

Review of Metropolitan Beaches Funding and Operations 2007-2012

Prepared for the Metropolitan Beaches Commission

Date: May 7, 2014

Report Highlights

- RRLLP reviewed key operational metrics at metro beaches; review covered 2007- 2012; purpose was to provide MBC with information to assess efficacy of the 2007 recommendations and gain understanding of current DCR priorities and challenges.
- RRLLP's analysis involved gaining an understanding of DCR operations, public feedback about their experience, MBC's mission and priorities. Tasks involved:
 - Meeting with DCR staff and management, holding discussions with MBC commissioners and commission staff,
 - Obtaining and evaluating quantitative data from DCR and other sources,
 - Analyzing data and compiling schedules relevant to the analysis.
- 2007 report identified targets for improvement of metro beaches; standards set for beaches to:
 - Be clean and safe,
 - Be maintained in the winter season,
 - Have improved grounds maintenance,
 - Have enhanced programming,
 - Have completion of in-process and new capital projects.
- Public hearings conducted in 2013 indicated that on most metropolitan beaches visitors were highly satisfied overall, with some areas of improvement noted.
 - Cleanliness of beaches improved, as did facilities management, staffing, water quality,
 - Areas for improvement were noted to be programming and maintenance of capital assets, and completion of major projects in Nahant (causeway) and Winthrop (beach renourishment).
- Current MBC initiative is to:
 - Safeguard the progress made at metropolitan beaches,
 - Establish baseline standards of stewardship for the metropolitan beaches,
 - Ensure adequate funding for the stewardship of DCR resources statewide such that the experience at the beaches does not come at the expense of other resources or regions.
- RRLLP noted a number of DCR successes

- Staffing level increased in 2008 for full-time and seasonal staff, although not to the target optimal levels of staffing identified in the 2007 report.
- Staffing levels related to beach operations saw the most increase in 2008; subsequent headcount decreases had a disproportionately negative effect on non-beach resources.
- DCR implemented “Complex Model,” a successful change in operating structure.
- Working with DCR, RRLLP has identified \$9.1 million as the all-in, agency-wide operating expenditure increase required in fiscal year 2015 to achieve optimal staffing and service levels system-wide.
 - Budget Increase Detail:

■ Additional Full-time Permanent Staff	\$ 3,000,000
● Includes the addition of 60 full-time permanent staff, of which 49 positions, representing approximately \$2,450,000, are directly related to metropolitan beaches operations.	
■ Directed Expenditures	2,000,000
● \$2 million to replace earmarks granted in FY2014 which are not guaranteed to continue.	
■ Additional DCR Seasonal Expenditures	3,000,000
● Includes the addition of 67 additional lifeguards at the metropolitan beaches, representing approximately \$470,000.	
■ State House Park Rangers	500,000
■ Parkway Street Lighting	600,000
■ Total	\$ 9,100,000
 - Including the 60 staff mentioned above, all-in optimal staffing additions total 188, of which 64 are for non-beach operations state-wide, and 15 are for planning, engineering, and forestry, all of which support the beaches.
 - This \$9.1 million presumes a level of \$14.1 million in retained revenue, a figure unchanged from fiscal year 2014 to fiscal 2015.
 - DCR has identified approximately \$12.3 million in prospective beach-related capital projects that would round out capital projects already on the Master Plan, to bring existing facilities into condition for optimal utilization. The MBC has also identified others.
 - Capital expenditures on equipment for use at the metropolitan beaches is estimated at \$2.8 million to replace equipment reaching the end of its useful life and to add sufficient equipment to ensure that equipment availability is appropriate to staffing levels.
 - These equipment needs include pickup trucks, street sweepers, surf rakes, and trash compactor trucks (packers) that are critical to beach maintenance and that have reached the end of their useful lives.
- What it means for the beaches
 - The estimated portion of the \$9.1 that is dedicated to beaches is approximately \$3 million to \$3.5 million.
 - These expenditures would allow DCR to achieve the baseline stewardship goals for these beaches, and:

- Extension of seven day a week services to shoulder season, some facilities could be kept open 7 days a week year round,
 - Locations heavily burdened by coastal storms would have additional staff providing emergency response,
 - Sanitation pickup frequency could be increased,
 - Additional lifeguards could be hired.
- In 2007 MBC called for a dedicated expenditure on programming of 5%, or approximately \$250,000 per year. This funding level has not been achieved.
 - DCR hosts 400 “programs” on the beaches on average every year; however, most of what are referred to as programs are in fact small picnics, weddings, or other small private group functions.
 - Total program direct expenditures by DCR are estimated to have been \$7,000 per year, and staff costs are estimated to have been \$91,000 per year.
 - The MBC is defining programs in a different way, meaning public events that include concerts, sand sculpting competitions, beach festivals, and other events which draw hundreds to hundreds of thousands of the regions’ residents and visitors to the metropolitan beaches.
 - Save the Harbor Save the Bay’s Better Beaches Program and formal and informal Friends Groups have spent on average \$130,000 per year on programming events, largely with volunteer staffing, on 30 program events per year.
 - MBC again calls for DCR to make dedicated expenditures at 5%, or approximately \$288,000 per year.
 - Based on DCR’s programming expenditures at approximately \$100,000, the step up in spending to reach the MBC’s recommended target is approximately \$190,000. This amount represents approximately \$15,000 of additional spending per metropolitan beach to support the present programming, which, though successful, is volunteer-driven and not necessarily sustainable in the long run without institutional support.
- RRLLP’s analysis of DCR’s retained revenue potential suggests that this could be a significant source of additional funds to support the agency and the metropolitan beaches.
 - DCR retained revenue includes opportunities from parking lots, restaurants, vendor contracts, and innovative partnerships.
 - RRLLP constructed a model that indicated that changes such as charging for parking at parking lots could result in significant additional revenue.
 - Model calculated the conservative impact of a \$1 per day increase in parking rates across existing fee-based lots for the metropolitan beaches at \$250,000.
 - MBC proposed a similar model for parking at two beaches, Constitution Beach and Pleasure Island, with potential revenue of \$341,500 resulting from instituting a \$1 per hour fee.
 - In order to take advantage of retained revenue opportunities, DCR needs additional staff to administer contracts and manage partnerships.
- In addition to budget, DCR faces some internal challenges.

- DCR human resources impediments restrict hiring:
 - State-mandated hiring practices curtail speed of hiring,
 - Periodic hiring freezes add delays and expenses.
- DCR workarounds increase costs:
 - Repeated interrupted hiring processes and training,
 - Engagement of contractors at a higher all-in cost.
- Fulfillment of retirement obligations to retiring DCR staff is expensive and inadequately budgeted.
- During 2012, DCR requested that the Office of the State Auditor (OSA) perform an audit of various permit, lease, and other agreements that it administrates. The findings of the OSA report indicate both IT and staffing gaps, and point to an acknowledged problem at DCR related to being able to keep up with changing state regulations and methods with which DCR must comply.
 - IT limitations within DCR affect the ability to administer its agreements effectively, which has a direct impact on revenue collectible by DCR.
 - Per OSA, in 2011 DCR oversaw more than 537 agreements statewide, of which more than two-thirds were fee-paying, with associated income of \$2.8 million in that year; the exact number of agreements and related revenue potential was deemed uncertain by OSA during its audit, as a result of the potential unreliability of the existing system of managing agreements.
 - The method of tracking and archiving agreements is so out of date that it was impossible to be certain that all agreements were represented for inclusion in the audit.
- Based on our analysis and discussion with staff and leadership of the MBC, in order to achieve the goals of the MBC, RLLP believes the following actions are necessary:
 - In 2015, move toward the all-in and the beaches funding numbers that are described above.
 - Adequately fund the routine maintenance of capital assets in order to maximize the usefulness of capital expenditures.
 - Allocate additional DCR expenditures to programming.
 - Implement IT improvements and staff additions necessary for contract management and administration to allow DCR an increased ability to administer agreements and perform management reporting of revenue and expenses.
 - View retained revenue opportunities as an augment to budget rather than as an offset.
 - Similarly, to the extent that DCR's budget includes dedicated expenditures (earmarks), increase the budget to meet them wherever possible.
 - The commission advocate for two items in the environmental bond bill that was recently reported favorably out of the Joint Committee on Environment, Natural Resources and Agriculture:
 - 2000-7064 at \$20 million to improve water quality on the metropolitan region's public beaches,
 - 2000-7065 which called for \$40 million to design, construct, restore or enhance infrastructure on those beaches as well.