and expenses of the vendor, as reported in annual financial statements.

Vending

There are vending operations in 41 state parks in Tennessee, made up of drink machines, snack machines, and a few amusement/game machines. Most of the vending is contracted by each park and the remainder is managed by park staff, although the department is working towards contracting all vending operations. Table 26 summarizes contracted and noncontracted vending operations and Table 27 is a summary of the revenue and expenses from vending.

**Table 26
Contracted and Noncontracted Vending**

<u>Park</u>	<u>Contracted</u>			<u>Noncontracted</u>	
	<u>Drink</u>	<u>Snack</u>	<u>Amusement</u>	<u>Drink</u>	<u>Snack</u>
Big Ridge	X				
Booker T. Washington	X				
Burgess Falls				X	
Cedars of Lebanon		X			
Chickasaw				X	
Cove Lake	X				
Cumberland Mountain	X				
David Crockett	X				
Davy Crockett Birthplace				X	X
Edgar Evins				X	X
Fall Creek Falls			X	X	X
Fort Loudoun	X				
Fort Pillow	X				
Frozen Head				X	
Harrison Bay	X			X	
Henry Horton				X	X
Hiwassee River				X	
Indian Mountain				X	
Long Hunter				X	
Meeman-Shelby	X				
Montgomery Bell	X	X	X		
Mousetail Landing				X	
Natchez Trace	X				
Nathan Bedford Forrest				X	
Norris Dam	X	X			
Old Stone Fort				X	
Panther Creek				X	
Paris Landing	X	X			
Pickett	X				
Pickwick Landing	X	X	X		
Pinson Mounds	X				
Red Clay				X	X
Reelfoot Lake	X				
Roan Mountain			X	X	X
Rock Island				X	X
South Cumberland	X				
Standing Stone				X	X
Sycamore Shoals	X				
T. O. Fuller	X				
Tims Ford	X	X	X		
Warriors' Path				X	X

Source: Department staff.

Table 27
Revenues and Expenses of Vending Operations for Fiscal Year 2002

<u>Park</u>	<u>Revenues</u>	<u>Direct Expenses</u>	<u>Net Before Reallocation</u>	<u>Reallocation Expenses</u>	<u>Net</u>
Big Ridge	\$3,923	\$2,635	\$1,288	\$10,652	(\$9,364)
Booker T. Washington	1,634	114	1,520	835	685
Burgess Falls	760	642	118	13,268	(13,150)
Cedars of Lebanon	8,223	5,123	3,100	8,001	(4,901)
Chickasaw	4,588	424	4,164	683	3,481
Cove Lake	3,152	-	3,152	-	3,152
Cumberland Mountain	2,685	1,141	1,544	891	653
David Crockett	6,123	-	6,123	-	6,123
Davy Crockett Birthplace	5,282	6,597	(1,315)	10,496	(11,811)
Edgar Evins	1,736	947	789	2,896	(2,107)
Fall Creek Falls	76,323	74,819	1,504	174,957	(173,453)
Fort Loudoun	145	-	145	-	145
Fort Pillow	266	12	254	213	41
Frozen Head	858	-	858	-	858
Harrison Bay	4,273	4,350	(77)	8,106	(8,183)
Henry Horton	5,920	4,640	1,280	11,870	(10,590)
Hiwassee River	2,664	-	2,664	-	2,664
Indian Mountain	792	847	(55)	2,623	(2,678)
Long Hunter	1,906	-	1,906	-	1,906
Meeman-Shelby	1,700	-	1,700	-	1,700
Montgomery Bell	8,123	2,544	5,579	5,655	(76)
Mousetail Landing	1,600	2,783	(1,183)	16,214	(17,397)
Natchez Trace	1,875	1,154	721	5,719	(4,998)
Nathan Bedford Forrest	1,301	270	1,031	(73)	1,104
Norris Dam	559	822	(263)	3,779	(4,042)
Old Stone Fort	9,698	5,554	4,144	4,649	(505)
Panther Creek	5,261	5,128	133	24,725	(24,592)
Paris Landing	8,789	3,046	5,743	(59,333)	65,076
Pickett	735	-	735	-	735
Pickwick Landing	7,534	-	7,534	-	7,534
Pinson Mounds	602	368	234	1,672	(1,438)
Red Clay	1,640	1,062	578	16,531	(15,953)
Reelfoot Lake	2,865	-	2,865	-	2,865
Roan Mountain	11,370	8,484	2,886	13,610	(10,724)
Rock Island	2,424	1,035	1,389	2,471	(1,082)
South Cumberland	495	131	364	1,129	(765)
Standing Stone	4,844	1,976	2,868	6,965	(4,097)
Sycamore Shoals	123	-	123	-	123
T. O. Fuller	544	-	544	-	544
Tims Ford	6,614	2,603	4,011	5,580	(1,569)
Warriors' Path	283	-	283	-	283
Total	<u>\$210,230</u>	<u>\$139,274</u>	<u>\$70,956</u>	<u>\$294,802</u>	<u>(\$223,846)</u>

Source: STARS report 822 for fiscal year 2002.

Based on review of the above data, the park with the most revenue from vending, by far, is Fall Creek Falls with \$76,323. However, like almost every vending operation, the expenses are nearly equal to the revenue, leaving little in net revenue before allocation of overhead. Following the overhead allocation, only six noncontracted vending operations resulted in positive net revenue for fiscal year 2002. Fall Creek Falls had the greatest loss, \$173,453 after reallocation. The greatest net revenue is from the contracted operations at Pickwick Landing, \$7,534 for fiscal year 2002.

Table 28 compares fiscal year 2002 revenue to fiscal year 2001 revenue.

Based on this comparison, vending revenue decreased at every park except Booker T. Washington in Chattanooga, Meeman-Shelby in Millington, Old Stone Fort in Manchester, Pickwick Landing, and Rock Island in Rock Island. The decrease is greatest at Paris Landing (\$26,246). Of those parks where revenue increased, the greatest increase is at Pickwick Landing (\$3,963).

Rates of vending operations were not compared to industry standards because auditors did not find any industry standards for rates. According to an industry Web site, third-quarter 2002 revenue by company was up by at least 1-5% over the previous year for 77% of vending service providers surveyed. Because of the relative isolation of most state parks, there is usually little competition for the vending operations at a park. However, competition between vending companies is created when a vending contract is put out to bid. The contract is awarded to the bidder who will provide the best return to the state and meet the requirements of the contract. Vending, similar to concession stands, is often provided more as a service or convenience for park guests than as a way to make money.

Conclusion and Recommendations

In general, the rates charged at state parks appear to be in line with similar non-park operations in Tennessee and with corresponding operations in surrounding states. Specific exceptions are noted in the pertinent sections of the report. Improvements desired by park managers and other department staff include flexibility to provide promotions to increase sales and ability to utilize temporary help to reduce personnel expenses.

Table 28
Fiscal Year 2002 Vending Revenue Compared to Fiscal Year 2001

<u>Park</u>	<u>Fiscal Year 2001</u>	<u>Fiscal Year 2002</u>	<u>Increase (Decrease)</u>
Big Ridge	\$5,983	\$3,923	(\$2,060)
Booker T. Washington	435	1,634	1,199
Burgess Falls	2,437	760	(1,677)
Cedars of Lebanon	14,447	8,223	(6,224)
Chickasaw	5,001	4,588	(413)
Cove Lake	6,058	3,152	(2,906)
Cumberland Mountain	4,421	2,685	(1,736)
David Crockett	8,986	6,123	(2,863)
Davy Crockett Birthplace	16,262	5,282	(10,980)
Edgar Evins	2,237	1,736	(501)
Fall Creek Falls	77,461	76,323	(1,138)
Fort Loudoun	272	145	(127)
Fort Pillow	596	266	(330)
Frozen Head	2,769	858	(1,911)
Harrison Bay	11,813	4,273	(7,540)
Henry Horton	21,369	5,920	(15,449)
Hiwassee River	3,137	2,664	(473)
Indian Mountain	2,109	792	(1,317)
Long Hunter	2,440	1,906	(534)
Meeman-Shelby	593	1,700	1,107
Montgomery Bell	12,076	8,123	(3,953)
Mousetail Landing	2,019	1,600	(419)
Natchez Trace	4,758	1,875	(2,883)
Nathan Bedford Forrest	1,804	1,301	(503)
Norris Dam	2,355	559	(1,796)
Old Stone Fort	8,928	9,698	770
Panther Creek	14,545	5,261	(9,284)
Paris Landing	35,215	8,789	(26,426)
Pickett	4,004	735	(3,269)
Pickwick Landing	3,571	7,534	3,963
Pinson Mounds	1,867	602	(1,265)
Red Clay	2,592	1,640	(952)
Reelfoot Lake	3,160	2,865	(295)
Roan Mountain	16,897	11,370	(5,527)
Rock Island	2,279	2,424	145
South Cumberland	600	495	(105)
Standing Stone	5,211	4,844	(367)
Sycamore Shoals	242	123	(119)
T. O. Fuller	1,775	544	(1,231)
Tims Ford	8,903	6,614	(2,289)
Warriors' Path	369	283	(86)
Total	<u>\$322,419</u>	<u>\$210,230</u>	<u>(\$112,189)</u>

Source: Department of Environment and Conservation.

RECOMMENDATIONS

LEGISLATIVE

This report identified an area in which the General Assembly may wish to consider statutory changes to improve the efficiency and effectiveness of the Division of State Parks' operations.

1. To maximize the economic benefits of the flexible purchase program, the General Assembly may wish to consider expanding the type of items the department is authorized to purchase. The legislature may also wish to add the authority to purchase services.

ADMINISTRATIVE

The following areas should be addressed to improve the efficiency and effectiveness of the Division of State Parks' operations.

1. The central office should periodically review purchases to assess the impact of the flexible purchase program. As part of this assessment, the department should consider requiring parks to maintain and submit cost comparisons of items purchased with flexible purchasing to similar items found on statewide contract.
2. Department management may wish to consider giving inn and cabin managers greater flexibility to offer price reductions necessary to increase occupancy, especially during the off season.
3. Department management may wish to consider giving inn and restaurant managers greater ability to hire temporary help to better match personnel expenses to the occupancy and income of the facilities.