



Privatization Opportunities for State Parks, Resorts and Golf

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Mission

“OCOPA's mission is to accumulate, evaluate, and disseminate public policy ideas and information for Oklahoma consistent with the principles of free enterprise, limited government, and individual initiative.”

How does OCPA evaluate government activities?

- Does it promote free enterprise?
- Does it promote limited government?
- Does it promote individual initiative?
- Is it a core function of government?
- Is it transparent?
- How is it performing?

Privatization - Does it promote free enterprise?

- Utilizes the existing resources in the private sector to perform state services
- Through use of a competitive bidding process, most suitable private sector provider is chosen

Privatization - Does it promote limited government?

- Protects against “crowd out” of the private sector by the public sector
- Relies on the private sector to provide services, thus pointing citizens to existing non-government solutions

Privatization - Does it promote individual initiative?

- Allows citizens to utilize their industry to provide services on behalf of the government
- Fosters the innovative ideas and results of individuals and their private businesses competing to provide the best government services

Privatization – Is it a core function of government?

- Government services should have the goal to promote freedom and individual initiative
- By its very nature, privatization taps the innovation of individuals, and promotes the existing solutions for proposed services, thus is a core function and foundation on which most government services should be based

Privatization – Is it transparent?

- Through use of an open competitive bid process such as provided by the competitive bidding act, and with thoughtful contract construction, transparency is possible
- Services are provided direct to the public, so anyone utilizing those services can provide feedback on their experience



Privatization – How is it performing?

- Department of Transportation – engineering, construction contracts
- Insurance Department – licensing, education
- Higher Education – book stores, concessions
- Department of Corrections – private prisons, “half-way” houses



Privatization – How is it performing?

- Tourism Department – targeted concessions, production of magazines, park maintenance, lodging, etc



Privatization – Opportunities

- “Whole Park” concessions

“Whole Park” – How it works

- Commercial Lease
- Park run for profit by lessee
- Public entity paid rent in the form of a percentage of fee revenues
- Private company, according to contract pays all operation and maintenance costs

“Whole Park” – How it works

- Just like leasing mall space, private company must meet contractual guidelines
- Guidelines for caretaking of area
- Park available to public as dictated by public entity

“Whole Park” – Advantages

- Public retains ownership, oversight and contract enforcement
- Concessionaire assumes operations and maintenance; pays state an annual share of park revenues (3-15%)
- Marketing leverage

“Whole Park” – Advantages

- Concessionaire can “bundle” parks to ensure facilities remain open and immune from budget wrangling and uncertainty
- Minimize taxpayer liability and preserve natural treasures

“Whole Park” – Advantages

- Revenue Risk Transfer
- Demand Risk Transfer
- Appropriation Risk Transfer
- Operational Risk Transfer
- Legal/Liability Risk Transfer

Example - US Forestry Service

- Private park management for over 30 years
- Over half of USFS recreation areas privately managed, approx. 80-90% by visitation
- Despite drastic reductions in USFS revenue, recreation areas remain open

Private Sector Examples

- Recreation Resource Management operates over 175 sites in 11 states for federal, state and local authorities
- Over 19 of operated sites ranked within the top 100 family campgrounds in the US

Conclusion

- “Whole Park” concessions should be considered for all state parks, resorts & golf courses, and pursued for chronic financially underperforming state parks, resorts & golf courses



Sources

- Reason Foundation – Len Gilroy and Harris Kenny
- www.parkprivatization.com
- Recreation Resource Management



Thank You!

Q & A

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