

# Ohio State Park and Recreational Area Study Committee Report

February 27, 2009

Presented to Governor Ted Strickland and the Ohio General Assembly



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# Executive Summary

On June 6, 2008, Governor Ted Strickland signed into law HB 562, the FY 2009 - 2010 Capital Appropriations Budget Bill, which included the creation of the Ohio State Park and Recreational Area Study Committee (Study Committee). Under the leadership of Ohio Department of Natural Resources Director Sean D. Logan, the nine member committee was charged with studying and assessing the current and future operating budgets of the state parks and recreational areas under the management of the Department of Natural Resources. In its report to the Governor and the legislature, the committee was also to document the condition of the current infrastructure and future needs of state parks and recreational areas.

The Department owns or manages a total of more than 714,235 acres of land, including 74 state parks, 20 state forests and 132 nature preserves. The Department also has jurisdiction over more than 120,000 acres of inland waters and 7,000 miles of streams, including 14 designated state scenic rivers, as well as Ohio's portions of Lake Erie and the Ohio River. With county Soil and Water Conservation Districts, the Department provides conservation assistance on more than 20 million acres of farmland, open green space and urbanized areas.

The impetus of the Study Committee stems from the emerging pattern of the Department receiving a steadily decreasing allotment of Ohio's General Revenue Fund (GRF), which supports the Department's mission to provide safe and clean outdoor recreational opportunities, conserve Ohio's land and water, fulfill regulatory obligations regarding several industries, preserve Ohio's natural heritage, manage the state's natural resources and offer aid to Ohio's agricultural producers. The Department of Natural Resources is accomplishing goals with a staff that is approximately two-thirds of the size it was in 1992.

The Department consists of twelve divisions that employ a wide range of conservation strategies and services, including the collection and dissemination of data crucial for economic development, environmental protection and resource stewardship. Divisions supported by non-GRF funding streams remain at or near 1992 funding and staffing levels. Divisions that are primarily supported by the GRF have steadily contracted as a result of budget reductions to well below half their size. Although the Department is one cohesive body, unified in mission and

purpose, reductions in GRF allocated to the Department result in disproportionate cuts among divisions.

During its inaugural meeting, the Committee decided to include in its study divisions and programs within the Department of Natural Resources whose primary functions are recreation and/or conservation, and that are heavily dependent on the GRF for day-to-day operations. Therefore, the Study Committee's recommendations for funding solutions for operational costs focus on mechanisms and models that would supplant the GRF in the divisions and programs contemplated in this report—Parks and Recreation, Forestry, Soil and Water Conservation and Natural Areas and Preserves. And, because of its unique recreational opportunities, historical significance and invaluable partnerships with local governments, the Canal Lands Program, administered by the Division of Water, is also included in this report.

Generally speaking, the four divisions and the Canal Lands programs covered in this report have experienced incommensurate reductions in their operating budgets due to heavy reliance upon GRF; a reliance that far exceeds other divisions that are primarily supported by state special revenue funds, permits, licensing, registration and/or inspection fees, grants and federal funds.

The Study Committee sought to make recommendations to the Ohio General Assembly and Governor Strickland that covered two general areas:

- what funding level would the divisions and programs need in order to operate at a level that meets the public's expectations as well as

obligations to programmatic functions and law enforcement, and;

- what different revenue-generating models should continue to be part of the ongoing dialogue on how to fund State Parks and recreational areas in a sustainable manner.

Under the section entitled, *Budget Recommendations*, the Study Committee makes its recommendation that it would take approximately \$96.5 million per year to sustain the operations of State Parks, Forests, Natural Areas and Preserves, Canal Lands as well as the programs and services within Soil and Water Conservation. Additionally, an annual capital allotment of \$29.9 million would allow all land-holding divisions considered in this report to eliminate their capital maintenance backlogs within 10—20 years.

The section entitled, *Study Committee Recommendations*, lays out the recommendations for working towards a sustainable funding mechanism(s) for State Parks and recreational areas to be considered by the Ohio General Assembly and Governor Strickland. This section divides the recommendations into two categories.

Short term solutions focus on ideas that could be implemented either as a way to reform current systems, such as the Capital Budget legislative earmarking process, allowing the Department to compete for Clean Ohio Funds, and seeking

Federal funds for certain programs and capital projects. Short term solutions also contain a recommendation on allowing oil and gas development to occur on State Park lands, under certain conditions and after further research and stakeholder outreach.

Long term solutions focus on ideas that could create dedicated funding streams for State Parks and recreational areas. This section is divided into two subsets: The Special Use Fees section covers targeted fees that could sustain operational costs over the long term, such as a real estate transfer fee, motor vehicle registration fee, water connection fee, plastic bag/container fee, municipal solid waste (MSW) and construction and demolition debris (C&DD) fees, and alcohol and tobacco tax. The second subset, Future Revenue Streams, lists three concepts to be further discussed among the members of the Ohio General Assembly and the administration. These recommendations can be characterized as revenue streams that do not currently exist, such as revenues generated by legalized gambling in Ohio and wind energy development in Lake Erie. The recommendation to further discuss a portion of the state sales tax appears in this subset, as the Study Committee does not recommend a diversion of the current state sales tax, but that if in the future it is increased either by voter approval or legislative action, a portion of the increase be dedicated to State Parks and recreational areas.

## Guiding Principles

*“A healthy, safe park represents more than a walk in the woods... it represents a school, a beacon to workers, a health club, a carbon offset, an art gallery, a preventative care facility, a tourist attractor, a mental health sanctuary, a water purification system, a community center, a laboratory, a library, a source of added value for nearby private property and a competitive boost for business. It is hard to imagine a more efficient use for a public dollar.”*

Director Sean D. Logan,  
Ohio Department of Natural Resources

The Committee commenced work in December 2008 and per the legislative language, will cease to exist with the submission of this report.

At the onset of the Study Committee's work, it was agreed that the services provided by the Department are an invaluable asset to Ohio's economy, environmental sustainability and add value to the quality of life for all Ohioans, for current and future generations. Underscoring all of the Department's recreational and conservation programs is the mission to provide unique educational opportunities for children and adults alike. Whether on a guided tour through a State Nature Preserve, sleeping under the stars or participating in a river seining, the Department imparts an opportunity to connect with the natural world. To this end, the Study Committee resolved that all of the Department's assets should remain free and open to the public.

Given that the GRF supports a large part of the Department's services and operations, coupled with the economic challenges facing the state and the nation, the Study Committee focused its work on examining potential dedicated revenue streams, opportunities for generating new revenue streams, reforms for gaining greater efficiencies and ways in which public dollars could be amplified.

This report will detail the fiscal challenges of each of the four divisions and GRF-dependent programs, contextualize the economic and environmental boon they offer and provide historical data on budget and consequential staffing and programmatic reductions. Also included are examples and ideas to be considered by the Ohio General Assembly and the administration on how to ensure the fiscal security of the Ohio Department of Natural Resources.

# Study Committee Members

**Sean D. Logan, Chair**

Director,  
Ohio Department of Natural Resources

**Dr. Neil Andrew**

Parks and Recreation Advisory Council  
Recreational and Resource Commission

**Michael Gerard**

Ohio Horseman's Council, Inc.

**Cliff Hite**

Ohio State Representative

**Jerry James**

Artex Oil Company  
James Engineering, Inc.

**Dale Miller**

Ohio State Senator

**Joel Rudicil**

JR Resources, Inc.  
Poulson Drilling Corporation

**Kent Stuckey**

Ohio Federation of Soil and  
Water Conservation Districts

**Paul Wolf**

Friends for the  
Preservation of Ohio State Parks

# Budget Recommendations

As of FY 2009, the Department employed 2,481 permanent and seasonal staff and had an annual operating budget of approximately \$339.6 million. Prior to the FY 2009 mid-biennium reductions, the Department received \$132.4 million in GRF. In FY 2009, the Department's annual long term debt service payments amount to \$44 million, or 36 percent of the Department's total GRF budget. The second largest share of GRF is allocated to the Division of Parks, amounting to \$35.6 million. At \$12.89 million, the Soil and Water Conservation Districts match line item ranks as the third largest share of the Department's GRF allotment. The Division of Forestry comes in fifth, at \$8.5 million.

The four divisions and the Canal Lands program examined by the Study Committee are heavily reliant on GRF and have absorbed budget reductions through various cost saving measures such as staff reductions, attrition, reduced services and by deferring maintenance and capital projects. Thus, the Study Committee agreed that this report should recommend funding levels that would restore certain elements of each division's programming and partial restoration of historic staffing levels.

In making the funding recommendations for the operating budgets of each division, the Study Committee took into consideration health and safety standards, adequate law enforcement coverage in State Parks, Forests and Preserves, and programming resources that benefit private landowners and local communities, such as the Lake Erie Conservation Reserve Enhancement Program (CREP). The Study Committee has made funding level recommendations for capital expenditures with the understanding that the deferred capital maintenance backlogs in each division will take at least a decade to eliminate, if not longer, and

the annual allotments reflect how much funding could feasibly be administered in one year.

The Study Committee recommendations for adequate and sustainable funding are categorized into two distinct approaches: short term and long term. Short term funding recommendations outline funding or budget reform measures that can benefit immediate budgetary challenges over the next biennium or several biennia, such as addressing critical capital needs and exploring one-time sources of revenue. Long term funding recommendations outline several options for dedicated revenue streams that could be adopted with built in mechanisms for growth and sustainability over the long term, ensuring a stable support for generations to come.

The Study Committee recommends that the Division of Parks and Recreation, the Division of Forestry, the Division of Natural Areas and Preserves, the Division of Soil and Water Conservation and the Canal Lands Program collectively receive approximately \$96.5 million annually for operations and approximately \$29.9 million in annual capital funding.

<b>Adequate Funding Levels for Operating and Capital Expenditures</b>				
<b>Division</b>	<b>Program</b>	<b>Operating*</b>	<b>Total Capital</b>	<b>Capital Annual Allotment**</b>
Forestry	Division Operating	\$11,948,997	\$12,900,000	\$1,290,000
Natural Areas	Division Operating	\$3,050,000	\$4,580,000	\$458,000
Parks & Recreation	Division Operating	\$52,647,374	\$556,000,000	\$27,800,000
Soil & Water Conservation	SWCD Match	\$16,500,000		
	Division Operating	\$5,000,000		
	CREP	\$1,000,000		
	Ag Pollution Abatement	\$3,000,000		
	Watershed Protection & Rural Drainage	\$3,000,000		
Water	Canal Lands	\$350,000	\$4,500,000	\$450,000
<b>Totals</b>		<b>\$96,496,371</b>	<b>\$577,980,000</b>	<b>\$29,998,000</b>
* Reflects supplanting GRF only and does not take into consideration revenue generated through fees, charges, leases and grants.				
**Reflects an amount that could be processed each year over the course of 10 years, except Parks and Recreation which, spans 20 years.				

# Budget Overview

This section covers each program and division that the Study Committee examined. Each section gives a general overview of the programs and division operations; the educational, economic and environmental value each program brings to Ohio; and the quality of life for Ohioans and visitors; the infrastructure responsibilities of each program and division and lastly, the budgetary obligations and needs of each program and division.

## Canal Lands Program

### Overview:

The Canal Lands Program within the Division of Water operates and maintains the remaining watered sections of the Miami and Erie and the Ohio and Erie Canals. The Miami and Erie Canal consists of 40 miles of watered canal in Auglaize and Allen Counties, while the Ohio and Erie Canal retains 11 miles of canal in Summit County.

The canals function effectively as flood control and water delivery systems while at the same time being preserved as a historic and recreational resource to the state and the communities that surround the canals.

### Economic, Environmental and Educational Value:

The canals provide water supply for adjacent municipalities, businesses and industries. Residents and property downstream from the canals and canal reservoirs are protected from flooding through the Division of Water's operation of the system of hydraulic locks, gates and dams.

In recent years, the program has formed partnerships with local communities, park districts and historical societies to improve and maintain the canal towpath surface, creating recreational trail opportunities.

The program also provides real estate services to local government entities for the transfer and leasing of canal lands, which amounts to approximately 385 land leases throughout the state. The Division of Water provides these services for parcels that are not located within the watered sections of the canal lands.

### Infrastructure Responsibilities:

Dams and hydraulic structures ancillary to the canals and canal reservoirs must be properly maintained and operated for flood control to

protect life, health and property as well as to provide recreational opportunities for the public.

The canals and canal reservoirs provide drainage for residents, farmers, villages, townships, cities and counties along the canal corridors.

### Budget and Staffing Reductions:

The program is partially funded by land and water sales, land leases and easements. In FY 2009, the program received \$332,859 in GRF.

### Capital Improvement Needs:

Due to the age of the canals, failure of canal banks and structures are frequent occurrences. Division of Water program staff act as first responders during such instances and during major rain events that have the potential for creating flooding hazards to adjacent property and residents.

The Canal Lands Program has an estimated \$4.5 million backlog of maintenance, bank stabilization, embankment repairs and restoration of hydraulic lock, gate and dam structures.

## Division of Forestry

### Overview:

Ohio grows more acres of trees than corn and soybeans combined. Nearly a third of the entire State of Ohio's surface area -- about eight million acres -- is wooded. These lands provide highly valued recreational sites, natural systems that clean our water and air, critical wildlife habitat, carbon sequestration and timber of such value that buyers from around the world seek it. The Division of Forestry is the lead agency in Ohio for providing expert forestry advice to private landowners and on state-owned forested land, which includes management of Ohio's 20 State Forests as a cornerstone of its operations.

Ohio's State Forests are an integral part of our State's modern conservation legacy and are invaluable in promoting the wise use of our State's eight million private and public forested acres. The work of the Division started in 1912 when far-sighted conservationists successfully amended the Ohio Constitution to provide for the creation of the State's public forest system. Since then, Ohio has established 20 State Forests, comprising more than 190,000 acres. Though badly neglected and degraded when first acquired in the early 20th Century, these woods have since recovered through hard work and science-based forest management, and today serve as models of land stewardship.

The Division's 22 service foresters help the states 340,000 private landowners, who own 90 percent of Ohio's woodlands, make informed decisions that protect these economically- and environmentally-important lands. The advice provided by state service foresters helps landowners receive competitive prices for their timber and promotes a sustainable level of harvesting that is beneficial for the wood industry and for the forest resource.

In addition, the Division is responsible for providing expert training in wildfire suppression and safety techniques to the 325 volunteer fire departments in Ohio's six million acre Fire Protection Region in eastern and southern Ohio. Through this program, the Division has allocated more than \$2 million in direct grant funds, and 470 unique pieces of fire fighting equipment, including trucks and other vehicles, worth \$10 million to volunteer fire departments. Due to these efforts, the two million Ohioans that live in this region receive better fire protection service and those 6,500 volunteer fire fighters can work more safely and effectively. An additional benefit of these services is that it assists Volunteer Fire Departments to receive a higher safety rating for their area, which reduces home insurance costs for individuals living in those communities.

The Division's mission is not limited to the rural areas of the State. Through the Urban Forestry Program, the Division provides support to 945 communities. As a direct result of the Division's efforts to help communities develop and implement comprehensive community forestry plans, the State of Ohio has led the nation in the number of Tree City USA communities for the past 26 years. More than half of all Ohioans live in a Tree City USA community.

### **Economic, Environmental and Educational Value:**

Each year as they pass through, some five million visitors enjoy hiking, biking, birding and hunting in Ohio's state forests, and over 200,000 engage in active recreational use. These State Forest recreational users contribute hundreds of thousands of dollars to local economies by the purchase of fuel, food and lodging.

Our State Forests also support Ohio's wood products industries by supplying high-value timber and serving as demonstration sites of good forest management for family-owned woodlands. The harvesting, milling, and manufacture of forest products into paper, furniture and home products employs more than 119,000 Ohioans and generates more than \$15 billion in economic activity for Ohio.

A limiting factor for the continued health of Ohio's forest product industries is a source of wood products produced on third party certified forested lands. Market demand for wood certified sustainably harvested is growing at an exponential rate. Without certified wood, Ohio's product is witnessing a decline in access to available trading markets. The Sustainable Forestry Initiative (SFI) and the Forest Stewardship Council (FSC) are the most widely recognized certifications. In order to protect Ohio's access to all available wood markets, the Division of Forestry is seeking certification under both the SFI and FSC systems for Ohio's state forests.

### Infrastructure Responsibilities:

The 20 State Forests encompass more than 190,000 land and water acres, 967 miles of managed boundary, 250 buildings, 226 miles of public access roads, 755 miles of hiking, mountain bike and horseback riding trails, 202 campsites, Ohio's only public rock climbing area, a unique wilderness area, and four public all-terrain vehicle (ATV) areas with 38 miles of trails on 2,800 acres.

### Budget and Staffing Reductions:

Since 1990, the Division of Forestry's permanent staff roster has fallen 55 percent from 265 full time employees to today's historic low of 120 full time employees. Most of these cuts have taken place at state forest operations where, over time, less staff have been available to support routine building and recreational trail maintenance.

<b>Division of Forestry Unadjusted FY 2009 Budget</b>		
<b>Fund</b>	<b>Amount</b>	<b>% of Budget</b>
Forest Lands	\$3,031,511	22.04%
Grants	\$2,180,557	15.85%
GRF	\$8,541,511	62.10%
<b>Total</b>	<b>\$13,753,579</b>	

The Division of Forestry began the FY 2008-2009 biennium with \$8.5 million in annual General Revenue Fund support. Budget revisions have reduced this appropriation to \$6.0 million for FY 2009. For the FY 2010-2011 biennium, the Division is planning on no more than \$6.4 million in annual GRF support, a 25 percent reduction from FY 2008—2009.

In 1990, General Revenue Funds comprised 88 percent of the operating budget of the Division of Forestry. In the unadjusted FY 2009 budget, 62 percent of the Division's operating budget comes from General Revenue Funds, 16 percent from federal grants, and 22 percent from income earned through the management of state forest lands. In the adjusted FY 2009 budget, GRF support makes up 46 percent of the Division's budget. In dollars not adjusted for inflation, GRF support to the Division today is less than at any time since 1992.

### Capital Improvement Needs:

With the exception of a \$2.5 million appropriation for the acquisition of the Vinton Furnace Experimental Forest in the FY 2009-2010 Capital Budget, the Division of Forestry has not received a capital budget appropriation since 2003.

The Division estimates the cost of deferred and necessary capital improvements for its buildings and infrastructure at \$11.5 million, with the need for an additional investment of \$1.4 million in heavy equipment used for fighting fire in Ohio's 6 million acre protection zone.

<b>Typical Capital Improvement Projects for the Division of Forestry</b>		
<b>FACILITY</b>	<b>COUNTY</b>	<b>PROJECT TYPE</b>
<b>Water and Wastewater Systems</b>		
Hocking State Forest	Hocking	Replace Wastewater & Water System
Pike State Forest	Pike	Replace Wastewater System
<b>Dams</b>		
Shawnee (Bear Creek, McBride, Pond Lick, Wolfden), Harrison (Ronsheim), Perry (Essington, Perry #2, Perry #3), Zanesville Nursery (Dredge Dam #1)	Multiple	Prepare Emergency Action Plans Repairs as directed by Div. of Water; breach as necessary
<b>State Forest Facilities</b>		
Hocking, Shawnee	Multiple	Replace Office Building
Blue Rock, Mohican, Scioto Trail, Pike, Zaleski State Forests	Multiple	Renovate Office Buildings
Blue Rock, Fernwood, Maumee, Pike, Shawnee, & Zaleski	Multiple	Install Wood Boiler Heat Systems
Blue Rock, Dean, Fernwood, Maumee, Mohican, Scioto Trail, Shawnee, Tar Hollow, & Zaleski State Forests	Multiple	Improvements to Service/Maintenance Buildings
<b>Recreation Facilities</b>		
All State Forests	Multiple	Trail Improvements including surface hardening
Harrison, Hocking, Mohican, Shawnee, Tar Hollow, Zaleski	Multiple	Horse Camp and Other Camp Improvements
Hocking	Hocking	Group Horse Camp Development
Maumee, Perry, Pike, & Richland Furnace	Multiple	Improve ATV areas
<b>Equipment</b>		
Replace seven 1990/1991 vintage bulldozers and trailers		
Replace two Prentice log loaders		
Replace two front-end loaders		
Acquire two small tractors for trail maintenance		

## Division of Natural Areas and Preserves

### Overview:

The Division of Natural Areas and Preserves (DNAP) manages a system of state nature preserves and state scenic rivers, and administers the law governing the dedication of public and private lands as nature preserves. Additionally, the Division is responsible for maintaining the Ohio Natural Heritage Database, which tracks the state's rare species, habitats and geologic features.

Ten Nature Preserve officers and one preserve manager are responsible for law enforcement, facility maintenance, land management, public service assistance, administration and educational programming on 133 Nature Preserves. The Division's law enforcement conducts nearly 80 criminal investigations and 4,000 hours of public safety service each year.

### Economic, Environmental and Educational Value:

State Nature Preserves are visited by more than a million Ohioans and out-of-state visitors each year. The Division provides 15 public programs presented as the Natural Areas Discovery Series in addition to 40 local programs.

The Division's Natural Heritage Program maintains the state's only comprehensive database comprised of more than 17,700 records detailing the locations of rare plant and animal species, high-quality plant communities and unique geologic features. In 2008, the Division coordinated more than 30 botanical surveys on public and private lands, assessed the status of 20 rare species on public lands and added more than 500 new rare species records to the database. Division staff use this critical information for 1,500 data requests each year, regarding environmental reviews, research and statewide conservation efforts.

Through the Ohio Scenic Rivers Program, the Division coordinates the Ohio Stream Quality Monitoring Project, which involves up to 10,000 volunteers in stream testing and education. Since 2001, the Division has secured about \$12 million for scenic river projects and local communities, including designation studies, river access, dam removal and other locally led river conservation activities. Recent studies show that high quality stream systems, such as scenic rivers, can add critical revenue to local economies.

Division staff develop management plans for state nature preserves, conduct invasive species public programming, as well as administer the

Ohio Rare Plant Law and Ohio Cave Protection Act. The Heritage Program utilizes about \$200,000 annually in grant funding to support research and special projects. In 2008, the Division conducted the 8th annual Ohio Botanical Symposium for 430 participants. The Division often collaborates with higher education institutions on research and survey projects, such as conducting a comprehensive statewide cave biological inventory for Ohio's 225 caves.

### Infrastructure Responsibilities:

The Division protects and manages a system of 133 state nature preserves for public use encompassing more than 27,000 acres, 84 conservation easements in 65 counties and maintains 105 miles of hiking trails for public enjoyment.

Operating cost for each preserve is less than \$1,400 annually and the Division has added 11 new preserves to its roster since 2000.

Now in its fortieth year, the Ohio Scenic Rivers Program is comprised of 26 stream segments in 32 counties, amounting to 800 river miles. Since 2000, Ohio has added eight new river segments to the program. Using scientific criteria, the Division works with local officials, organizations and landowners to designate the best of Ohio's riverine systems. As required by law, program staff review all public projects occurring within 1,000 feet of a designated river.

The Ohio Scenic Rivers program protects 2,410 acres of riparian lands through fee simple

ownership, with an additional 3,275 acres protected through conservation easements. The Division often works with local entities, such as non-profits and local governments, for the purpose of developing management agreements at certain properties, which reduces the ongoing maintenance costs to the Department for these Nature Preserves.

**Budget and Staffing Reductions:**

The Division’s FY 2009 appropriation totaled \$5,484,954 and consisted primarily of GRF (55.6 percent). The Natural Areas tax check-off funds made up 28.2 percent of the Division’s budget, 7.4 percent came from the Scenic Rivers license plate fund and 3.9 percent of the budget was federal grants and subsidies. The tax check-off funds are designated for land acquisition and cannot be used to fund permanent staff per statute.

The Division continues to be successful in meeting state mandates to protect significant natural areas despite reduced funding and staffing levels. Since 2000, the Division has added an additional 5,000 acres to the state nature preserve and scenic river systems. Current staffing levels consist of 30 full-time, 1 part-time and 39 seasonal/intermittent employees, which is less than 1981 staffing figures.

<b>FY 2009 Unadjusted DNAP Budget Appropriation</b>			
<b>Fund</b>	<b>Description</b>	<b>Ali</b>	<b>Appropriation</b>
GRF	Division of Natural Areas & Preserves	741321	\$3,050,000
5220	Natural Areas check-off fund**	725656	\$1,550,670
4U60	Scenic Rivers Protection	725668	\$407,100
1550	Department Projects	725601	\$222,184
5080	Natural Resources Publications	725684	\$10,000
5100	Housing- state-owned residences	725631	\$30,000
3P00	Federal funds- DNAP	725630	\$215,000

\*\*Fund cannot be used to fund permanent staff – funds used for land acquisition

**Capital Improvement Needs:**

While operating costs for each State Nature Preserve is relatively low, the Division’s capital improvement needs reflect the Departmental priorities for addressing health and safety concerns. HB 562, the FY 2009 - 2010 Capital Budget, allotted the Division \$200,000 to begin work on the Springville Marsh carbon rod cleanup project. Springville Marsh is the largest inland wetland in northwest Ohio and contains a variety of threatened and endangered species. Prior to dedication as a State Nature Preserve, a battery company used this site as a landfill. The landfill included carbon rods that were a by-product of battery production. The waste has been determined to have some carcinogenic properties and Ohio EPA has asked for the site to be cleaned and restored.

In all, the Division estimates that \$4,580,000 in capital funds would be necessary to fulfill several boardwalk repairs, trail improvements, land acquisitions and restoration projects.

<b>Typical DNAP Capital Projects with Estimated Cost</b>	
<b>Project</b>	<b>Estimated Cost</b>
Springville Marsh carbon rod cleanup	\$900,000
Springville Marsh boardwalk	\$650,000
Clifton Gorge trail improvements	\$55,000
Land Acquisition	\$900,000
Boundary Protection	\$200,000
Irwin Prairie building demolition	\$50,000
Cave Protection	\$150,000
Fowler Woods boardwalk renovations	\$600,000
Irwin Prairie boardwalk renovations	\$650,000
Rockbridge staircase	\$75,000
Gross Woods boardwalk renovations	\$350,000

## Division of Parks and Recreation

### Overview:

The Division of Parks and Recreation improves quality of life experiences for Ohioans and out-of-state visitors throughout all four seasons of the year. Ohio's 74 State Parks, located in 60 of Ohio's 88 counties, encompass 174,212 acres of land and water and supports healthy lifestyles through wholesome outdoor recreation. The Ohio State Park system is the third most visited park system in the nation, with over fifty million visitor occasions annually. The State Park system offers the public: nearly 10,000 family campsites in 57 campgrounds; 1,025 miles of shoreline, 80 public beaches and 188 boat ramps; 36 nature/visitor centers; 183 playgrounds and 6 golf courses; 394 individual trails totaling 1,167 miles; 518 cottages and 9 resort lodges.

### Economic, Environmental and Educational Value:

The Division of Parks and Recreation operates a vital foundation for Ohioans' interaction with the natural world. Eighty-three percent of Ohioans have visited at least one State Park at some point in their lifetime, according to a 2002 Ohio Poll. In the past year, 42 percent of Ohioans will have visited at least one State Park.

Ohio State Parks preserve Ohio's natural and cultural heritage for future generations, evidenced in that approximately 87 percent of state park visitors reside in Ohio and current users visit an average of two parks an average of six-and-a-half times per year.

The State Park system is critical to Ohio's travel and tourism industry. Overnight guests in State Park lodges, cabins and campgrounds contribute \$1.1 billion annually to state and local economies. Visitors to day-use areas, such as beaches, fishing areas, boat launches and trails certainly multiplies this figure, but without a reliable method of tracking this type of visitor traffic, estimating the economic benefit is difficult.

### Infrastructure Responsibilities:

The Division of Parks and Recreation relies heavily on its infrastructure to provide safe and clean experiences for its visitors. The Division operates much like a microcosmic state government with 2,638 buildings, 146 water/142 sewer systems and 1,844 miles of road.

While a subsequent section of this report addresses the Division's capital improvement needs, much of the Division's critical needs are a result of its aging

infrastructure. The average age of the Division's largest buildings is 38 years and 80 percent are more than 20 years old. Fifty-four percent of vehicles used by managers and commissioned officers exceed 100,000 miles and the average age of the fleet is 10 years.

### Budget and Staffing Reductions:

The Division receives its budget from four main sources. The General Revenue Fund represents the largest amount, \$35.6 million, making up 54 percent of the division's budget. The next largest amount, \$27.3 is allocated from the State Park state special revenue fund, or revenue generated through camping and rental fees and retail charges (41 percent). The division receives another 5 percent from the Waterway Safety Fund and less than 1 percent from miscellaneous state special revenue funds.

The Division has been subject to well over \$17.5 million in GRF reductions since 2000., Revenues generated from fees and charges increased from 19 percent to 41 percent of the operating budget between 1991 and 2008. However, in spite of the Division's innovation in bolstering existing revenue streams, it is facing steeply increasing operating costs, rising equipment, renovation and capital needs, and 45 percent fewer permanent staff. Thirty-two state parks have no on-site manager and 22 state parks have no permanent staff. Yet, the Division has witnessed consistently strong visitation, especially in overnight venues.

**FY 2009 Unadjusted Division of  
Parks and Recreation Budget**

Fund	Description	ALI	Appropriation
GRF	Park Operating	730321	\$35,647,344
5120	State Park Operation	725605	\$27,314,288
5120	Parks Facilities Maintenance	725680	\$2,576,240
7086	Waterways Improvements	725414	\$4,062,452
5100	Residence Repairs	725361	\$170,000
GRF	Debt Service	725413	\$18,316,200
<b>Total</b>			<b>\$88,086,524</b>

All available money in GRF operating, 5120 State Park Operation and 7086 Waterway Improvements have been allocated internally. If all programs spend their allotted amount, the ALI's should end with a zero balance.

### Staffing Reductions

In 1991, the Division reevaluated its operation and embarked on a plan to reorganize. The Division eliminated four district offices and middle management layers, creating a horizontal organization. Realignment of seventy-two state parks into 24 regional park clusters realized staff reductions of 115 positions (800 to 685), a 14.3 percent decrease. The regional park clusters consisted of two or more parks that were geographically located close together and have many of the same challenges. Under this concept, the regional coordinator had only functional responsibility over the parks within the region and the parks shared financial and human resources.

In 1992, the reorganization continued to include reassignment of management personnel, the reduction of non-productive operations and increased satelliting of parks. The reorganization prompted the elimination of 16 more positions.

Starting in late 1993, the Division embarked on a program to build a strong fiscal program by creating revenue centers in many of our state parks. Although the Division continued to tightly control costs and hiring, there was an emphasis on hiring professional/technical staff that would help

produce greater financial self sufficiency through park generated revenues.

By 2002, additional organizational realignments were underway. Twenty-nine of the 74 state parks no longer had a manager on-site. The Division realigned the 24 regional park clusters into 27 regional park units, the difference being, regional managers now had direct line authority over the park managers within the region. In conjunction with the reorganization, the Department offered employees a two-year early retirement incentive plan. It should be noted that in 2002 the Division had approximately 250 fewer permanent employees than in 1990.

The challenges of 2002 again prompted the Division to streamline through internal consolidations. The Division did not refill park management positions, creating opportunities to further integrate parks and operations within regional park units. In some cases, a satellite park was operated without an on-site manager. During this period, regional integration was at the forefront. Staff resources were used beyond their traditional park boundaries. For example, a park officer patrolled not only the "home base" park, but also other areas within the region which could consist of several parks. In addition, integration capitalized on staff talents, promoted a cohesive environment to accomplish tasks more efficiently and supported a leaner workforce. The year ended with an early retirement incentive plan and 35 more employees left the Division.

The Division's regional integration continued in 2006 with several park regions consolidating administrative staff into single park office locations, adapting enforcement schedules to provide regional coverage and organizing maintenance staff within the region to accomplish major projects. In addition, two regional park units were combined, which changed the number of regional park units from 27 to 26.

In 2008, the number of state parks without an on-site manager increased from 29 to 32 and various state parks have no permanent staff. To help offset budgetary issues, the Division evaluates

full time permanent vacancies to determine if they need to be refilled as such, or can be refilled as less-than-fulltime or eliminated. Two regional park units were merged changing the number from 26 to 25 and since 1990 the Division reduced its permanent staff by approximately 342 positions (800 to 458) a 45 percent decrease.

Over the next few years, without adequate and stable funding streams the Division will be obligated to continue the regional consolidation by integrating several more regions. The end result will be a further reduction of 5 regions and approximately 15 park management positions. This trend of reduced or flat GRF allocations will force the state park system to mothball, close or reduce the number of parks in the system

### **Ohio State Parks Law Enforcement**

The Division's park officers often serve as the primary law enforcement response on state park lands and waters. Officers are responsible for ensuring visitor safety and protecting park property. The park officer has very broad enforcement powers that encompass the Ohio Revised Code and ODNR rules. Along with all sections in the ORC, officers regularly enforce rules related to wildlife, watercraft, traffic and park rules. Officers are also required to maintain a CPR and first aid certification. Each year park officers must complete in-service training; this training consists of legal updates, defensive tactics, and other areas of instruction necessary for officers to be up-to-date with all law enforcement issues.

As a result of consecutive staffing level cuts since 1991, there has been an expected drop in enforcement actions leading up to this year. Nonetheless, park officers made 28,130 visitor assists, issued 45,360 written and/or verbal warnings, 6,050 citations, made 183 felony arrests, and preformed 3,893 investigations in 2007. Given our decreased staffing levels, park officers are often the only staff person in the park/region providing functional oversight for seasonal staff working in our custodial, maintenance and overnight facilities during nighttime hours. Through a variety of sources, including polls,

customer surveys, verbal and written complaints, the Division is receiving feedback that visitors feel less safe in Ohio state parks.

## **Capital Improvement Needs:**

### **Deferred maintenance**

The Division's capital budgets have three primary funding sources: the Ohio Parks and Recreation Improvement Fund (Fund 7035), the Ohio Parks and Natural Resources Fund (Fund 7031) and Capital Appropriation line items. Generally speaking, over the last six biennia (FY1997-98 through FY 2007-08), the combined appropriations have fluctuated between \$26.8 million and \$36.5 million per biennium, or an average of about \$30.9 million per biennium.

The Division continues to struggle to reduce the backlog of deferred capital maintenance projects. Over the past several years the backlog and cost of deferred capital maintenance in Ohio State Parks has climbed. While estimated to be \$300 million in 2005, today the estimated cost is over \$556 million. These increases are due to not only the continuance of an aging and failing infrastructure, but also increasing general inflationary costs, increasing cost of building materials, and changes to environmental and public safety regulations.

With capital appropriations as the Division has received over the last six biennia, it would take almost 36 years to meet today's backlog of deferred capital maintenance.

### **Aging water and wastewater treatment systems**

While several water and wastewater systems that were designed and constructed in the 1970s are still in serviceable condition, there are many that have surpassed their useful lifespan and are in need of replacement. In 2008, the Department's Division of Engineering estimated that more than \$32 million would be needed to address only those treatment operations that are currently in violation of Ohio EPA water quality standards, are in danger of imminent failure or have experienced such increases in demand that

they are in desperate need of major renovation or replacement. While capital funding has remained relatively stable since FY 2001 (at \$4.8 to \$5 million per biennium) the amount falls far short of what is needed.

The impact of deferring needed improvements also drives up operating costs. For example, the wastewater plant that serves Hueston Woods was constructed around 1970. The sewer collection lines that transport wastewater from the campground to the treatment plant are failing. These buried lines allow for thousands of gallons of ground water to enter the closed system. The wastewater plant must treat all of this extra water before releasing it from the plant. During a recent rainstorm in mid-January, the treatment plant was filled to capacity. Even though no park facilities were open at the time other than the park office, the liquid in the plant was not sewage, but ground water.

### **Petroleum Storage Tanks**

The Division owns and operates a variety of petroleum storage tanks to support operations in its remote locations. The tanks include underground storage tanks (USTs), aboveground storage tanks (ASTs) and portable tanks. The Division owns 38 registered underground storage tanks and 113 aboveground storage tanks.

The State Fire Marshal regulates all petroleum storage tanks. The Bureau of Underground Storage Tank Regulation (BUSTR) further regulates the USTs. Since 1989, the regulations for both aboveground and underground storage tanks have changed to become more protective of public health. The Clean Water Act and National Fire Code establish the regulatory oversight of these storage tanks.

### **Underground Petroleum Storage Tanks:**

A total of 22 Underground Storage Tank systems (that include 38 registered tanks) are in service statewide in Ohio's state parks. Nineteen systems support retail sales of fuel at state park marinas. The other tanks support park operations and golf courses.

In the early 1990s nearly all of the underground tanks owned by the Division were removed and some were replaced. At the time, the new tanks were fully compliant with regulation. When changes occur to storage tank regulatory oversight provisions, the Division is obligated to make physical changes to these systems in order to remain compliant. Today, only \$500,000 each year is earmarked for underground storage tank repair, removal or replacement. State capital funding should cover the costs of many of these modifications, yet out of necessity, the Division utilizes its operating funding to remain compliant.

### **Aboveground Petroleum Storage Tanks:**

In the early 1990s, as a result of regulatory changes, the Division removed all aboveground tanks and replaced them at select locations. Completion of this capital funded project occurred in FY 1993. Again, upon completion, all ASTs were compliant.

In FY 1999, the Division was required to replace more than half of its aboveground storage tanks because of changes in regulation. About 50 tanks remain that are only marginally compliant with regulation. While there have been no spills, accidents or mishaps with these tanks, they do not conform to current regulation. The nature of the compliance issues makes it more costly to modify the systems than to replace them. Currently there is no capital funding for these needs.

In 2007, the Division removed (and did not replace) more than 20 aboveground tanks that were no longer compliant. The parks where these tanks had been in use have sought alternate means for providing fuel to mowers and other rolling stock.

## Division of Soil and Water Conservation

### Overview:

The Division of Soil and Water Conservation (DSWC) has been part of the Department since 1969, although the Division's soil inventory and evaluation program was one of the initial Divisions at the Department's inception in 1949.

The Division is in a unique position to help develop locally-led conservation programs and initiatives for all 88 county Soil and Water Conservation Districts (SWCD), various local communities, organizations, government agencies and private landowners.

### Economic, Environmental and Educational Value:

The Division provides conservation assistance on more than 20 million acres and assists over 25,000 landowners annually. Also, the Division facilitates local development and implementation of over 40 watershed action plans and helps install over 3,500 pollution and storm water control practices per year.

Despite not being directly mandated, SWCDs have earned increased local and state support because they are such a cost effective, grassroots organization. The cost to deliver assistance is often less than 30 percent of the cost of federal counterparts in the same office. The 440 elected SWCD board members serve without compensation. They provide common sense, practical solutions to a broad range of landowner needs and community issues, including meeting federal Clean Water Act stormwater regulations. In the process they help develop the local and state economy, keep Ohio's land base productive and sustainable, and protect drinking water, streams and lakes and related recreational opportunities, such as maintaining natural habitats for hunting and wildlife viewing.

SWCD program delivery capacity has grown significantly in rural and agricultural areas as well as urban and suburban areas. Most SWCDs have active education programs. Most are very involved in watershed planning and implementation. SWCDs have close connections to farmers, woodland owners and other private landowners who are responsible for managing over 90 percent of Ohio's landscape.

SWCDs are critical local partners for the Division to jointly implement Ohio's Agricultural Pollution Abatement Program, a special focus of which is oversight of approximately 25,000 medium and small sized livestock operations. SWCD staff provide about 50 percent of the workload to assist agricultural producers with United States Department of Agriculture (USDA) Farm Bill conservation practices, bringing many millions of additional federal dollars to Ohio. Yet there remains a large unmet conservation workload, as land uses change and practices need to be installed or maintained. For example, the USDA, the Division and SWCDs meet less than half of landowner assistance requests each year, and most crop and livestock farms, as a result, do not have current conservation plans or nutrient management plans.

### Infrastructure Responsibilities:

#### State Matching Funds for Soil and Water Conservation Districts

Specifically, in addition to many other customers, the Division provides technical training, administrative, financial oversight and human resources services to approximately 1,000 SWCD staff members, board members and direct contractual partners.

County Boards of Commissioners, and in some instances municipalities and townships, appropriate funds to SWCDs to assist landowners, land users, and communities with management and protection of natural resources in their county and watersheds. The Division matches those funds up to a 1-to-1 level.

**Budget and Staffing Reductions:**

Primary funding for Soil and Water Conservation Districts (SWCD) is 55 percent local non-mandated appropriations (county, municipal, township) and 45 percent state funding. The state share is 88percent GRF and 12 percent construction and demolition debris fees.

The State match to all 88 SWCDs comprises 64 percent of the Division’s overall budget. The Division’s central operating budget comprises 20 percent (approximately \$4 million) ranking in as the second largest portion of the overall budget. Federal subsidies make up about 7 percent of the Division’s budget and the Conservation Reserve Enhancement Program (CREP) amounted to roughly 5 percent of the overall budget before FY 2009 mid-biennium budget reductions.

Division staff members have decreased from 61 in 2001 to 38 in 2008.

Since 2001, state cost-share funds for the Agricultural Pollution Abatement Program has decreased from \$1.3 million to \$100,000. Moreover, 5,000 conservation practices requested by agricultural producers are backlogged due to SWCD and Division staff shortages.

A steady series of budget cuts over the last decade left the Division with reductions in services, primarily in the soils evaluation, training, information technology, watershed protection and resource management and engineering areas.

The Division’s ability to provide statutorily-required assistance and regulatory oversight for approximately 25,000 medium and small sized livestock operations is severely compromised. Also, staff providing soils information to a wide range of economic and environmental interests has been reduced by about 50 percent. Moreover, staff that implement Ohio’s Agricultural Pollution Abatement Program have been reduced by over 40 percent.

Further GRF budget reductions exacerbate these difficulties just as SWCD and watershed conservation delivery systems are being recognized as more crucial than ever to provide conservation efforts related to a number of issues, including: energy and biofuels, climate change and carbon sequestration, watershed and drinking water source protection, green infrastructure, aging infrastructure renewal, flood management, assisting urban communities with meeting state/federal Clean Water Act mandates, sustainable agriculture, transportation, recreation and land use planning.

<b>FY 2009 Unadjusted Division of Soil &amp; Water Conservation Budget</b>			
<b>Fund</b>	<b>Description</b>	<b>ALI</b>	<b>Appropriation</b>
GRF	Conservation Reserve Enhancement Program (CREP)	725407	\$1,000,000.00*
GRF	Soil and Water Conservation Districts	725683	\$12,895,791.00**
GRF	Division Operating	737321	\$4,074,788.00
5BV0	Construction & Demolition Debris Fee	725683	\$1,500,000.00
1550	Federal/Other State Grants	737321	\$1,317,242.00
<b>Total</b>			<b>\$20,787,821</b>

\* Starting at \$2 million/year in 2000, all remaining annual state funds to enroll wetland and riparian water quality/wildlife practices in the Lake Erie Conservation Reserve Enhancement Program (CREP) has been virtually eliminated as a result of recent mid-biennium budget reductions.

\*\*This level of funding is distributed to all 88 Soil and Water Conservation Districts and reflects approximately a 92 percent local match after recent mid-biennium budget reductions.

Historical Funding and Staffing Levels, Division of Soil and Water Conservation

FY 2001—FY 2009			
	FY 2001	FY 2005	FY 2009
Division Operating Budget (GRF)	\$4,637,169	\$4,214,788	\$3,569,918
Division Full-Time Equivalents (employees)	61	47	38
SWCD State Match (GRF; CD&D added in FY 06, approx \$1.5 million/yr)	\$8,687,402	\$9,810,486	\$12,465,794
State Match Rate for SWCD*	98.2%	88%	92%
SWCD Full-Time Equivalents (employees)	439		486
Ag Pollution Abatement Cost Share (GRF)	\$1,269,374	\$139,600	\$104,775
Lake Erie Conservation Reserve Enhancement Program (GRF)	\$1,864,683	\$1,145,625	\$20,000

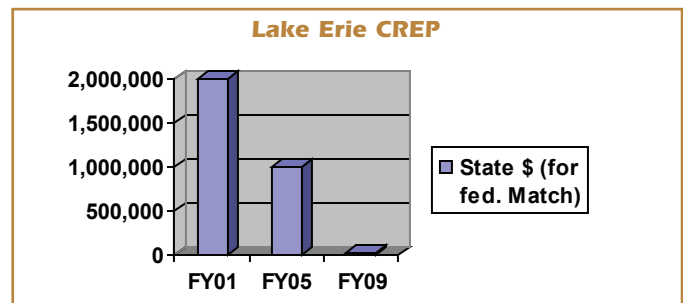
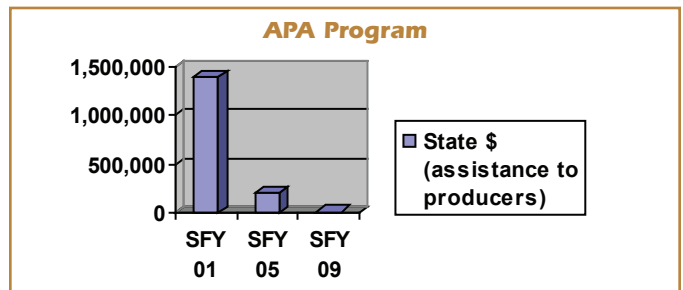
\* Many boards of county commissioners have reduced appropriations to SWCDs, beginning January 2009. Most SWCDs seem to be facing 15-20 percent reductions, with others facing 50 percent reductions or even total elimination. Reductions in the local match, coupled with the potential for further reductions to the state match, could mean a doubling of SWCD funding reductions. For example, if an SWCD received \$100,000 of local funds, this year's match rate was 92 percent, providing the SWCD a budget of \$192,000. If county funds are cut by 20 percent, and the state match percentage was to fall similarly to 72 percent, the District's budget would total \$137,600, an overall 28.4 percent reduction. In many SWCDs this size reduction would result in the termination of two staff. And as the level of state matching funds might decline, the incentive for future local appropriations is further eroded.

**Capital Improvement Needs:**

Although not commonly referred to in this manner over the years, the Division's conservation and watershed Best Management Practices (BMP) programs are in essence a major green infrastructure delivery mechanism for Ohioans. SWCDs and local watershed organizations adapt their services to the local needs in such areas as assisting local communities in meeting federal

Clean Water Act mandates, land use planning and zoning, protection of drinking water sources, farm bill conservation practice delivery, pollution reduction from animal feeding operations and timber harvesting, comprehensive watershed protection, water quality trading, assistance with green energy/biofuels and climate change, and protection and enhancement of Ohio's natural and recreational areas.

Over the past decade many of the Division's funding sources for conservation BMPs have been nearly or completely eliminated. Two such programs that have been subject to budget reductions are the statutorily mandated Agricultural Pollution Abatement (APA) Program and the Lake Erie Conservation Reserve Enhancement Program (CREP).



Reductions in assistance to cooperative producers as well as cuts to staff who implement the APA Program has reduced the ability to conduct technical assistance.

Elimination of state matching funds which, generate the federal funds associated with the Lake Erie CREP carries significant negative consequences. This program, helping to clean up local watersheds and the western basin of Lake Erie since 2000, has put more than 33,000 acres into conservation resulting in a significant sediment

and phosphorus pollutant reduction. The program has leveraged over \$40 million to date. With the elimination of the state matching funds, Ohio will lose up to \$80 million over the next 15 years of federal funds and the ability to place conservation practices on over 34,000 more acres (or about 7,000 local infrastructure projects financed primarily by federal funds).

# Study Committee Recommendations

The Study Committee makes the following recommendations to the Ohio General Assembly and Governor Strickland, based on what it considers to be adequate funding levels to sustain the recreational functions and capital obligations of the Department to ensure the health, safety and enjoyment of current and future visitors to these unique and invaluable assets. The Study Committee resolves that in order for these assets to be protected and preserved, the short term and long term funding solutions contained within this report need to be considered and further explored by the Ohio General Assembly and the administration.

## Ohio Department of Natural Resources' Concerns on Study Committee Recommendations:

During the Study Committee's inaugural meeting, the legislatively appointed chairman of the committee, ODNR Director Sean D. Logan, expressed his non-support for the committee recommending a tax increase of any kind and continues to hold this position. However, the other Study Committee members felt strongly to include this recommendation on account of other states having had success with this dedicated funding mechanism and believe the subject to be worthy of continued debate in the legislature as the current economic climate is likely to improve.

Similarly, the Department feels that the recommendation contained in this report regarding oil and gas development on State Park land and recreational areas requires further in-depth study, research and stakeholder outreach before allowing oil and gas development to proceed. The Study Committee recommendation herein does not constitute an automatic implementation of any kind of policy or program within the Department that would enable mineral extraction from State Parks and/or recreational areas.

## Short Term Solutions

### Reverse the Capital Backlog Trend:

Years of placing the highest Departmental priorities on ensuring public health and safety has allowed the four Divisions and Departmental programs to realize highly positive visitor experiences, protect some of Ohio's most pristine natural areas and forge crucial local partnerships. An unintended consequence of prioritizing the Department's financial resources is an immense maintenance

backlog. The Division of Parks alone requires \$550+ million to address the existing infrastructure and facility backlog.

The Study Committee recommends reforming the Capital Budget legislative earmark process as a way to reverse the trend of an ever increasing capital backlog. The Department's largest share of GRF is consumed by debt service that is to pay back General Obligation Bonds that are sold every biennium to fund the Department's capital line items. Fund 7035, the Parks and Recreation Improvement Fund, is heavily earmarked for local parks projects on properties that are not owned, leased or operated by the Department. While these funds benefit township, municipal and county park districts as well as many metro park systems that have dedicated funding streams, bond repayments are deducted directly from the Department's GRF allotment.

Reforming the capital budget earmarking process would not necessarily pre-empt local communities from developing local park projects. The Department administers several competitive grant programs, namely the federal Land and Water Conservation Fund, the state NatureWorks program, the Recreational Trail Grant Program, and the Cooperative Boating Facility Grant Program that offer local communities the opportunity to access state and federal funds for projects that meet the same or similar eligibility criteria as the capital funds.

The Study Committee recommends that the Ohio General Assembly enact legislation that would allow the Department to apply and compete for Clean Ohio Funds, specifically the Green Space

Conservation & Trails Funds. When the Clean Ohio ballot initiative was approved by Ohio voters in 2000 and implementing legislation enacted by the state legislature, the program excluded state agencies as eligible applicants. With the ability to compete for Clean Ohio Funds, the Department would be able to further forge local partnerships on trail and bikeway development, expand green space in urban and suburban areas and foster greater economic development at the local level. The Department could pursue partnerships on special and collaborative projects, reserving its capital funding for health and safety priorities.

The Study Committee recommends the administration seek Federal earmarks, through whichever vehicle that presents itself, to fund capital projects that are critical to its maintenance and infrastructure needs. Also, to continue to urge Ohio's Congressional delegation to support fully funding federal programs that benefit Ohio's State Parks and recreational areas capital needs, such as the Land and Water Conservation Fund.

### **Oil and Gas Development on State Park Land:**

In seeking additional revenue, both public and private sector entities must examine the three sources where new revenue could be generated: from taxpayers, from users of the system and from revenue produced from existing assets owned by the entity. The Department of Natural Resources is one of the largest landowners in the State and serves as steward of hundreds of thousands of acres on behalf of Ohio citizens. Currently, the land-holding Divisions generate revenue from existing assets. For example, Parks and Recreation Fund 5120, generates approximately \$27 million annually from retail sales, rentals and overnight visitor fees.

The Study Committee examined the issue of allowing oil and gas development on State Park land, as this issue continues to be debated in state legislatures across the nation as well as in Congress. The debate centers on perspectives of land use, i.e. the purpose for which the land was set aside as a park, and perspectives of the impact that an industrial activity would have on a

visitor's experience and the park's natural habitat. Also debated are issues of foreign and domestic energy sources, global demand and the cost to the consumer. To this end, the Study Committee recommends that this short term funding option undergo broader stakeholder outreach.

### **Practical Challenges**

The issue is complex, not only in the philosophical sense, but poses many practical challenges as well. Parks that were created by or ever received federal funding through the Land and Water Conservation Fund would be required to return those funds to the National Park Service if those State Parks were permitted to lease the land for oil and gas exploration. This is a Federal requirement dating back to the creation of the Land and Water Conservation Fund that stipulates the return of Federal investment if the park's land use is converted to anything other than recreational use.

Many State Parks are managed by the Division, but the lands are not owned by the Department. In most cases, the land is leased from the U.S. Army Corps of Engineers, who would ultimately approve any plan for oil and gas development.

Finally, and the largest obstacle, ODNR often does not retain title to a park's mineral rights, which removes the Department as the decision maker on whether to develop oil and gas at a particular park and also prevents the state from financially benefiting from the surface impacts of a drilling operation. The practical challenges require further examination and research in this sense.

### **Opportunity for Development**

Recent statistics show that Ohio continues to rank among the top half of natural gas and crude oil producing states in the country. Many other government entities throughout the United States have employed energy development from their properties to generate revenue, and jobs and native energy supplies, without burdening their citizens. For example, both Michigan and Pennsylvania have a history of successful and profitable energy development on state-owned property that rewards their citizens and supports state government. Because of the small footprint

of natural gas and oil production, the final installations can be unobtrusive and may not even be noticed by most users of the system. The Study Committee recommends more discussion occur on the methods and processes by which oil and gas exploration could occur on State Park land in Ohio.

The Study Committee requested at the onset of its work that the Department prepare an evaluation of the oil and gas reserves that may exist under State Park properties and overlay that information with the Department's ownership of the mineral rights. This assessment would illustrate clearly the potential for extractable minerals under State Park land and enable the Department and the industry to accurately estimate the revenue generation of this option. Due to the scope, difficulty of determining mineral rights ownership in some instances and time constraints of such a study, the Department prepared a limited study of the gas and oil reserves and market value for one park within the Division Parks and Recreation. Under the direction of the Department, the Division of Geological Survey evaluated the oil and gas potential that underlies the 20,756 acre Salt Fork State Park. Geological Survey estimated that the Clinton gas reserves for cleared areas are 16.5 billion cubic feet. The estimated market value at a one eighth (12.5 percent) royalty are estimated at between \$11.3 and \$16.7 million dollars. The estimated value would be realized over a period of 20+ years and do not include lease income or other strata that have potential for production in the area.

### **Potential Revenue Generation for State Parks and Recreational Areas**

The Study Committee identified possible methods and processes for how the Department could establish a system by which to allow oil and gas development on State Parks and recreational areas, based on how other states approach this issue. The Study Committee agreed that if oil and gas development were to occur on State Park land, the Department should develop a policy whereby industry has the ability to nominate acreage for the State's consideration. After which, the acreage is evaluated for energy potential and the appropriate

safeguards necessary to protect the people's interests are made part of a lease contract. To this effect, additional research is necessary to examine the hard data to determine what mineral rights the Department owns and where reserves are accessible and inaccessible.

The Study Committee agreed early on that the current estimates of revenue that could potentially be generated for Ohio State Parks would not be enough to resolve the issues with current and projected budget shortfalls. Offering oil and gas development on State Park land, runs the risk of creating an expectation with the legislature and stakeholders that it would be the solution to the Division's historic problems with its operating budget. The Study Committee recommends that the Department allow oil and gas exploration on State Park Lands where they own the mineral rights and dedicate any revenue generated from royalties to addressing the capital improvement backlog. Potential revenues from mineral rights royalties should not be factored into the Division's operating budget, as these funds fluctuate with the market, are one-time sources of revenue, spanning only the life of the producing well head which on average is twenty years. Additionally, the Study Committee recommends that mineral rights royalties benefit the capital obligations of the statewide park system and not just the capital needs of the state park from which the royalties were earned.

The Study Committee additionally recommends that the Department would need to employ a transparent, open and orderly nominating and bid system to ensure that the Department receives the maximum value for the State's reserves on behalf of the citizens of Ohio. While the overall potential for revenue generation is unknown at this time, the Study Committee believes that this short term funding solution could generate between \$3 and \$5 million annually for State Parks capital improvement projects, based on current commodity prices, estimations of developable acreage, known possible oil and gas reserves and estimated Department-owned mineral rights.

## Long Term Solutions

### Special Use Fees:

#### Real Estate Transfer Fee

The development of commercial and residential properties presents challenges to the Department for achieving its mission of protection and wise use of the state's natural resources. Many of the Department's services such as groundwater and soil mapping, geo-hazard assessments and technical guidance for storm water management consistently benefit commercial and residential developers. Also, the Department is one of the largest land-holding state agencies, protecting and preserving the state's real property for all to enjoy. A real estate transfer fee dedicated to the Department would help the state address these impacts to the state's natural resources as well as continue to provide the state's residents with ample opportunities to explore and recreate in Ohio's remaining natural areas.

Approximately eight states dedicate all or a portion of their real estate transfer fees to state-operated outdoor recreation. This fee already exists in Ohio at the County Level with rates ranging from 0.1 percent to 0.4 percent which equals \$141 - \$564 on an average priced home. Rate for other states is typically 0.5 percent. A dedicated statewide 0.5 percent Real Estate Transfer Fee in Ohio could generate \$85 - 90 million annually.

#### License Plate Fee

State Parks, Forests and Preserves dedicate significant resources to maintaining their roads and parking facilities that the vehicles use to access their public recreational areas. Inherently, vehicles have an impact on the park environment, yet Ohio can be proud that they are one of only a few states that do not charge an entrance fee or parking fee for driving to and parking in a State Park, Forest or Preserve.

A \$2 - \$10 fee range per motor vehicle registration is currently in place in Ohio. It is estimated that an additional \$5 fee would generate \$55 million annually. This special use fee could be coupled with a modest out-of-state plate parking fee, so that in essence, all Ohio motor vehicles could

enter any state park or recreational area without paying an admission fee.

#### Water Connection Fee

The Department administers several programs that help maintain water quality by implementing conservation efforts on farm land, providing technical assistance in engineering storm water systems, as well as many programs that protect groundwater quality. The Department also maps groundwater resources that directly support residential developers in siting housing subdivisions, ensuring all Ohioans have access to clean, and abundant water resources. The committee believes this fee would be a strong possibility for Canals Lands since watershed management and water supply is a primary purpose of their missions.

A water supply connection fee would raise as much as \$30 million per year. This estimate is based on the assumptions that 1) there are at least 1 million connections in Ohio, and 2) a fee of \$30 per year was charged per connection. Maryland has such a fee that is used to support its natural resources department.

#### Plastic Bag and/or Container Fee

Recycling conserves our natural resources, saves landfill space, conserves energy, and reduces water pollution, air pollution and the greenhouse gas emissions that cause global warming. The Department fosters recycling market development and works closely with cities, counties and universities to encourage reduction of waste generation and increased recycling efforts. Yet, plastic bags and containers continue to take up landfill space and negatively impact the environment.

At the rate of one cent per container, 4.5 million households and 500 containers per household a potential gross revenue of \$22 - \$30 million could be realized.

#### Municipal Solid Waste (MSW) and Construction and Demolition Debris (C & DD) Fee

The Department maintains the state's soil survey and continually studies the impact of various land uses on soil health, erosion, stream quality and

sedimentation runoff. This information is used by local health districts and the Ohio EPA for the purposes of siting landfills to ensure public health and safety and least impact to the environment from landfill runoff and leachate.

Currently, the Division of Soil and Water Conservation as well as Recycling and Litter Prevention within the Division of Real Estate and Land Management receive a portion of the state Construction and Demolition Debris Disposal Fee. Collectively, the Department receives \$1.00 per ton, with \$0.25 dedicated to the Soil and Water Conservation District state match line item and the remaining \$0.75 supports Recycling and Litter Prevention programs.

It is estimated that each \$0.25 per ton assessed on C & DD has the potential to generate approximately \$1.5 million in revenue.

### **Alcohol and Tobacco Tax**

State Parks, Preserves and Forests offer more than just the enjoyment of being outdoors; they promote healthy, physical activity that is nearby, free and in most instances, open year round. A majority of Ohioans live within just thirty minutes of a State Park, Preserve, Forest or Wildlife area. A tax on alcohol and/or tobacco could support the recreational functions of the Department, given that these assets offer every Ohioan an equal opportunity to improve their overall physical and mental health.

In Minnesota, a two cent per pack cigarette tax generates approximately \$13--\$16 million per year for their state park system.

### **Future Revenue Streams:**

#### **Gambling Revenues**

If in the future the administration and the Ohio General Assembly allows casino-style gambling to be developed in Ohio, the Study Committee recommends that a portion of the revenue generated from this enterprise be dedicated to the Department, given that Ohio's State Parks, Forests and Nature Preserves offer a high quality form of recreation and could help reduce the risk of gambling addiction by creating alternative low-cost

recreational opportunities.

### **Lake Erie Wind Development**

Lake Erie is a precious natural resource that the Department holds in the public trust for all Ohioans. The Department is charged with minimizing and managing the impacts to this resource, created by the multiple uses of the Lake—recreational, commercial and industrial. The Department's efforts have benefited a world class fishery, clean waters and preserved shores. New uses, such as electricity-generation through wind energy development in the Lake, creates a new responsibility to balancing the mixed uses and preservation of the resource. Therefore, the Study Committee recommends that the Department receive all tax and royalty proceeds from any wind energy development that takes place within the Ohio boundaries of Lake Erie.

### **State Sales Tax**

While the current economic crisis of the state and nation would not allow for this long term funding solution to be viable in the near term, the Study Committee has included this recommendation because other states have had success with this model, in the past and in recent years. In almost every state that has a portion of their state sales tax dedicated to state-owned recreational areas, it has typically come into place under the auspices of statewide voter approval, accountability measures such as a five year sunset and renewal clause. Voter approval was commonly earned by ensuring that the portion of the state sales tax dedicated to outdoor recreation would be statutorily or constitutionally protected and that the revenue generated by the voter-approved increase in the tax could never be used for general revenue purposes, or be diverted to other state obligations by legislative action alone.

An increase of the State sales tax by one-tenth of one percent could generate approximately \$140 million per year under stable economic activity. It is important to point out that significant sales of equipment and products for outdoor recreation does occur. Therefore, there is a direct connection and benefit to this source of dedicated revenue.

# Conclusion

The challenges to the operating and capital budgets of State Parks and recreational areas under the stewardship of the Ohio Department of Natural Resources are not a consummation of one budget cycle or the current economic crisis our nation faces. While the economic climate compounds the GRF-dependent Divisions' and programs' budget shortfalls, the budgetary challenges detailed in this report are the result of many years' circumstances. Just as the problems have taken years to manifest, resolving the challenges will not occur overnight, nor is it likely that there is one singular solution. However, the problems are real and extensive as evidenced by the Department's GRF allocations falling from 3 percent of the state's total General Revenue Fund in 1980 to 0.7 percent in 2009.

It's not the intention of the Study Committee to focus this report on the problem, but to recognize the economic, educational and environmental value that State Parks and recreational areas bring to Ohio as well as the simple pleasures they provide for Ohio residents and visitors alike. With the acknowledgement and understanding of their value, beginning with the Department's creation in 1949, the Study Committee joins a majority of Ohioans in first and foremost recommending that State Parks and recreational areas should remain an integral feature of Ohio's historical and cultural life for future generations.

While the current economic climate does not support several of the funding recommendations, the Study Committee recommends that each option continue to be discussed, debated, researched and examined for the purpose of ultimately supporting the short term and long term sustainability of Ohio's State Parks and recreational areas. Timing is very important. The key to the budgetary dilemma for state parks and recreational areas that are dependent on GRF funding is fully understanding it and being thoroughly prepared to resolve it with confidence. That process has now begun.





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