

Summary of Process to Determine ORV Permit Fee – 2/16/2011

Background

The Off-Road Vehicle (ORV) Management Plan (ORVMP) identified numerous management actions necessary to authorize and manage off-road vehicle use at Cape Hatteras National Seashore including the issuance of a permit that would allow driving on designated off-road routes and areas. Two fee authorities were examined that would allow NPS to charge a fee for the permit. These authorities included recreational fees under the Federal Lands Recreational Enhancement Act (PL 108-447) and the special park use fee authority under 16 U.S.C. § 3a. Under the latter authority, the National Park Service may recover from special use permittees all costs of providing necessary services associated with their permits, which include the costs incurred in processing the permit application and in monitoring the permitted activity. We determined that the special park use fee authority would be appropriate because:

- costs associated with management of the special park use could be recovered,
- all of the permit revenue remained at the Seashore compared to the 80% retention under the recreational use fee program,
- Congressional review was not needed for this type of fee as required by the recreational use fee program,
- the Seashore was able to approve expenditures with this authority without additional review, and
- processes for managing special park uses were already in place at the Seashore.

Justification

The Seashore used a variety of information to determine an appropriate permit fee including anticipated staffing and operational costs identified in the ORVMP, budget reductions affecting the Seashore's operating budget, operating costs for managing and supporting a cost recovery program of this magnitude, changes to the ORV program, costs for infrastructure identified in the ORVMP to improve the visitor's experience, suggested fee range identified in the ORVMP, visitation to Seashore beaches, cost comparisons of permits issued at other national parks, state areas, or privately owned facilities, public input, and staff input.

ORV Management Plan Costs

The Preferred Alternative (Alternative F) in the ORV Management Plan estimated an additional \$834,000 annually for managing the ORV program above the current No Action Alternative (Alternative B). These costs included \$712,000 for staffing and \$122,000 for supplemental costs. These costs did not include start-up costs for establishing a new fee program or budgetary reductions experienced beyond the year that the costs were initially estimated (2010). We determined that reductions for staffing associated with the ORV program, such as Biological Technicians, were appropriate costs to recover through the permit program.

Budget Reductions

The Seashore's operational budget has been reduced annually since 2010 resulting in a 3% cut in our operating budget. This cut amounts to an overall loss of \$277,000, which has affected the number of Biological Technicians and maintenance positions needed for the ORV program. Additional budget reductions are likely given the economic situation facing the government. Budget reductions have been estimated to be between 3-10%. While future reductions are

uncertain, Seashore management wanted to ensure that permit fee revenue was enough to cover the program costs and maintain operational effectiveness in the event of future cuts.

Operating Costs

The ORVMP identified the need for six (6) GS-4 Visitor Use Assistants to implement the anticipated fee program; however, several positions were classified by human resources as GS-5 positions resulting in an increase of \$15,000 annually.

Additionally, staff examined different permit cost scenarios based on estimates of 10,000 annual, 7,500 annual, and 5,000 weekly permits issued annually with permit costs, ranging from \$85 - \$300 for annual permits and \$50 - \$165 for weekly permits (see Attachment 1).

Program Changes

Several positions were identified in addition to current staffing that would be necessary to help manage the ORV program. These positions included 1) a part-time Public Information Assistant to help distribute information and answer inquiries about the ORV program, 2) a full-time Resource Specialist to develop and implement protected species and habitat research, which would be used for the ORV program review required every 5 years, and 3) a full-time education specialist to develop and implement ORV and resource educational programming related to the ORV program. These position costs were estimated at an additional \$211,000. The ORVMP also identified a need for annual funding for protected species and habitat research. This research would evaluate current and potential management actions and determine if changes to the ORVMP would be necessary. An estimated \$75,000 annually would provide adequate funding for multi-year studies.

Infrastructure Costs

Approximately 30 infrastructure improvement projects were identified in the ORVMP, which included new roads, ramps, parking lots, and boardwalks. Several options including Line Item Construction, Repair/Rehabilitation, Cyclic Maintenance, recreational fees, park base increases, special requests, and outside funding were examined to fund these projects; however, most of these options required competition with other projects and would not guarantee that projects would be funded. Project construction costs were estimated at \$3.9M. It would be difficult to obtain this level of funding at one time and therefore a phased approach for construction would be necessary. ORV permit fees were an appropriate fund source and due to the amount of construction funding needed, an estimate of \$250,000 annually would help ensure that progress could be made on these projects.

Fee Range

The ORVMP identified a range of \$90-\$150 for an annual permit and a weekly permit would be between 33% and 50 % of the annual permit cost.

Visitation

More than 2 million visitors recreate at the Seashore annually and based on Table 37-2 of the ORVMP approximately 250,000 vehicles utilize the beach annually. However, this number did not reflect the number of unique vehicles using the beach. It was realistic to expect that a certain number of Seashore visitors would choose not to acquire a driving permit or alter how they use

the beach such as reducing the number of trips, walking to fishing areas, etc., which would reduce the number of vehicles on the beach. Additionally, resource closures, the amount of beach open to ORV use, social feelings regarding ORV management at the park, and other concerns could reduce the number of vehicles driving on Seashore beaches. There was not an accurate way to determine a realistic number of vehicles that could be expected to use the beach once the ORV program was implemented. We anticipated that we could issue 10,000 annual and 5,000 weekly permits annually.

Cost Comparison

Staff evaluated numerous access or use fees associated with private, state, and National Park areas to determine what fee structure they utilize for managing off-road driving or fishing activities (see Attachment 2).

Public Input

Comments provided by the public during public review of the ORVMP included comments for and against the issuance of a permit. Those comments supporting a fee based program suggested costs from no charge to \$150 along with various ways to implement a fee.

Staff Input

An internal survey was created and sent to Seashore staff requesting their input on possible permit fees (see Attachment 3).

Conclusion

Seashore management considered the above information along with pertinent law, policy, and guidance to determine how a permit fee should be implemented and for what cost. It was difficult to determine the exact price to charge for annual and weekly permits in order to recover legitimate program costs because of the uncertainty associated with how many permits would be sold and what the permit composition would be (annual vs. weekly). Throughout the fee determination process, we remained cognizant of the public's reaction to a new fee, especially in light of the nation's economic uncertainty. We ensured that our cost estimates reflected actual numbers and staffing and operational requirements were reasonable, which helped reflect the true nature of what was needed to manage the ORV program.

We determined that additional operating costs to implement the ORV program amounted to \$1.662 million above the funding already available for this program. Based on an annual estimate of 10,000 annual and 5,000 weekly permits, a fee of \$125 annually and \$75 weekly would be needed. However, given the uncertainty of the number of permits that would be issued and the desire to be as consistent as we could with fees charged in other areas, we determined that an annual cost of \$120 and a weekly cost of \$50 were appropriate.

Attachment 1. Permit Fee Scenarios

PROJECTED ANNUAL PERMIT REVENUE

PERMIT COST	# PERMITS ANNUAL	# PERMITS WEEKLY	ANNUAL REVENUE	WEEKLY REVENUE	TOTAL REVENUE
Annual \$300.00	10,000	5,000	\$3,000,000		
Weekly \$165.00				\$825,000	
TOTAL REV					\$3,825,000
Annual \$200.00			\$2,000,000		
Weekly \$125.00				\$625,000	
TOTAL REV					\$2,625,000
Annual \$150.00			\$1,500,000		
Weekly \$85.00				\$425,000	
TOTAL REV					\$1,925,000
Annual \$125.00			\$1,250,000		
Weekly \$75.00				\$375,000	
TOTAL REV					\$1,625,000
Annual \$120.00			\$1,200,000		
Weekly \$50.00				\$250,000	
TOTAL REV					\$1,450,000
Annual \$100.00			\$1,000,000		
Weekly \$65.00				\$325,000	
TOTAL REV					\$1,325,000
Annual \$85.00			\$850,000		
Weekly \$50.00				\$250,000	
TOTAL REV					\$1,100,000

# PERMITS ANNUAL	# PERMITS WEEKLY	ANNUAL REVENUE	WEEKLY REVENUE	TOTAL REVENUE
7,500	5,000	\$2,250,000	\$825,000	\$3,075,000
		\$1,500,000	\$625,000	\$2,125,000
		\$1,125,000	\$425,000	\$1,550,000
		\$937,500	\$375,000	\$1,312,500
		\$900,000	\$250,000	\$1,150,000
		\$750,000	\$325,000	\$1,075,000
		\$637,500	\$250,000	\$887,500

Projected Annual ORV Permit Program Costs

Fee Program

Staffing (3) GS-5 (3) GS-4	\$324,000		
Supervision	\$65,000		
Uniforms	\$3,600		
Backgrounds	\$7,600		
Printing	\$8,000		
Software License	\$2,500		
Supplies	\$14,000		
Vehicle (1)	\$3,600		
Staffing (1) GS-7 PSTF (24PP)	\$56,640	Fee Program Total	\$484,940

Law Enforcement

Staffing (2) GL-9 PSTF (24PP)	\$141,000.00		
Uniforms	\$800.00		
Backgrounds	\$1,000.00		
Supplies	\$5,000.00		
Vehicle (2)	\$7,200.00	Law Enforcement Total	\$155,000.00

Facilities (3 sites, parking, restrooms, etc.)

Staffing (2) WG-7 PSTF (24PP)	\$111,000		
Uniforms	\$800		
Backgrounds	\$500		
Supplies (Signs, carsonites, fill, fuel, etc.)	\$55,000		
Vehicle (2)	\$7,200		
Utilities (Phone, electricity, etc. for ORV offices)	\$50,000		
Waste Disposal (Additional dumpsters)	\$20,000	Facilities Total	\$244,500.00

Other Positions

Education Specialist, GS-9 PSTF (24PP)	\$70,000		
Resource Specialist for research, GS-12 PFT	\$110,000		
PIO Assistant, GS-5 TSTF (16PP)	\$31,000		
Beach Manager, GS-12 PFT	\$110,000		
Annual research	\$75,000		

Biological Technician (5), GS-5 (1039 Hour Seasonal) (This is based on a reduction in the number of seasonals hired in FY11 with an anticipated budget cut of 10%. However, if fully staffed, RM has 17.4 FTE on the ORV project and Alternative F calls for 15.7. This cost may not be necessary, but FY12 will be less funding than this year.)

\$136,500	Other Positions Total	\$532,500
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	Total Costs	\$1,416,940
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Attachment 2. ORV Permit Fee Cost Comparison

Other National Seashores with ORV permit fees (only one park with 7-day fee option)

Cape Cod National Seashore ORV 7-day **\$50***; ORV Annual **\$150***;
 Assateague Island N.S. MD/VA Day-only Annual \$90; MD 24-hr/VA Day Only **\$110***;

Average* **7-day \$50; Annual \$130 (without park entrance fees)**
(Park entrance fees would be an additional \$15-\$45 depending on a daily or annual fee)

Other NPS Parks with ORV permit fees (only one park with 7-day fee option)

Cape Cod National Seashore ORV 7-day **\$50**; ORV Annual \$150
 Assateague Island N.S. MD/VA Day-only Annual \$90; MD 24-hr/VA Day Only \$110
 Big Cypress National Preserve ORV Annual \$50

Average **7-day \$50; Annual \$103.33 (without park entrance fees)**
(Park entrance fees would be an additional \$15-\$45 depending on a daily or annual fee)

Outer Banks Fishing Piers

Avalon Pier, KDH Daily \$10; Weekly \$50; Season \$225 (Adult rates)
 Nags Head Fishing Pier Daily \$10; 8-day \$72; Season \$260 (Adult rates)
 Jennette's Pier, NH Daily \$12; Weekly \$65; Annual \$300 (Adult rates)
 Outer Banks Pier, SNH Daily \$9; Weekly \$50; Season \$175 (Adult rates)
 HI Fishing Pier (Rodanthe) Daily \$10; Weekly \$59; Season \$260 (Adult rates)
 Avon Pier Daily \$10; Weekly \$60; Annual \$200 (Adult rates)

Average **Daily \$10.17; Weekly \$59.33; Season \$236.67**

Attachment 3. **Internal Survey Results** (Based on 15 responses as of 6/30/11)**Q1. How much should we charge for an annual ORV permit?**

1. Somewhere in the ballpark with other parks that have the same type of permits for visitors and non-locals. I feel strongly that local residents should get a break on the annual permit charge. That would go a long way toward mitigating some of the hostility many locals feel toward the NPS.
2. \$100
3. \$75
4. \$125
5. \$125
6. \$100
7. \$200
8. \$125
9. \$125
10. Between \$50 and \$65
11. \$100
12. \$125
13. \$150
14. \$110
15. \$100

Average of 14 responses (i.e., #2-15, using \$60 for # 10) = **\$115.71**

Q2. How much should we charge for a 7-day ORV permit?

1. Approximately half of the cost of an annual permit. I feel locals purchasing a 7 day pass should pay the same as visitors and non-locals.
2. \$35
3. \$25
4. \$45
5. \$50
6. \$60
7. \$100
8. \$35 to \$50
9. \$65
10. \$25
11. \$25
12. \$30
13. \$75
14. \$40
15. \$35

16. Average of 14 responses (i.e., #2-15, using \$40 for # 10) = **\$46.42**

Q3. Given the following options, how much should we charge for an annual ORV permit?

	<u>Fee</u>	<u>Response %</u>	<u>Response Count</u>
1.	\$50	n/a	0
2.	\$75	13.3%	2
3.	\$100	40.0%	6
4.	\$125	33.3%	5
5.	\$150	13.3%	2

Average of 15 responses = **\$119.64**

Q4. Given the following options, how much should we charge for a 7-day ORV permit?

	<u>Fee</u>	<u>Response %</u>	<u>Response Count</u>	
1.	\$30	20%	3	
2.	\$40	13.3%	2	
3.	\$50	6.7%	1	
4.	1/3 \$ of annual fee*	26.7%	4	*Assume annual fee is \$120. 1/3 of \$120 = \$40
5.	1/2 \$ of annual fee*	33.3%	5	*Assume annual fee is \$120. 1/2 of \$120 = \$60

Average of 15 responses = **\$48.57**