

**Oklahoma Senate Committee on Appropriations
2012-13 Performance Report
Oklahoma Tourism and Recreation Department**

Tourism is the state's third largest industry. According to the U.S. Travel Association, during 2012, domestic travelers spent a total of \$7.1 billion in Oklahoma (up 6.1 percent from 2011), which generated \$385.3 million in tax revenue for the state treasury. Overall, tourism spending in Oklahoma generated more than \$1.1 billion in tax revenue for federal, state and local governments in 2012.

Oklahoma's tourism industry is also a vital employer – 78,200 jobs were generated by Oklahoma's tourism industry in 2012. Without the jobs generated by domestic travel, Oklahoma's 2012 unemployment rate of 5 percent would have been 4.3 points higher than it was, or 9.5 percent of the labor force.

AGENCY MISSION STATEMENT:

The mission of the Tourism and Recreation Department is to advance the exceptional quality of life in Oklahoma by preserving, maintaining and promoting our natural assets and cultural richness. As the steward of our state park system, OTRD is the caretaker of Oklahoma's diverse, magnificent natural resources. OTRD also plays a critical role in enhancing the state's economy through the promotion of Oklahoma as a destination and provides leadership and guidance to communities across the state as they, and we, work together to propel our state forward.

LEAD ADMINISTRATOR:

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GOVERNANCE:

Brief description of the agency's governance structure:

The Oklahoma Tourism and Recreation Commission is the policy-making body for the Oklahoma Tourism and Recreation Department. According to statute, the Tourism Commission has the following rights and responsibilities:

- Sue and be sued;
- Adopt, use, and alter an official seal;
- Make bylaws for the management and regulation of its affairs;
- Appoint, prescribe the duties, and fix the compensation for officers, agents, and employees;
- Make contracts and execute instruments as in the judgment of the Commission are necessary or convenient to the exercise of the powers conferred upon it by law; and
- Promulgate rules and policies necessary and convenient to the exercise of the powers conferred upon it by law.

The Oklahoma Tourism and Recreation Commission consists of eight (8) members, one (1) from each congressional district, with the balance representing the state at-large. They serve a term of six (6) years. The Lieutenant Governor serves as Chair and is an ex officio voting member of the Commission.

Is the agency headed by a Governor appointee? No

An appointee of an independent board? The Executive Director is hired by the Commission.

Who selects the board, and who are the current members of the board? Commission members are appointed by the Governor, with the advice and consent of the Senate, and serve at the pleasure of the Governor.

The current commissioners are:

Todd Lamb, Lt. Governor, Oklahoma City (Chair)

Gean Atkinson, Oklahoma City

Ronda Roush, Tulsa

Dr. Rick Henry, Altus

Robyn Batson, Broken Bow

Julie Jacobs Daniels, Bartlesville

Xavier Neira, Norman

Chuck Perry, Grove

T.L. Walker, Ponca City

Does the Board have any committees or subgroups? No. If so, please provide a detailed listing of the subgroups and their areas of focus.

GOVERNANCE ACCOUNTABILITY:

Please provide copies of the minutes for any Commission/Board meetings the agency has had in the last twelve months in electronic format (Only in PDF format). Copies of the minutes were transmitted separately.

Is there an attendance policy for board members/commissioners? No

MODERNIZATION EFFORTS:

Please provide a listing of all government modernization efforts undertaken by the agency in the last twelve months. Additionally, please provide any authorizing statutory changes that prompted the modernization efforts and whether those efforts have led to cost savings or additional cost burden.

- 2013 was the first year OTRD operated TravelOK.com in-house. By cancelling a contract with a national consulting company and moving the site to our own platform, the agency is realizing an estimated savings of \$500,000 annually. This change allowed TravelOK.com to launch major functionality enhancements, expand content and achieve new records.
- Completed transfer of the "Fountainhead" portion of the Corps of Engineers lease at Lake Eufaula from OTRD to the Muscogee Creek Nation. The state no longer has any financial responsibility or federal obligations for the acreage.
- OTRD has developed and implemented a plan to engage the private sector and build partnerships that are mutually beneficial.
 - Strengthened a partnership with BP, a private company with a history of oil and gas drilling at Robbers Cave State Park. In 2013, BP donated two CNG vehicles, at a cost of \$64,000, for use at Robbers Cave.
 - The agency's partnership with the Oklahoma Ford Dealers resulted in support of \$36,000 for Oklahoma Today and \$24,000 for Discover Oklahoma.
 - Completed four Oklahoma travel shows for private sector partners: American Fidelity (OKC), Ft. Sill (Lawton), Ditch Witch (Perry) and Goodyear (Lawton).
- A total of 47 private business concessionaires provided recreational services and support in state parks (marinas, horseback riding, canoeing, bicycle rental, water sports, groceries, and snack bars are examples of private operations). Concession payments to the Division of State Parks amounted to \$901,131 in fiscal year 2013 based on gross sales of \$20,916,825, which is an increase of 4.9% over FY12.

- Administration complied with the directive of the Office of State Finance (IT and Accounting consolidation to OMES)

OKLAHOMA TOURISM AND RECREATION DEPARTMENT			
OMES ABS Cost Comparison to OTRD Procurement for FY11 thru FY14			
	FY2012 Actual	FY2013 Actual	FY2014 Budget/Estimate
Payroll and Benefits/Support Staff	\$ 266,714	\$ 278,822	\$ 137,046
Consulting services in FY2014			117,248
Total Expense	\$ 266,714	\$ 278,822	\$ 254,294
OTRD did not fill positions in Procurement when they became vacant.			
The payroll cost includes OTRD employees and Galt temporary employees			
Consulting services in FY2014 represent the original SLA Contract amount.			
FY2014 Payroll includes 1 full time OTRD employee and Galt temporary			

Modernization efforts that have led to an additional cost burden:

OKLAHOMA TOURISM AND RECREATION DEPARTMENT					
OMES Cost Comparison for FY10 thru FY14					
	FY2010 Actual	FY2011 Actual	FY2012 Actual	FY2013 Actual	FY2014 Budget/Estimate
Payroll and Benefits/Support Staff	\$ 491,995	\$ 579,714	\$ 190,201	\$ -	\$ -
Hardware and Software	37,161	41,380	254,067	39,950	125,524
Consulting	1,544	1,392	69,518	365,088	717,295
OSF Charges/Telecommunication Services	-	12,426	-	435,163	-
Misc (training, rent, supplies, utilities, etc.)	52,183	47,263	29,537	-	30,927
Total Expense	\$ 582,883	\$ 682,175	\$ 543,323	\$ 840,201	\$ 873,746
OTRD IT Department merged with OMES-ISD department in December 2010					
OMES-ISD was reimbursed for personnel cost and OTRD continued to pay other expenses					
to outside vendors that were already in place when the merge occurred.					
Consulting services in FY2014 represents the original SLA Contract amount.					

What steps has the agency taken to cut costs and/or eliminate waste?

Despite a 3% budget cut in FY11, the Oklahoma Tourism and Recreation Department, through cost-cutting measures and sound management practices, paid off its only debt in September 2013 – 10 years early. Over the last 12 months, the agency:

- Leased the Colbert Tourism Information Center to the Choctaw Nation. This will save the agency \$186,298 annually (based on the FY13 budget) or \$931,490 over the term of the five-year contract. The contract has an automatic five-year renewal, unless it is cancelled by either party. Over ten years, the agency will save more than \$1.86 million.
- In April of 2013, the Commission voted to utilize \$15 million from the State Park Trust Fund to construct a new lodge at Lake Murray State Park. The trust fund contains proceeds from oil and

gas contracts. No appropriated funds will be requested for this construction project and no funds will be borrowed from lenders.

- As a result of an Attorney General's Opinion (2013 OK AG 10) *requested by OTRD*, the agency ended an unconstitutional practice of donating \$30,000 annually to the Oklahoma Hospitality Foundation. The opinion stated: "The Oklahoma Tourism and Recreation Department is not permitted under 74 O.S. 2011, 221 to enter into a partnership agreement with the Oklahoma Hospitality Foundation pursuant to which public funds are expended to pay the salary for a position that would act as a liaison to Oklahoma schools to attract students to careers in the tourism and hospitality industries."
- In accordance with an Attorney General's Opinion (2013 OK AG 16) *requested by OTRD*, the agency ended a 21-year practice of contracting exclusively with an industry trade organization to coordinate an annual Governor's Conference on Tourism at a cost in excess of \$100,000 per year. It has been the practice of the agency to pay the trade organization a substantial fee, in addition to all profits realized from the event. The AG's opinion stated: "If the Tourism Department or its partner selected... charge fees or other proceeds are generated by the Governor's Conference on Tourism, the funds must be deposited into a special agency account...." The event is now being paid for and produced by the trade organization. The only cost to the state is registration and exhibit fees for employees who attend.
- Broadband wi-fi service was added at select state parks at no cost to the state.
- Renegotiated a management contract with Little Dixie Community Action Agency for Lake Hugo State Park. The park will remain open to the public, with no change in services, under the management of Little Dixie Community Action Agency (LDCAA). Tourism leases the property from the U.S. Army Corps of Engineers at no cost. Under a five-year agreement, LDCAA will manage the property and pay for all operating costs (including taxes) and capital improvements. To retain the state park designation, they will comply with all state park rules, regulations and policies in addition to providing competent management and law enforcement with appropriate jurisdiction. This will save the agency \$140,630.40 annually or \$703,152 over the term of the five-year contract.
- The agency continued to shift resources from traditional advertising formats to digital.

Are there efforts that have been successful which you believe could serve as a model for other state agencies seeking to keep costs minimal? Making government efficient and effective requires more than cutting waste and streamlining programs. We must re-educate state employees on the role of government and teach them how to innovate and think like entrepreneurs. Whether it's eliminating debt to save interest, transferring or leasing assets to private entities to save operational costs, utilizing seasonal labor when practical, converting to CNG fueled vehicles, building public-private partnerships, or partnering with other agencies to achieve cost savings, there is much we can do to cut overhead and grow agency self-sufficiency.

CORE MISSION:

What services are you required to provide that are outside of the agency's core mission?

For many years, OTRD Administrative Services Division performed the administrative and human resources functions for the Oklahoma Scenic Rivers Commission. We did not receive compensation for these services. However, pursuant to 74 O.S. (2011) §581, OTRD is being required to transfer some administrative functions to OMES ABS at a cost of \$254,294 annually (based on FY14 SLA). To reduce the cost for OTRD, Scenic Rivers is now contracting independently with OMES Agency Business Services.

Are there any services you provide duplicated or replicated by another agency? No

Are there services which are core to your mission that you are unable to perform because of requirements to perform non-core services elsewhere? No

PRIVATE ALTERNATIVES:

Are there any services performed by the agency that are also performed in the private sector in Oklahoma?

Some might argue that Discover Oklahoma television show and Oklahoma Today magazine perform services found in the private sector. However, while there are TV shows and magazines in the marketplace, none are exclusively focused on promoting Oklahoma tourism, the state's 3rd largest industry.

Both the show and the magazine complement OTRD's paid television advertising because, despite their objective editorial format, they both are designed to sell the state and its tourism venues. In other words, they are both essentially advertising with substantial reach:

- Oklahoma Today, the official state magazine, had newsstand and subscription sales of 161,776 and revenue of \$883,967 in 2013.
- In its 22nd season, Discover Oklahoma had 2,356,000 viewers in 5 broadcast media markets during 2013. Earned revenue for the program was \$294,152 for the year.

Neither Oklahoma Today nor Discover Oklahoma received appropriated funds in FY13 or FY14.

In other states? No

Has the agency been approached by any foundation, for-profit or not-for-profit corporation with efforts to privatize some of the functions of the agency?

OTRD has a solid record of privatization and public-private partnerships:

- In calendar year 2013, OTRD leased the Colbert Tourism Information Center to the Choctaw Nation. In addition, the agency has lease agreements with the Chickasaw Nation for the Thackerville Tourism Information Center and Cherokee Nation Entertainment, LLC, for the Cherokee Turnpike and Catoosa tourism information centers, as well as a lease agreement with the City of Midwest City for the Midwest City Tourism Information Center.
- Fountainhead Golf Course is currently leased to the Muscogee-Creek Nation.
- All state park concessions (marinas, horseback riding, canoeing, bicycle rental, water sports, groceries, and snack bars) have been privatized.