3 Facility Maintenance and Capital Improvement

SUMMARY

The lack of reliable data makes it difficult to assess the maintenance or condition of state park buildings and facilities. However, most park facilities appear to be in fair to good condition. Some park roads and sewer systems need attention. DNR uses a well-defined process to identify capital improvement projects, and the Legislature invested about $53 million in facilities and land acquisition in the 1990s.

Minnesota's state parks include administrative buildings, visitor centers, recreational facilities, roads, and infrastructure for sewer and other utilities. It is a challenge for the Department of Natural Resources (DNR) to provide adequate support for the large number of park structures and their varied maintenance needs. This chapter addresses the following questions:

- **To what extent are buildings, campgrounds, trails, and roads adequately maintained in Minnesota's state parks?**

- **What share of capital improvement expenditures was used to construct new buildings and what was used to rehabilitate or restore existing facilities in state parks?**

We analyzed the building maintenance database from DNR's Bureau of Field Services that included descriptive information, condition assessments, estimates of needed repair costs, and spending for maintenance projects. We also examined the Parks and Recreation Division's process for identifying capital improvement projects, past projects, and the existing list of projects for state parks. We visited a sample of state parks, toured both public and administrative buildings, and interviewed park managers and staff. Finally, we surveyed state park managers and asked them about the physical condition of park buildings and infrastructure systems.

BUILDING INVENTORY AND CONDITIONS

The Bureau of Field Services maintains an inventory of all DNR buildings, including those in state parks. We assigned each building a high, moderate, or low support status that reflects maintenance needs, use, visitation, and

complexity.[1] For example, intensely used public buildings equipped with utilities received the highest support rating, while storage sheds or vault toilets without utilities received the lowest support rating.

Minnesota's state park system has 1,483 buildings, including 236 buildings that do not have condition ratings because they were not actively maintained and excluding about 300 pit toilets.[2] We focused our analysis on the 1,247 park buildings with condition ratings. Buildings range from vault toilets, the most common building type, to offices and visitor centers. Table 3.1 summarizes park buildings by type of use and the level of support that they receive from Field Services. Buildings typically used by the public, such as sanitation buildings, cabins, and picnic shelters, account for over half of the total square footage and two-thirds of all buildings.

Table 3.2 shows how buildings are distributed by park group and DNR region. The number of buildings per park ranges from zero (Franz Jevne) to 167 (St. Croix). Itasca has the most square footage, 131,755.[3] Three-fourths of all buildings and over 80 percent of the square footage are located in the 34 most heavily used parks (Groups A and B).

Nearly half of the square footage in state park buildings is over 40 years old.

The date of original construction for park buildings ranges from 1866 to 1999.[4] One-third of the state park buildings were constructed before 1955, accounting for nearly half of the building square footage. Most of these buildings were constructed in 1936 as part of the Civilian Conservation Corps and Works Progress Administration activities. Building age varies across the six DNR regions and much of the square footage in Regions 1 (Northwest) and 2 (Northeast) was built well over 50 years ago. The buildings in Regions 3 (North Central), 5 (Southeast), and 6 (Metropolitan Area) are somewhat newer. Of the 64 buildings in Region 6, about half were constructed since 1980, but many of these are vault toilets.

Condition Ratings

Each year regional Field Services' staff rate the physical condition, performance, and estimated repair costs for six components for most buildings.[5] We found that:

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1 Field Services assigns each building a weight based on its required maintenance and intensity of use, with '2' being little maintenance and '5' being high maintenance. We classified each building type by use and support status based on the weight most frequently assigned and the nature of public use. For example, sanitation buildings had weights of '5' and were classified as public buildings with high support status.

2 The Field Services database contains 1,601 park buildings, of these 118 have been moved or demolished.

3 This *does not* include the 28 historic buildings on the Upper Bluff at Fort Snelling State Park which contain 381,000 square feet.

4 Field Services does not update these data to reflect renovations, therefore, the age of buildings is probably overstated. Twenty-nine buildings constructed between 1997 and 1999 did not have condition ratings.

5 The six building components include a building's site and its mechanical, interior, roof, electrical, and envelope systems. The database also includes estimated repair costs if repairs are needed to bring each component up to good condition. Mark Wallace, Field Services Coordinator, Minnesota Department of Natural Resources, Interview, June 29, 1999.

Table 3.1: State Park Building Inventory by Building Type and Support Status, 1999

Public Buildings

Support Status	Building Type	Number of Buildings	Percentage of Total Square Footage
High	Contact stations	48	4.1%
	Visitor centers	36	9.7
	Sanitation buildings	150	11.5
Moderate	Cabins	54	3.9
	Dormitories/lodging	88	7.7
	Trail centers, bathhouses	44	7.0
	Other[1]	25	4.9
Low	Picnic shelters	57	6.4
	Vault toilets	320	1.0
	Other[2]	21	0.4
Subtotal		843	56.6

Nonpublic Buildings

Support Status	Building Type	Number of Buildings	Percentage of Total Square Footage
High	Offices	26	3.5
	Repair shops	65	13.8
	Residences	24	5.4
Moderate	Storage buildings	107	10.1
	Garages	42	4.7
	Other[3]	68	2.8
Low	Sheds	31	1.8
	Other[4]	41	1.3
Subtotal		404	43.4
Total		1,247	1,001,180

[1]Other includes concessions, dining halls, and infirmaries.

[2]Other includes fish cleaning houses and cave entrance buildings.

[3]Other includes cook's shacks, spring houses, and water towers.

[4]Other includes ore crusher buildings, grainary storage buildings, and boathouses.

SOURCE: Office of the Legislative Auditor's analysis of Minnesota Department of Natural Resources Bureau of Field Services data.

Public use buildings account for most of the state park buildings.

- **The Department of Natural Resources' existing building maintenance database for state parks is of limited usefulness for evaluating building conditions because data are unreliable, inconsistent, and not up-to-date.**

The database is supposed to provide up-to-date information on the number of park buildings and their condition based on information collected and recorded by regional staff. However, we found numerous problems including unreliable condition and repair cost estimates, lack of up-to-date information, and missing data. Until late this year, Field Services' staff have not been trained and criteria have not been developed to help regional staff consistently rate component conditions or estimate repair costs. Data such as building age were not updated

Table 3.2: Number and Square Footage of Buildings by Group and Region, 1999

	Number of Buildings	Percentage of Total Square Footage
Park Group		
Group A	577	54.0%
Group B	358	28.7
Group C	112	6.1
Group D	178	10.3
Group E	19	0.9
DNR Region		
Region 1 (Northwest)	229	23.7%
Region 2 (Northeast)	221	19.3
Region 3 (North Central)	330	19.4
Region 4 (Southwest)	217	18.5
Region 5 (Southeast)	173	12.0
Region 6 (Metropolitan Area)	77	7.0
Total	1,247	1,001,180

SOURCE: Office of the Legislative Auditor's analysis of Minnesota Department of Natural Resources Bureau of Field Services data.

DNR's building inventory does not provide summary information on facility conditions.

to reflect major rehabilitation projects, and it is not clear whether condition ratings reflect recent rehabilitation projects. Also, many buildings have not been assessed on some factors such as handicapped accessibility and historical significance. Finally, the system was not designed to provide a summary condition rating for a building.

DNR implemented its building inventory and maintenance system several years ago to parallel the Department of Administration's master database of all state-owned buildings.[6] However, the system is specifically designed for buildings and does not explicitly rate infrastructure, such as sewer or road systems or water and electrical utilities. In a few regions, Field Services' staff have tried to include infrastructure information in the database by artificially assigning estimated infrastructure repair costs to simple buildings.

In our 1998 report on the maintenance of state buildings, DNR building condition ratings ranked near the bottom of state agencies, partly due to DNR's relatively older buildings.[7] For this report, we analyzed the condition ratings for a building's site, and its mechanical, interior, roof, electrical, and envelope components, weighted by building square footage.[8] Each year, Field Services' regional staff rate component conditions on a four-point scale and estimate repair

6 We reviewed the Department of Administration system in our 1998 report, *State Building Maintenance*.

7 Office of the Legislative Auditor, *State Building Maintenance* (St. Paul, 1998), 10. This document may be found at http://www.auditor.leg.state.mn.us/pe9804.htp

8 There is no obvious method for combining the six component ratings to produce an overall building rating. Therefore, we examined building components separately.

costs. The four point scale includes good (no significant immediate repair required), fair (repair condition exists, no immediate action required), poor (repair condition exists, immediate action required), and substandard (repair condition exists, immediate action required, and use restricted). Over 10 percent of the state park buildings were missing three or more component ratings, usually the mechanical or electrical components.

Condition ratings for state park building components averaged between good and fair. Between 40 and 50 percent of state park buildings were rated in good condition on each component. Ninety percent of buildings had good or fair condition ratings for the electrical component compared with 79 percent for roofs.

We asked park managers to assess the condition of the facilities in their parks. Table 3.3 shows that park managers rated the condition of about three-fourths of park electrical systems and over half of public-use and administrative buildings and sewer and water systems as "satisfactory," compared with similar ratings for less than 40 percent of park roads.[9] However, park managers rated half of the park roads as "marginal" and 16 percent of sewer and water systems as "unsatisfactory." Park managers often told us about the condition of buildings and systems such as sewers and roads. For example, Kilen Woods has water and well problems, and Split Rock Lighthouse and Maplewood have road repair problems.

Park managers rated a small portion of state park buildings and systems as "unsatisfactory."

Table 3.3: Park Managers' Condition Ratings of Park Buildings and Systems, 1999

	Condition Ratings		
Facility Type	Satisfactory	Marginal	Unsatisfactory
Public-use buildings	54%	40%	6%
Administrative buildings	54	37	9
Sewer and water systems	51	33	16
Electrical systems	75	16	9
Roads and parking lots	38	50	12

NOTE: Responses from 66 park managers were weighted by the square footage of the park's buildings.

SOURCE: Office of the Legislative Auditor, State Park Manager Questionnaire, August 1999.

Currently, DNR operates 11 facilities in state parks that require Minnesota Pollution Control Agency (PCA) permits for the treatment and discharge of water or wastewater. In August 1999, PCA initiated discussions with DNR about these permitted systems. PCA and DNR are developing a compliance agreement to address issues with the operation of these systems. The treatment and discharge of wastewater at several parks will be evaluated to determine if the systems are in compliance with PCA rules, system operators will receive more training, and DNR will improve its reporting to PCA. DNR plans to install a discharge water

9 The State Park Manager Questionnaire defined "satisfactory" as good to excellent condition, facility is usable with no threatened structural or system component failure; "marginal" as fair condition, building is usable but one or more components are deteriorated or likely to fail; and "unsatisfactory" as one or more components have failed and building use is limited. Information from the park manager survey is not comparable to condition information in the Field Services database; direct comparisons are not possible.

treatment system at Soudan Underground Mine and may need to install new on-site sewer treatment systems at Father Hennepin and Nerstrand-Big Woods.

The state parks we visited appeared to be well maintained with few signs of ongoing maintenance problems. While we saw some instances of deterioration in some parks, frequently these projects could be found on the division's extensive capital improvement project list, although some projects were not a high priority.

Estimated Repair Costs

DNR uses the estimated repair costs provided by regional Field Services' staff as an estimate of its deferred maintenance (the cost to bring all building components up to good condition). We found that:

- **It is difficult to accurately estimate the amount of deferred maintenance for state park buildings using currently available data.**

Repair cost estimates are not consistently assigned or updated. The estimates do not reflect recent rehabilitation projects or inflationary increases for older estimated repair costs. Field Services is currently developing new procedures and training programs designed to provide better information.

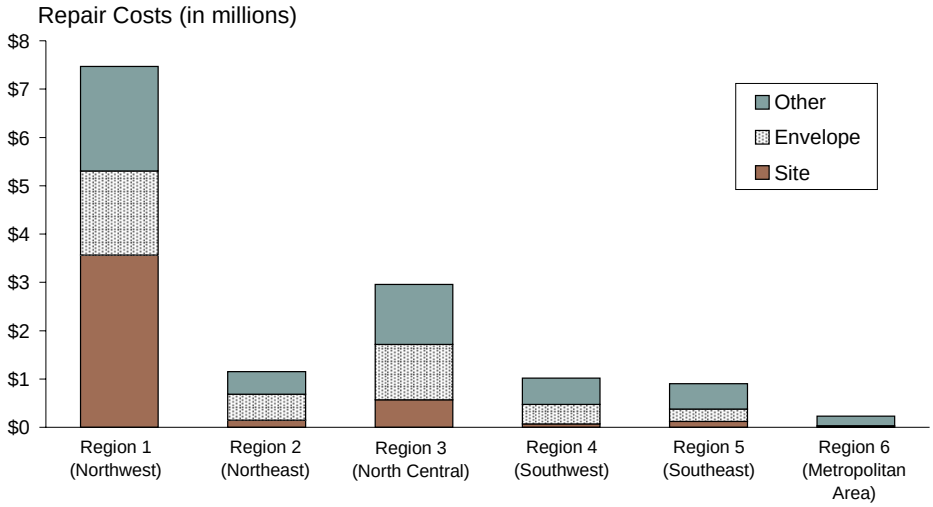
There are some signs of deterioration, such as eroded or flooded trails, in some parks.

Estimated repair costs (deferred maintenance) totaled $13.7 million for state park buildings in 1998. Figure 3.1 shows estimated repair costs by region. Based on the existing data, Region 1 (Northwest) accounted for $7.5 million of the total estimated repair costs. However, nearly half of the Region 1 estimated costs were for the site component. As noted above, in some regions Field Service' staff assign an estimated repair cost for park infrastructure (such as roads and utilities) to the site component of a simple building such as a vault toilet. Our analysis shows this practice occurred most often in Region 1 (Northwest). For example, a vault toilet at Itasca had estimated repair costs of $614,000. Ignoring these site component costs, nearly half of the remaining estimated costs, about $4 million, were for the building envelope including windows, foundations, and walls.

While buildings in Region 1 (Northwest) are somewhat older than those in other regions, the estimated repair costs for this region seem disproportionately high; Region 1 accounted for about 42 percent of the $9.2 million estimated non-site

Estimated repair costs for state park buildings are not consistent across DNR regions.

Figure 3.1: Estimated Repair Costs for State Park Buildings, 1999



NOTE: The category of "other" includes mechanical, interior, roof, and electrical repairs.

SOURCE: Office of the Legislative Auditor's analysis of Minnesota Department of Natural Resources, Bureau of Field Services data.

repair costs but less than one-fourth of the building square footage. Itasca alone accounted for about $2.5 million of the Region 1 estimated non-site repair costs. Itasca also influences costs for the 15 parks in Group A; these heavily used parks accounted for 64 percent ($5.9 million) of estimated non-site repair costs and just over one-half of the building square footage.

Field Services' staff told us that the current database structure does not meet their needs. They are replacing the database and training regional staff to reliably rate building conditions and estimate repair costs.

RECOMMENDATION

The Department of Natural Resources should ensure that its process of assessing the condition of buildings and facilities is consistent across regions. Once implemented, the department should report to the Legislature on the conditions and estimated repair costs of its buildings.

BUILDING MAINTENANCE AND MAINTENANCE SPENDING

Maintenance should be a part of the usual cost of operating a building, but it is more likely to be shortchanged relative to other operating costs with a "persistent

problem of underfunding of maintenance and repair."[10] Delays in completing preventive maintenance tasks usually do not cause problems in the short term but may lead to substantial long-term costs.[11]

Parks and Recreation Division staff are responsible for state park building maintenance and preservation. Staff working in individual parks are responsible for daily custodial requirements and may do some minor repair work. During our visits to state parks, we asked park managers what they did to maintain park facilities. Park staff told us that permanent staff in larger parks may undertake major repair and rehabilitation projects, but staff in smaller parks generally make only minor repairs such as fixing leaky faucets.[12] Many park managers told us that when maintenance or repairs are needed they contact regional Field Services' staff who may send out a contractor to make a repair or direct the park staff to repair the problem and bill Field Services for the cost of materials.

The Bureau of Field Services provides facility maintenance to all DNR divisions, including parks.

Field Services provides facility maintenance and preservation services to all divisions in DNR. This includes the fiscal management of funds, project quality control, and overseeing private contractors. Maintenance projects are those which preserve initial capital investment during a building's life cycle, such as painting or repairs and rehabilitation, but do not add to a building's value. Field Services finances its building maintenance activities with DNR's general and game and fish funds, asset preservation appropriations, and Department of Administration funds.[13] Field Services' and parks development staff work closely together to coordinate funding for projects.

Field Services' central office staff use a formula weighted by use and building square footage to determine the proportion of available funding that each region receives for scheduled and unscheduled maintenance projects. Regional Field Services' staff then identify potential maintenance projects, usually 50 to 85 per region per year, based on requests from park managers and regional park staff and their own visual inspections. They give highest priority to health and safety concerns and projects that will remove barriers to a building's use. Some parks have special needs such as a high proportion of historic buildings or log structures. Other parks face unusual weather, water, or erosion problems that can affect ongoing maintenance and rehabilitation projects.

During our interviews, park managers generally gave Field Services' staff high marks for helping maintain park buildings. But we were also told by both Field Services' staff and some park managers that some building needs were not addressed in a timely manner because needs outweigh the available resources.

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10 Building Research Board, *Committing to the Cost of Ownership: Maintenance and Repair of Public Buildings* (Washington D.C.: National Academy Press, 1990), 3.

11 David G. Cotts and Michael Lee, *The Facility Management Handbook* (New York: American Management Association, 1992), 200-201; and Building Research Board, 11.

12 There is no cost accounting system in place making it difficult to objectively determine the extent of maintenance activities undertaken by staff in state parks.

13 These funds include the Capital Asset Preservation and Replacement Account (CAPRA) and the Americans with Disabilities Act (ADA). Each fund has certain requirements about the type of project that can be funded.

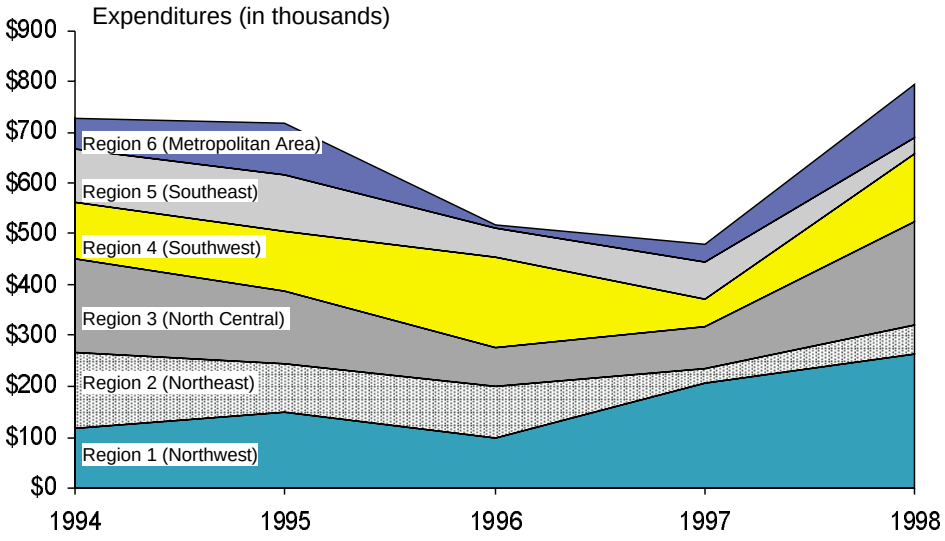
Field Services' Spending

Field Services spent $3.3 million on 3,555 maintenance projects in state parks between 1994 and 1998. About 28 percent of the projects cost $50 or less and one project exceeded $100,000—a 1994 sanitation building rehabilitation project at Interstate ($101,000). Projects were reported for 720 buildings including many buildings with multiple projects. For example, there were 63 projects for the Upper Sioux Agency office/interpretive center/sanitation building at a total cost of nearly $22,000 between 1994 and 1998.

Generally, DNR regions with more buildings received more maintenance dollars.

Figure 3.2 shows how each region's share of maintenance spending fluctuated annually, often due to large nonrecurring projects. Generally, regions with more buildings and square footage received more spending than other regions. For example, Region 1 (Northwest) has about 24 percent of the total building square footage and received about 25 percent of spending between 1994 and 1998. Region 5 (Southeast), with 12 percent of total square footage, received 12 percent of maintenance spending.

Figure 3.2: Maintenance Spending in State Parks, 1994-98



SOURCE: Office of the Legislative Auditor's analysis of Minnesota Department of Natural Resources, Bureau of Field Services data.

CAPITAL IMPROVEMENT AND ACQUISITION

During the 1990s, the Legislature provided over $53 million in capital improvement funds to DNR for state parks, primarily in state bonding bills as

Painting is needed to protect decks and other wooden structures.

shown in Tables 3.4 and 3.5.[14] In 1998, state parks received $6.5 million for asset preservation, of which the division managed $4.3 million along with bond funds and Field Services managed $2.2 million. Environmental Trust Fund dollars (lottery proceeds), administered by the Legislative Commission on Minnesota

The Legislature invested over $53 million in capital funding for state parks during the 1990s.

Table 3.4: State Park Capital Improvement Funding, 1990-99

Year	Bonding (in thousands)	Environmental Trust Fund (in thousands)
1990	$ 3,000	
1991	3,400	$ 150
1992	3,351	
1993		3,650
1994	6,250	
1995		4,470
1996	7,350	1,000
1997		3,750
1998	14,815	
1999	_____	2,206
Total	$38,166	$15,226

NOTE: The bonding amount for 1998 includes $4.3 million for asset preservation.

SOURCES: Parks and Recreation Division, Minnesota Department of Natural Resources, 1999 Work Program submitted to the Legislative Commission on Minnesota Resources, May 1999.

14 In addition, the Water Recreation Fund, a dedicated fund for development related to water recreation, provides about $632,000 annually to the division to supplement state park development.

Table 3.5: State Park Bonding Activities

Building development	To design, construct, furnish, and equip new buildings and associated utilities in the state park system, according to park management plans.
Building rehabilitation	To repair, rehabilitate, construct, or add to state park buildings throughout the state.
Betterment and rehabilitation	To upgrade, repair, or rehabilitate improvements of a capital nature at state park and recreation area facilities throughout the state, including, but not limited to, resource management projects, trail rehabilitation, road and bridge repair.
Acquisition	To acquire private land within state park and recreation area boundaries from willing sellers.
Asset preservation	For repair and renovation of DNR land, buildings, or other improvements of a capital nature throughout the state, and to design, repair, rehabilitate, construct, or add to state park buildings throughout the state, according to park management plans.

NOTE: The Commissioner of the Department of Natural Resources is authorized to determine project priorities based on need.

SOURCES: *Minn. Laws* (1998), ch. 404, sec. 7, subd. 3-6; and *Minn. Laws* (1996), ch. 406, sec. 8, subd. 3(b).

Since 1994, 54 state parks received funds for development, betterment, or rehabilitation.

Resources (LCMR), generally support specific projects such as the development of the Gitchi-Gami Trail through Split Rock Lighthouse ($550,000 in 1998) and the Fort Snelling Upper Bluff re-use study ($250,000 in 1997 and $100,000 in 1998). The division may finance projects with funds from more than one source. For example, a combination of bonding and Environmental Trust Fund dollars financed the design and construction of the Lake Bronson visitor center, and the Working Capital Account financed interpretive exhibits.

By state law, DNR must submit a work program and semi-annual progress reports to LCMR before spending capital appropriations.[15] The division's May 1999 report summarized capital improvement projects funded since 1994.[16] Fifty-four state parks and recreation areas received some capital funds for building development, betterment, or rehabilitation and 14 parks and recreation areas did not receive any capital funding for these purposes.[17] We found that:

15 *Minn. Laws* (1994), ch. 643, sec. 23, subd. 30.

16 Parks and Recreation Division, "LCMR Work Program 1999," May 25, 1999.

17 The 14 parks and recreation areas included: Beaver Creek Valley, Big Stone Lake, Carley, Garden Island, Great River Bluffs, Grand Portage, George Crosby Manitou, Hill Annex Mine, John Latsch, Kilen Woods, Lac Qui Parle, Lake Louise, Schoolcraft, and Temperance River. Some of these units received funding for land acquisition.

- **Since 1994, construction of new buildings accounted for half of the state park capital improvement dollars and rehabilitation or restoration activities accounted for the other half.**

New construction accounted for over half of the state park capital improvement spending since 1994.

Over $26 million in capital improvement expenditures funded 222 projects between 1994 and 1999. Forty-four projects (costing $13.6 million) involved construction of new buildings, campgrounds, and trails and 162 projects (costing $13 million) involved rehabilitation of existing buildings, utilities, and trails, and restoration of natural resources.[18] More capital improvement dollars were invested in Itasca State Park than any other park (approximately $7.7 million) for projects including a new visitor center, Douglas Lodge restoration, utility work, and historic building rehabilitation.

State park capital improvement projects included large and small projects of different types, ranging from a $4.5 million visitor center at Itasca to resource management projects costing $5,000 to $6,000 at numerous parks. Examples of different types of capital improvement projects include:

- Design and construction of new facilities, such as visitor centers at Gooseberry Falls, Forestville/Mystery Cave, Fort Snelling, Itasca, and Lake Bronson that cost from $1 to $4.5 million; new sanitation buildings that average $200,000 to $250,000 each; campgrounds; and contact stations;

- Replacement of major systems, such as sewer systems at Gooseberry Falls, Lake Shetek, and William O'Brien that cost between $300,000 and $500,000; road rehabilitation at Mille Lacs Kathio ($350,000); and water, electric, and phone utility projects at Itasca ($2.8 million);

The new contact station at Bear Head Lake was one of 44 new construction projects since 1994.

18 We were unable to classify 16 projects.

- Restoration of historic buildings, such as the campground sanitation building at Sibley ($100,000);
- Development and rehabilitation of recreation facilities such as trails;
- Rehabilitation and/or expansion of park contact stations and offices, sanitation buildings, visitor centers, and shop buildings ranging in cost from $20,000 to $250,000; and
- Investment in smaller resource management and interpretive services projects, such as prairie, oak savanna, forest, and wetland restoration; tree and prairie plantings; and rehabilitation of exhibits.

Capital improvement funds also supported statewide projects.

Approximately $200,000 funded the division's match for Park Partners projects for picnic shelters and tables, tree planting, playgrounds, trail and campground improvements, interpretive exhibits, and other improvements. Finally, the division used about $1.6 million for statewide projects such as the purchase of vault toilets, utility rehabilitation, historic building rehabilitation, purchase of picnic tables, and resource management projects.

We found that:

- **Some projects involving public health and safety issues were funded immediately by reallocating funds from other projects.**

In recent years, the division has confronted several emergencies related to inadequate sewer systems in state parks. In these situations, the division has amended its capital improvement workplan, shifting funds from planned projects to address the emergency situations. For instance, funds designated for planned sewer system projects at Banning and Father Hennepin were reallocated to finance a more urgent sewer replacement project at William O'Brien in 1997.

Capital Project Evaluation Process

The division uses a project evaluation process (PEP) to compile a comprehensive list of capital improvement projects. As of April 1999, this list consisted of 1,312 projects with an estimated cost of over $81 million. Projects on this list may be funded from capital bonding, the Working Capital Account (for resource management and interpretive services projects), or Field Services' capital asset preservation and rehabilitation funds. We found that:

- **The Parks and Recreation Division has a well defined process for identifying capital investment projects within the park system.**

The process of identifying and ranking capital projects occurs every winter in preparation for possible bonding or LCMR funding in June. Development of the PEP list begins in January when park managers submit project proposals to the regional parks office with an assessment of the natural and cultural resource impacts. Projects are submitted based on priorities in park management plans and conditions of existing facilities. In February, regional park staff review and

discuss the projects with park managers and submit a list of proposed projects for each park to the central office.[19]

Park managers and regional and central office staff develop the state park capital improvement project list.

In March, park and regional managers rate each project by objective and urgency and the projects are ranked.[20] In April, regional park managers review the PEP list. Each regional manager has an opportunity to adjust the list to reflect emergency situations, leverage of private or federal funds, or other special circumstances. According to division staff, the real priority setting is done by regional managers when they adjust the list. In May, division administrative staff review and may make changes to the PEP list. Examples of items that have been given higher priority in the past include the work on the Minnesota Valley Trail, which will receive federal financing and requires a state match, and the Moose Lake visitor center, which received funding for design work in 1998.

Replacement of the low-water crossing at Beaver Creek Valley is number 22 on the park capital improvement project list.

As the division develops its bonding priority list, the division development manager may add statewide projects, such as picnic tables, vault toilets, or historic building rehabilitation. The division director, along with the division

19 There is variation among the regions. Based on our interviews and field trips, we found that regional park managers and staff generally meet as a team to review project proposals, but this does not happen in all regions.

20 The eight objectives include: public health and safety; resource protection and restoration; facility protection; improve visitor service; enhance visitor understanding through interpretations; research; special population accessibility; and maintain/improve support service. Each objective has urgency ratings. For instance, under public health and safety an urgency rating of “0" means there is no risk to the public, all code and regulations are met. An urgency rating of ”6" means conditions are very hazardous, serious injury or sickness has occurred, or the facility is closed. The resource and facility protection objectives are also rated by significance, with “1" meaning a facility has local significance only and ”4" meaning it has national significance.

administrative staff, approves the final PEP list and projects in the division's bonding proposal.

About 58 percent of the estimated costs for PEP list projects are for new construction and 42 percent are for rehabilitation projects. Table 3.6 shows that new building construction accounts for the largest share of total costs (34 percent), followed by roads and parking lots, interpretive services, and trails. About 40 percent of the capital improvement costs are for the 15 most heavily used parks in Group A, followed by Group B parks with 28 percent, and Group D parks with 15 percent. For individual parks, Itasca accounts for the largest share (16 percent) of capital improvement needs, followed by Glendalough (5 percent) and Soudan Underground Mine (4 percent).

The parks division compiles a comprehensive list of capital improvement projects.

Table 3.6: Proposed State Park Capital Improvement Projects by Type, 1999

Project Type	Number of Projects	Percentage of Estimated Costs
Building – new	188	33.5%
Roads and parking	132	13.5
Interpretive services	168	9.4
Trails	139	9.2
Natural resource management	205	8.0
Campgrounds	87	6.2
Building – historic	80	5.7
Day use areas[1]	62	3.7
Utilities[2]	85	3.4
General facilities	65	3.0
Cultural resources	23	1.8
Erosion control	26	1.3
Research	33	1.0
Hazard reduction	19	0.3
Total	1,312	$81,227,756

NOTE: Information represents the Parks and Recreation Division's comprehensive inventory of proposed capital improvement projects.

[1]This category includes picnic areas, swimming areas, and water access/fishing piers.

[2]This category includes sewer, water, electric, and telephone utilities.

SOURCE: Office of the Legislative Auditor's analysis of Parks and Recreation Division data.

In 1998, there was some controversy involving the new Fort Snelling visitor center. We found that:

- **In the past, the impact of additional operating costs for new state park buildings was not incorporated into the state park operating budget in a timely manner.**

This issue was particularly evident when large new buildings requiring additional staff were constructed. For example, operating funds were not available when the

new $2.5 million Fort Snelling visitor center opened in early 1998, which restricted the center's operating hours.[21] During the 1998 session, the Legislature made a special $430,000 appropriation to the division for operations at Fort Snelling and for statewide natural resource protection; $200,000 of the appropriation was included in division's base budget.[22] Over 7,000 staff hours were added to Fort Snelling's budget to operate the visitor center in fiscal year 1999.

New buildings may require increased operating costs that should be added to the state park budget.

For the past two capital budget requests (1998-2003 and 2001-2005), the Department of Finance has instructed state agencies to estimate the impact of new building projects on agency operating budgets for the current and future bienniums. These estimates include staffing costs, program costs, increased building operation and utility expenses, and anticipated repair and maintenance costs.[23] For instance, the Parks and Recreation Division's 1998-2003 bonding request for four buildings, including the Itasca visitor center, estimated that $360,000 would be needed to operate the new park facilities.

Estimates of additional operating costs for new buildings were included in the state's 2000-2001 budget. If a prior capital budget request included a recommendation for additional operating costs, then the Department of Finance adjusted an agency's base budget for the fiscal year that construction of a new building would be complete. As a result, $55,000 was added to the Parks and Recreation Division's fiscal year 2000 base budget and $125,000 was added to its fiscal year 2001 base budget. These adjustments reflect the additional operating costs of a new sanitation building, new camper cabins, and the Itasca and Forestville/Mystery Cave visitor centers.

RECOMMENDATION

The Legislature should require the Department of Natural Resources to continue estimating future operating and maintenance costs for new or expanded state park buildings and including these cost estimates in the state parks operating budget.

Increases in the division's operating budget for new buildings and facilities are not allocated directly to the parks with the new buildings. Instead, the division uses its operating standards and funding matrix (discussed in Chapter 2) to allocate operating budgets to individual parks. If the estimated operating costs are less than $10,000, then the division includes the increased operating costs for new or expanded facilities in a park's budget at the beginning of the fiscal year (July 1) *after* the facility is constructed and operating. If the estimated operating costs are over $10,000, then additional funding is provided when construction is completed.

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21 The Fort Snelling visitor center was funded with a combination of fiscal year 1995 bonding money and LCMR funding. During our evaluation, we became aware of some problems with the construction quality of the Fort Snelling visitor center (such as poor quality cedar shingles and problems with the building's heating and cooling systems) that will require repair. The evaluation did not examine DNR's construction process.

22 *Minn. Laws* (1998), ch. 401, sec. 4.

23 Minnesota Department of Finance, *F.Y. 2000-2005 Strategic Capital Budget Plan Policy Manual* (St. Paul, 1999), 35.

Real Estate Management

This section examines two functions of state park real estate management: 1) changes in state park statutory boundaries approved by the Legislature; and 2) acquisition of land within state parks that is not currently administered by the division. The boundaries of state parks, recreation areas, and waysides, established by law, encompassed over 247,000 acres in 1999. DNR administers about 203,000 acres, or about 82 percent, of the land within the state park system. The remainder of the land is either administered or owned by local governments (3,256 acres), other state agencies (7,769 acres, 78 percent of which is school trust land), the federal government (6,167 acres), and private land owners (26,876 acres).[24]

DNR acquires land within state park boundaries from willing sellers only.

Only the Legislature can change the official boundaries of state parks and recreation areas. State law also requires the Commissioner of DNR to publish a notice and description of proposed changes and mail a copy of the notice to the chair of the affected county board or boards and to each affected landowner.[25] DNR requires a letter from landowners expressing support for being included in a park boundary before it considers proposing a boundary change. Since 1990, the area contained in the statutory boundaries of state parks and recreation areas increased nearly 20,000 acres (or about 9 percent), as shown in Table 3.7.

The division has a goal to acquire the privately-owned land within the statutory boundaries of state parks.[26] Funding for state park land acquisition from state park bonding bills and LCMR appropriations totaled over $11 million (about one-fourth of total capital improvement funding) between 1990 and 1999. Once appropriated, these funds are usually expended over several years as the acquisition process can be complex and time consuming. Between 1990 and 1999, the division acquired approximately 15,500 acres, of which approximately 6,000 acres were acquired through donations or government transfer.

The "Landowners' Bill of Rights" governs DNR's purchase of land from private land owners, including the appraisal process and purchase procedures.[27] The department is only authorized to acquire land within the statutory boundaries of parks and other units and it only acquires land from willing sellers.

The division uses the same guidelines to set priorities for boundary changes and land acquisitions. Specifically, land containing high quality natural resources and land subject to high development pressure are given high priorities. Land identified in a park management plan may also be given a high priority. Other priorities include land that: is needed for development of recreation facilities or trails, contains riparian and shore frontage, provides increased access to the park,

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24 Parks and Recreation Division land management data as of August 1999. A 1998 report on DNR's management of school trust land by our office found that DNR had not given a high priority to compensating the Permanent School Trust Fund for trust land in state parks. Office of the Legislative Auditor, *School Trust Land* (St. Paul, 1998), 42-46. This document may be found at http://www.auditor.leg.state.mn.us/ped9805.htm

25 Minn. Stat. §85.0115.

26 2000-01 Biennial Budget (St. Paul, 1999), D-168.

27 Minn. Stat. §84.0274; Minnesota Department of Natural Resources, "Landowners' Bill of Rights," April, 1999.

Table 3.7: State Park Boundary Changes, 1990-99

Year	Net Acres Added	Affected Parks and Recreation Areas
1990	0	
1991	3,960	Banning, Father Hennepin, St. Croix, Sakatah Lake, Tettegouche (Palisade Valley addition)
1992	1,638	Cascade River, Father Hennepin, McCarthy Beach, Nerstrand-Big Woods
1993	4,502	Cuyuna Country Recreation Area established, Charles A. Lindbergh
1994	1,179	G. Crosby Manitou, Old Mill, Temperance River, Tettegouche, William O'Brien, St. Croix
1995	504	Forestville, Gooseberry Falls, William O'Brien
1996	1,143	Lake Carlos, Charles A. Lindbergh, Savanna Portage, Split Rock Creek, William O'Brien, Lac Qui Parle
1997	408	Bear Head Lake, Forestville, John Latsch, Split Rock Lighthouse (Gold Rock Point addition)
1998	2,687	Crow Wing, Glendalough, Kilen Woods, Lake Bemidji, Minneopa, Savanna Portage, Tettegouche, Garden Island Recreation Area established
1999	3,946	Banning, Blue Mounds, Camden, Cascade River, Charles A. Lindbergh, Forestville, Judge C.R. Magney, Lake Bronson, St. Croix, Scenic, Temperance River, Whitewater, William O'Brien
Total	19,967	

SOURCE: Parks and Recreation Division, Minnesota Department of Natural Resources.

has interpretive potential or scenic value, contains unique features, addresses visitor safety concerns, or leverages private dollars. According to division staff, privately-owned land located on the periphery of a park would be a lower priority than a parcel in the interior and land developed with houses would be a lower priority than undeveloped land containing natural resources.

SUMMARY

We found it difficult to assess the condition of state park facilities or to accurately estimate the cost of deferred maintenance because of data limitations. Given these limitations, condition ratings for building components averaged fair to good with somewhat better ratings for electrical systems and worse ratings for roofs. DNR estimates that park facilities have over $13 million in deferred maintenance or needed repairs. But there are problems with the reliability of these numbers and the department is changing its procedures to improve the quality of both building condition and deferred maintenance data. Park managers rated the

condition of half of the public use and administrative buildings as satisfactory, but rated roads and sewer systems lower.

During site visits to state parks of all sizes, we observed well-maintained facilities and orderly campgrounds. But we also observed some building and road maintenance problems, and we were told about problems with sewer and water systems. In past years, there have been several emergency situations requiring the replacement of sewer systems in a few state parks. The division has a capital improvement project list with more than 1,300 projects valued at over $81 million dollars. Therefore, there are some older buildings or facilities in need of rehabilitation, some signs of deterioration, such as eroded or flooded trails, and other projects requiring future investment of capital dollars.