

PROGRAM EVALUATION DIVISION

NORTH CAROLINA GENERAL ASSEMBLY

February 2016

Report No. 2016-02

Follow-up Report: State Attractions

In 2012, the General Assembly directed the Program Evaluation Division (PED) to review management of state attractions in North Carolina (see Exhibit 1) to determine whether administration could be consolidated and to suggest optimal operating schedules for sites. Sites included in the review were administered by either the Department of Cultural Resources (DCR) or the Department of Environment and Natural Resources (DENR, see Exhibit 2). PED found cost savings and efficiency of site operations could be increased by restructuring site-level management, closing sites partially or entirely, expanding fees, and adopting public-private partnerships with non-profit entities. However, analyses indicated consolidating attractions under one of the existing agencies would not enhance effective management nor result in cost savings because

- centralizing administration of all state attractions under one of the existing agencies would likely be detrimental to the sites that were moved; and
- while consolidating state attractions under a single existing agency might be feasible if the agency mission reflected the purpose of the various site types it administered, fully consolidating oversight of North Carolina's state parks and historic sites under a single existing agency may not yield cost savings.

PED recommended the General Assembly direct DCR and DENR (where applicable) to:

- coordinate site management at historic sites and parks,
- adopt a five-day schedule for most historic sites,
- close two sites,
- record daily visitation data at all parks to determine potential savings from daily or seasonal closure,

- adopt public-private partnerships with non-profits for the operations of the zoo and aquariums, and
- expand public-private partnerships with non-profits and raise fees to reduce reliance on state funds.

In response to PED's report, Session Law 2012-93 required DCR and DENR to study (where applicable):

- coordinated management;
- reduced schedules;
- more reliable mechanisms for counting visitors;
- an appropriate operating schedule for Richard Caswell Memorial; and
- potential savings from admissions fees, corporate sponsorships, or transferring operations at state historic sites and parks.

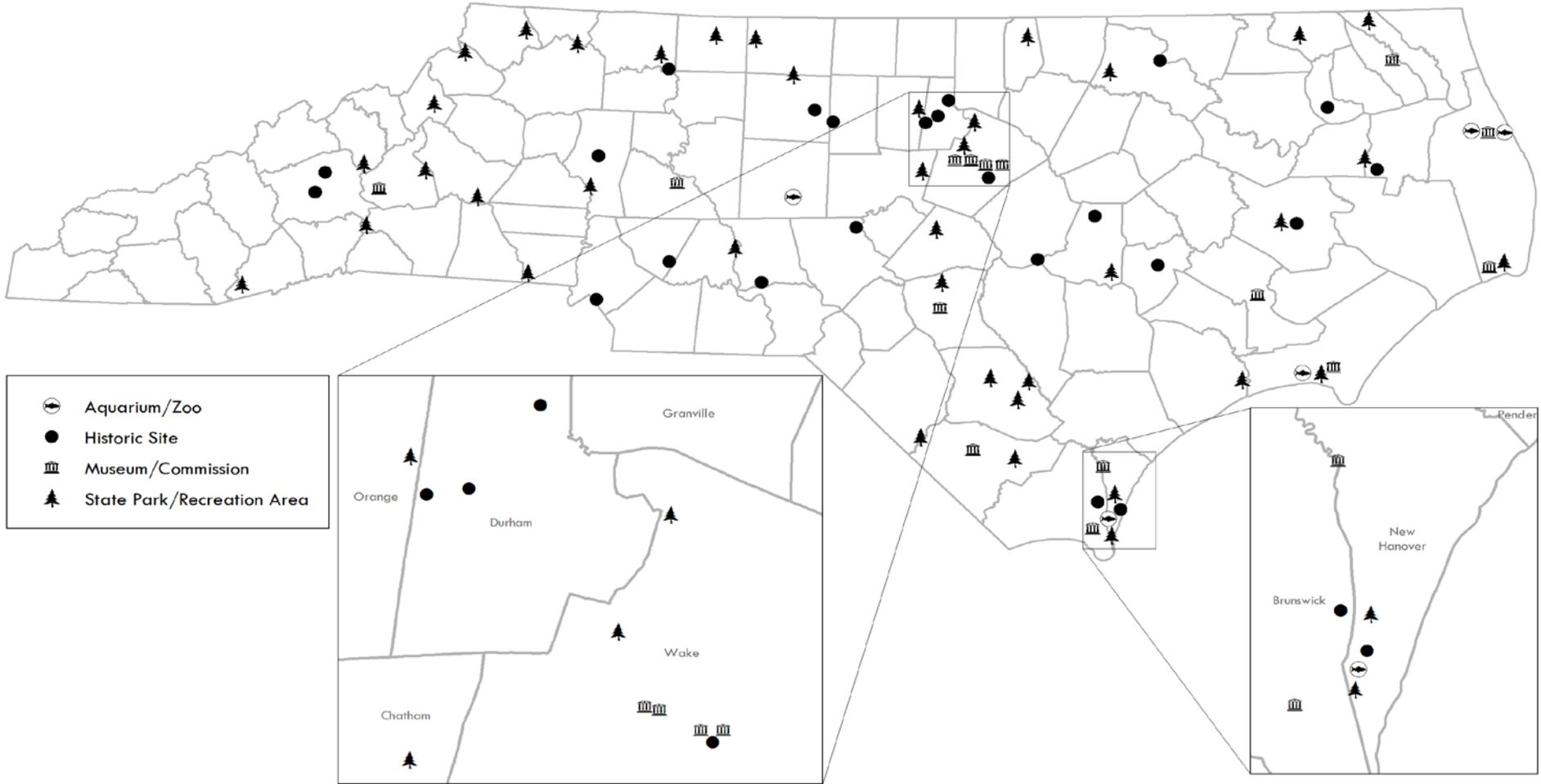
Subsequently, DCR

- implemented a mandatory public operating schedule of 9am-5pm from Tuesday-Saturday for all its sites,
- reduced the operation schedule at the Richard Caswell Memorial to two days per week,
- charged all sites with implementing a minimum of one revenue-generating program per year, and
- required each institution to conduct one survey per year to solicit feedback from visitors in order to identify ways to improve.

In addition, DENR raised the fees at aquariums from \$8 to \$10.95 (effective December 1, 2014).

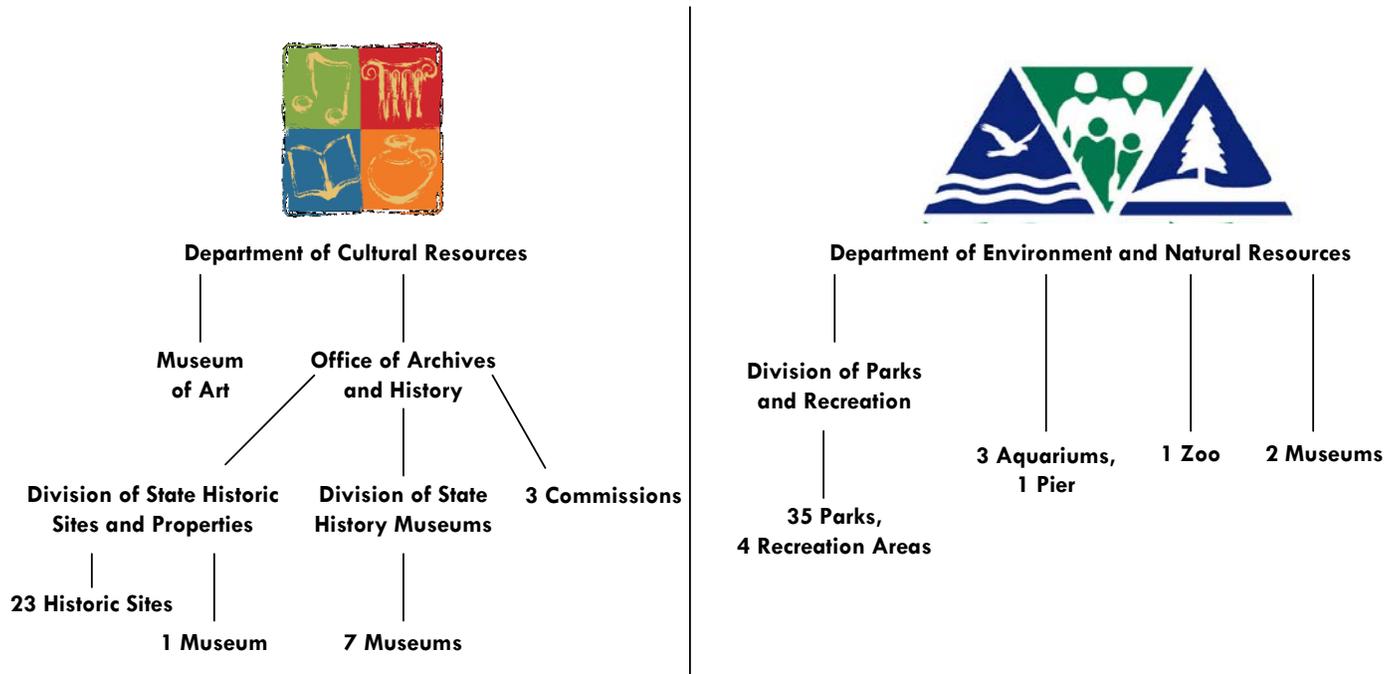
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Exhibit 1: Location of State Attractions



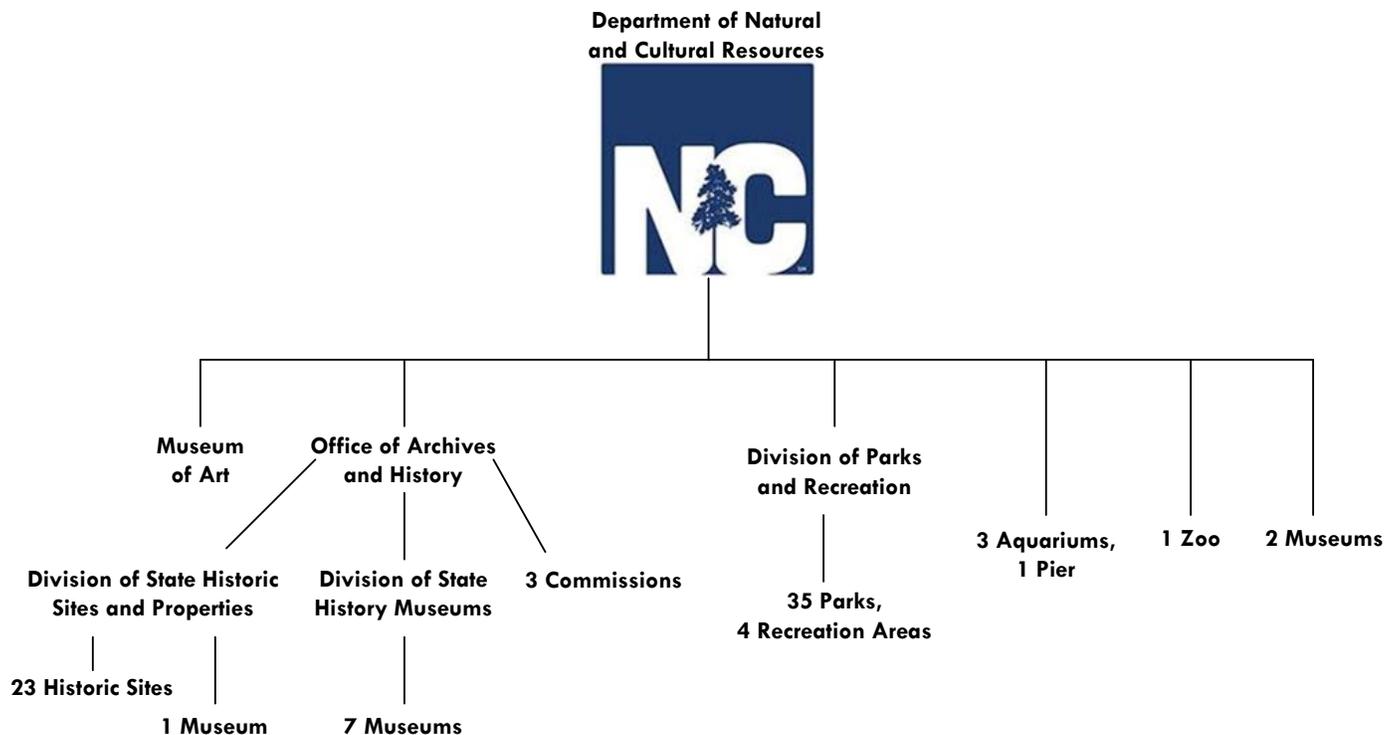
Source: Program Evaluation Division based on data from the Departments of Cultural Resources and Environment and Natural Resources.

Exhibit 2: Previous State-Level Administration of State Attractions



Source: Program Evaluation Division based on data from the Departments of Cultural Resources and Environment and Natural Resources.

Exhibit 3: Current State-Level Administration of State Attractions



Source: Program Evaluation Division based on data from the Department of Natural and Cultural Resources.

[continued from page 1]

In March 2015, the North Carolina Government Efficiency and Reform program (NC GEAR) issued a report outlining potential cost savings in state government operations. The report's recommendations included expanding DCR to absorb the state zoo, aquariums, natural science museums, and parks system to provide collaborative management of all state attractions. NC GEAR contended "this realignment should enhance the pricing, marketing, donor development, and operational strategies each agency is already undertaking and coordination of efforts across the state's cultural, historical, and natural attractions. Visitation should increase across sites and revenues from private sources should provide a larger share of support." The NC GEAR report estimated the Net Present Value of this realignment at \$41.2 million with a benefit-to-cost ratio of \$13.43.



The 2015 Appropriations Act (Session Law 2015-241) directed that the Department of Cultural Resources be renamed the Department of Natural and Cultural Resources (DNCR, see Exhibit 3). Management of the zoo, aquariums, state parks, and Museum of Natural Sciences was transferred to DNCR from DENR, which was renamed the Department of Environmental Quality (DEQ) as part of the legislation.

Additionally, the Appropriations Act authorized DNCR to use a "dynamic pricing strategy" for establishing admission fees and related activity fees for the state attractions under its purview. SL 2015-

241 defined dynamic pricing as the adjustment of fees for admission and related activities from time to time to reflect market forces, including seasonal variations and special event interests, with the intent and effect to maximize revenues from use of these State resources to the extent practicable to offset appropriations from the General Assembly.

SL 2015-241 also charged DNCR to

- report by March 1, 2016 on implementation of the new pricing strategy to the Environmental Review Commission, including an evaluation of the feasibility and obstacles to charging new entrance or admission fees at other attractions not subject to this section; and
- report no later than April 1, 2016, to the Fiscal Research Division and to the chairs of the Senate and House appropriations committees with jurisdiction over the museums on issues related to charging admission fees at the North Carolina Museum of History and the North Carolina Museum of Natural Sciences.



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