

**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 2010, domestic travelers spent a total of \$6.2 billion in Oklahoma (up 7.2 percent from 2009), which generated \$349.5 million in tax revenue for the state treasury.

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.

GOVERNANCE:

Here a brief description of the agency's governance structure should be provided.

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 consist 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 since July 1, 2010 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 since July 1, 2010. 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.

- Fifty one percent (51%) of the state parks total sales in fiscal year 2011 were generated by private businesses. Concession payments to the Division of State Parks amounted to \$864,857 in fiscal year 2011 based on gross sales of \$18,016,123. Over 50 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). Combined total sales for lessees and the Division of State Parks totaled \$35,402,134.
- The agency has eliminated programs that were either outdated or did not meet the core mission of the agency. For example, the Travel Promotion Division tracked and analyzed declining call center volume for several years. After a 20% drop in FY11 vs. FY10, the call center was closed. As a result, the agency realized an annual savings of approximately \$150,000, in addition to phone line costs. These monies were reinvested in TravelOK.com, which reaches 1,000,000 on-line users annually, compared to the outdated call center, which reached 20,000 annually.
- OTRD has developed and implemented a plan to engage the private sector and build partnerships that are mutually beneficial. For example, the agency now has a relationship with Oklahoma Ford Dealers that has resulted in roughly \$100,000 in private funds to the agency as well as an estimated \$10,000 in related cost savings.
- Administration has increased communication with vendors to encourage receipt of payment by EFT payment rather than by paper warrant. HB1086. Few vendors at this time have opted for the EFT payment so no real savings have been realized.
- Administration complied with the directive of the Office of State Finance requiring all state agencies and higher education payments to be made by WIR transfer rather than to be made by P/Card payment which has resulted in additional cost to the Department. The cost to issue a purchase order and process change orders in order to encumber the funds and the cost to process the invoice(s) for payment must be taken into consideration when comparing the cost of a P/Card transaction vs. the cost of a WIR payment. HB1034 and DCAR Newsletter dated April 11, 2011 and e-mail directive dated December 12, 2011.
- In 2011, the Division of State Parks enacted pricing flexibility to improve its competitive position and initiated the use of social media sales tools such as Groupon to stimulate off season use of cabin and lodge facilities. Last year, a total of 1,244 Groupon offers were purchased for 5 properties including Western Hills Lodge, Greenleaf and Tenkiller cabins, Lake Murray, Robbers Cave and Lakeview Lodge. The largest number of sales was in the Oklahoma City market area for Robbers Cave which produced 398 purchases.
- The Division of State Parks instituted energy efficiency programs at the state parks. They:
 - Completed a statewide bulb and fixture replacement project
 - Invested in expanded insulation
 - Used energy star rated appliances for all replacements in cabins and lodges
 - Replaced old HVAC systems with higher SEER rated units as units needed replacement
 - Replaced windows and other building features with energy saving ones where practical

- Conserved water by using low flow toilets and fixtures for new facilities and replacements. This produced savings in water and wastewater expenses.
- The agency reduced employee costs by utilizing Galt temporary services. In particular, the Division of State Parks used temporary employees to fill seasonal positions, which saved overhead associated with the more extensive internal seasonal and full-time hiring process, saved potential worker's compensation costs and allowed management to view performance before committing to a more permanent hire.

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

- Reduced spending across the board
- Transferred 7 state parks to other entities
- Eliminated the call center
- Suspended the ECO program; currently seeking another entity to assume operations
- Initiated a Lean Office initiative with the assistance of UCO in the Purchasing and Accounts Payable areas. The outcome of the initiative identified areas of the processes which are being streamlined. One example is the combining of requisitions from multiple facilities to the same vendor for the same services into one purchase order with each facility separately identified. The cost savings realized is in the time of the purchasing staff to issue POs and the number of change orders processed.
- Reduced worker's compensation costs through safety training
- Analyzed vehicle allocation and reduced the size of the fleet
- Leased the Thackerville Tourism Information Center to the Chickasaw Nation
- Discover Oklahoma replaced full-time staff reporters with freelance reporters

Are there efforts that have been successful which you believe could serve as a model for other state agencies seeking to keep costs minimal?

Many state agencies would benefit from expanded public/private partnerships. OTRD has a seasonal employee dedicated to soliciting private dollars for agency projects. For example, in 2011, OTRD established a partnership with Oklahoma Ford Dealers. They have committed \$36,000 for Oklahoma Today advertising for calendar year 2012 and plan to purchase subscriptions of the magazine for each new vehicle sold during the year. Additionally, they are buying \$24,000 in Discover Oklahoma segment advertising and are donating a new vehicle, which is valued at \$35,000. The vehicle donation will save Discover Oklahoma the \$800 per month that is currently paid for a leased SUV. Equally important, Ford is using OTRD's film footage and photos in their television ads and print advertising. The headline in a recent Ford print ad read: "Explore Oklahoma. The copy: "Adventure awaits. The Ford Explorer has the best-in-class combination of V6 horsepower and fuel economy. It has the versatility to navigate any terrain and MPGs to take you farther. So wherever your ultimate adventure in the Sooner State, Explorer will be ready."

CORE MISSION:

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

OTRD Administrative Services Division performs the administrative functions for the Oklahoma Scenic Rivers Commission. We do not receive compensation for these 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, has approximately 30,000 subscribers in all 77 counties, all 50 states and a number of foreign countries.
- In its 21st season, Discover Oklahoma is watched by approximately 6.8 million viewers annually.

Neither Oklahoma Today nor Discover Oklahoma are receiving appropriated funds in FY 12.

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 2011, OTRD removed 7 parks from the state park system and transferred them to other entities. At present, 6 of the 7 will remain open to the public. While the 7th (Wah-Sha-She), was leased from the Corps of Engineers and has been transferred back to them, OTRD continues to work with the Osage Nation on an agreement for them to take over the day-to-day management of the park.
- Also in calendar year 2011, OTRD leased the Thackerville Tourism Information Center to the Chickasaw Nation. In addition, the agency has lease agreements with 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 Travel Information Center.
- Fountainhead Golf Course is currently leased to the Muscogee-Creek Nation.
- Texoma State Park has been significantly downsized as a result of a land sale to Pointe Vista Development. The privately-held company now operates what was formerly a state golf course and has plans to build a new hotel and conference center as well as residential housing.
- All state park concessions (marinas, horseback riding, canoeing, bicycle rental, water sports, groceries, and snack bars) have been privatized.