

Assembly California Legislature



BETH GAINES
ASSEMBLYWOMAN, FOURTH DISTRICT

July 17, 2012

Hon. Ricardo Lara
Chair, Joint Legislative Audit Committee
1020 N St, Room 107
Sacramento, CA 95814

Hon. Robert Dutton
Vice Chair, Joint Legislative Audit Committee
State Capitol, Room 5097
Sacramento, CA 95814

Dear Assemblyman Lara and Senator Dutton:

I am writing to request an audit of the California Department of Parks and Recreation (Parks) oversight and management of the 278 unit state park system and its personnel, programmatic and budgeting practices.

A recent *Sacramento Bee* article revealed that the Department of Parks and Recreation authorized a vacation buyout at the same time the Department was looking to close a number of parks. In that article, the director of Parks claimed that she and her management staff had no knowledge of the costly buyout scheme. Additionally, members of the budget subcommittee which oversees Parks have been unable to get detailed information from the Department. The failure of the director to monitor her own staff, as well as the lack of detailed information from the department, raises serious concerns about the potential for other waste, fraud or abuse that may be occurring in this department.

Background:

On June 15, 2012, the Legislature approved \$341 million in support funding for Parks. In addition to this appropriation, there was a \$15.3 million continuous appropriation for 2012-13 and 2013-14 for Parks to pursue "revenue enhancement" projects that could relieve more of the General Fund burden on the department. This came in light of two previous actions:

1. A reduction of \$11 million annually beginning in 2011-12 from the State Parks and Recreation Fund, to be taken through administrative and programmatic reductions;
2. A reduction of \$11 million annually beginning in 2012-13 from the State Parks and Recreation Fund, which would be realized by the closure of 70 state park units;

As of July 1, Parks has revealed that only one of the units on its original 70 park closure list is to be closed. Yet, the Legislature has received little information on the details of these reductions. A series of private donations, new operating agreements and new concession policies have led to greater operational revenue being received, but no budgetary information or details of the terms of these agreements have been forthcoming.

Audit Request:

To the extent possible, I request that the State Auditor review and evaluate the following:

Staffing Questions:

1. Park positions have grown from 3,247 positions in 2001 to 4,094 today. Our staff calculates approximately \$24 million from at least 500 vacancies has not been accounted for. Can the Auditor determine the number of vacancies and assess how this funding has been used or is planned to be used?
2. On July 16, it was revealed that \$271,000 of funding was used to buy out vacation time for various employees. Where was the authority to divert these funds and what programs were reduced to allow these funds to be used? What department controls should be implemented to ensure that the Director is aware of significant staffing decisions?
3. It is our understanding that work is staffed and performed at the Unit level but that the Department only uses anecdotal information to determine staffing levels. No legitimate assessment of Parks operations can be made unless we know credibly how much it costs to operate each unit. Could an assessment be carried out to determine how best to track park unit expenditures to ensure accountability?

Operational Questions:

4. To date, the Legislature has not received specific information regarding the agreements with local agencies and non-profits to run numerous state parks. Can the Auditor's office obtain copies of agreements and donations regarding the 70 parks initially envisioned to be closed on July 1st? This information should include the amount of private donations, terms of operating and concession agreements, distribution of park unit revenues and the duration of the agreements.
5. Since the 2012-13 budget includes \$15.3 million continuously appropriated and \$7 million diverted from the Off-Highway Vehicle Trust Fund, how much of these funds are to be diverted from base budgets from successful park units? In addition, because the Department of Boating and Waterways has been moved into Parks through approval of the Governor's Reorganization Plan, what controls are in place to maintain the integrity of boating revenue such that it is not used for state park operations?
6. On a bipartisan basis, the Legislature approved allowing Parks to employ a market-based fee structure without annual statutory changes or Legislative approval. Has Parks produced data and research into assessing the market and justifying current revenue structures?
7. Changes and refinements since May, 2011, to closure costs have been sporadic and incomplete. Parks has \$3.5 - \$4 million currently budgeted for closure costs that will not be spent, according to the incomplete information we have. How are these funds being

distributed and how much of these closure costs are one-time in nature (i.e.- packing and cataloging museum artifacts)? Can Parks provide figures on programmatic and budgetary actions realized over the past year and envisioned for 2012-13 as a result of closure cost savings?

8. With respect to the \$11 million reduction in 2011-12 to administration and maintenance, can Parks provide details on the number of positions eliminated, geographic distribution of these cuts, and programmatic details of the effect of these reductions?

California's state parks provide recreational benefit to our residents, as well as visitors from around the globe. In addition, our parks provide a much needed economic boost to neighboring communities. This year, we have worked across the aisle to preserve the rich tradition of our state parks and protect them from the instability of the state budget now and into the future. We find it disheartening that these bipartisan efforts to shield our state's natural treasures may be thwarted by bureaucratic mismanagement.

Thank you for your consideration of this request. Should you have any questions or would like additional information, please contact Chris Holtz in the Assembly Republican Fiscal Office at (916) 319-2560.

Sincerely,



BETH GAINES
Assemblywoman District 4