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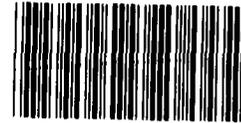
UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

B-210098

DECEMBER 15, 1982

RESOURCES, COMMUNITY,
AND ECONOMIC DEVELOPMENT
DIVISION

The Honorable Bud Shuster
House of Representatives



120132

Dear Mr. Shuster:

Subject: Information Regarding U.S. Army Corps of
Engineers' Management of Recreation Areas
(GAO/RCED-83-63)

In accordance with your August 4, 1982, request and subsequent agreements with your office, we have obtained information on the U.S. Army Corps of Engineers' management of recreation areas including those at its Raystown Lake Project (located in Huntingdon County, Pennsylvania). Specifically, you requested that we provide:

- A description of the National Park Service's and the U.S. Army Corps of Engineers' general responsibilities for managing recreation areas.
- A comparison of the fiscal year 1983 operations and maintenance budget cuts the Corps made in its recreation activities to those it made in other operations and maintenance activities.
- Information on the Corps' decision to close three recreation areas at Raystown Lake.
- Information on the Corps' procedures for awarding recreation-related contracts at Raystown Lake.

The Park Service manages recreation areas of national significance to preserve them for use by future generations. The Corps manages recreation areas more local or regional in nature that have been developed around water projects it operates for flood control, navigation, and/or water supply purposes.

Both the Park Service and the Corps have reduced the amount of recreation services at their facilities as a way of reducing their fiscal year 1983 operations and maintenance costs. While the Corps' total operations and maintenance budget increased about 14 percent in fiscal year 1983, the recreation portion decreased about 7.6 percent. The only other functions that were reduced were navigation operations, studies related to operations,

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and natural resources maintenance. At Raystown Lake, the Corps reduced its operations and maintenance budget about \$36,000 by reducing services at 3 of its 17 recreation areas.

Our review of contracting procedures for recreation services provided during fiscal year 1982 at Raystown Lake showed that in all cases the Corps used competitive bidding practices and in all cases but one the lowest bidders were awarded the contracts. In that one case, the lowest bidder was disqualified due to the appearance of impropriety. Competitive bidding procedures were also used for concession contracts and a forestry, fish and wild-life management study in which you were particularly interested.

Objective, scope, and methodology

The overall purpose of this review was to obtain information related to Federal recreation activities in response to your questions. We performed our work at the Park Service and Corps headquarters in Washington, D.C., and at the Corps' Baltimore District Office, which is responsible for managing the Raystown Lake Project. We reviewed the legislative histories, information on the fiscal years 1982 and 1983 budgets, policy statements, regulations, and guidelines covering the Park Service's and Corps' recreation responsibilities and authorities. At the Park Service we interviewed officials in the Offices of Operations, Legislation, and Park Planning as well as the Division of Ranger Activities and Protection about recreation responsibilities and management. At the Corps we met with the Chief of the Natural Resources Management Branch in the Office of the Chief of Engineers and the Section Chief for Outdoor Recreation and the Outdoor Recreation Planner in that branch concerning recreation responsibilities, financing, management, and recreation area closures.

We did not visit the Raystown Lake Project site, but we reviewed files at the Corps' Baltimore District Office related to the developmental history of the project, its operations and maintenance, recreational use by visitors, recreation area closures, and citizen concerns over closures at the lake. We reviewed pertinent files for recreation service contracts awarded for fiscal year 1982 as well as contracts for major and minor concessions at Raystown Lake (awarded in 1976). We interviewed the Deputy District Engineer, the Chief of the Operations Division, and the persons responsible for operating Raystown Lake and for contracting for services and concessions at the lake.

This review was made in accordance with generally accepted government auditing standards.

RECREATION MANAGEMENT RESPONSIBILITIES
OF THE NATIONAL PARK SERVICE AND THE
CORPS OF ENGINEERS

The Congress established the Park Service in the Department of the Interior in 1916. Its mission has remained the same over the years--to manage nationally significant parks, monuments, and reservations so they can be used today while being preserved for use by future generations. One way the Park Service carries out this mission is by administering areas established by the Congress as part of the National Park System. According to Park Service officials, an area must meet all of the following criteria before it will be recommended to the Congress for inclusion in the Park System.

- It must be of "outstanding national significance."
- It must be threatened with irreparable damage or extinction.
- There must be no possibility of some other entity managing the area.
- The type of area is not already represented sufficiently within the Park System.

A Park Service policy statement defines "nationally significant" in terms of natural resources to be those resources "* * * which have exceptional values or qualities illustrating or interpreting the geological and ecological themes of our Nation." In addition, they "* * * should be a true, accurate, essentially unspoiled example of natural history."

In addition to areas in the Park System, Public Law 79-633, August 7, 1946 [16 U.S.C.17j-2(b)], gives the Park Service authority to manage recreation areas under other Federal agencies' jurisdiction through cooperative agreements with those agencies. According to Park Service officials, the Park Service used this authority in taking over management of several recreation areas around Bureau of Reclamation facilities in the 1950's. They said the Park Service has not used this authority since the early 1960's and has no intention of using it in the near future because it now has a policy to not increase its recreation responsibilities.

Currently, administration and Park Service policy related to national parks calls for adding no new recreation areas to the Park System; rather it emphasizes improving the existing system components. The Park Service requested no funds in the fiscal year 1983 budget for acquisition of new park areas. Also, Park Service officials explained, that to run the Park System more

efficiently, the Park Service is reducing some services at its parks. For example, it is adjusting maintenance cycles and eliminating public services in some park areas.

The Corps is authorized under section 4 of the Flood Control Act of 1944 (16 U.S.C. 460d), "* * * to construct, maintain, and operate public park and recreational facilities in reservoir areas * * *." In 1959 the Chief of Engineers issued instructions on including recreation development at reservoirs as a project purpose, limited to minimum facilities that allowed access to the water, such as boat ramps and paths. The Flood Control Act of 1962 broadened the 1944 authority to include all types of water resources projects under the control of the Department of the Army in addition to reservoirs. Approval by the President in May 1962 of new policies and standards for evaluations of Federal water resources development (Sen. Doc. 97, 87th Cong.) recognized long-term recreation development as a full-scale project purpose on an equal basis with other established purposes of water resources development.

The Corps' policy is, and traditionally has been, to encourage non-Federal participation in administering recreational activities at its civil works facilities unless directed otherwise by a project's authorizing legislation. In 1965 the Congress affirmed this policy by enacting the Federal Water Project Recreation Act (Public Law 89-72) which required that non-Federal bodies agree in writing to pay one-half of the cost of developing recreational facilities at Federal water projects and administer them at their own expense. The act also states that the planning for the recreational use of the project shall be based on coordination with other Federal, State, or local public recreational developments.

In cases where Corps projects are located or are of a size or nature that they would make a desirable addition to a recreation system administered by another Federal agency, Corps policy allows it to enter into an agreement under which the area would be developed and administered by that agency. These agreements, however, specify that the Corps remains responsible for operating the water project.

CORPS' RECREATION OPERATIONS AND MAINTENANCE BUDGET REDUCTION

The Corps' fiscal year 1983 budget estimated that total operations and maintenance expenses will increase by about 13.8 percent--from \$1,096 million in fiscal year 1982 to \$1,247 million in fiscal year 1983. Sizable increases were made to perform structural, road, building, dredging, and other maintenance as well as to operate flood control facilities. The most substantial decreases were made to operate navigation and recreation

facilities. For the recreation function specifically, the combined operations and maintenance allocations were reduced about 7.6 percent--from \$103.0 million in fiscal year 1982 to \$95.2 million in fiscal year 1983. The following table compares the fiscal year 1982 and 1983 operations and maintenance budgets by function and shows that the operations recreation allocation decreased by 7.1 percent and the maintenance recreation allocation decreased by 9.4 percent.

<u>Operations and maintenance functions</u>	<u>Fiscal year 1982 budget</u>	<u>Fiscal year 1983 budget</u>	<u>Percent change</u>
	----- (millions) -----		
Operations:			
Navigation	\$ 139.7	\$ 129.2	(7.52)
Flood control	121.9	133.5	9.52
Power	20.6	23.3	13.11
Recreation	81.8	76.0	(7.09)
Natural resources	16.3	17.9	9.81
Condition and operation studies	<u>55.4</u>	<u>53.1</u>	(4.15)
Total operations	<u>\$ 435.7</u>	<u>\$ 433.0</u>	(0.61)
Maintenance:			
Structural	\$ 98.5	\$ 137.7	39.79
Recreation	21.2	19.2	(9.43)
Natural resources	3.5	3.2	(8.57)
Power	40.9	44.6	9.05
Dredging - channels and harbors	334.8	389.2	16.25
Dredging - other	43.3	78.6	81.52
Roads, buildings, other	34.2	47.4	38.59
Dike disposal - Great Lakes	<u>21.7</u>	<u>28.9</u>	33.17
Total maintenance	<u>\$ 598.1</u>	<u>\$ 748.8</u>	25.19
Miscellaneous operations and maintenance items	<u>\$ 62.2</u>	<u>\$ 65.2</u>	4.82
Total operations and maintenance	<u><u>\$1,096.0</u></u>	<u><u>\$1,247.0</u></u>	13.77

According to a Corps budget analyst in the Natural Resources Management Branch, the Corps uses the operations budget to pay for the normal daily expenses of operating its facilities and carrying out its services, such as controlling the level of the water in a

reservoir and providing visitor services. Maintenance funds normally are spent for periodically incurred expenses, such as grass mowing, painting, and repairing project facilities.

In September 1981 the Director of Civil Works issued a directive stating that "Due to known manpower reductions and the initial reviews of the FY 83 budget, we should take appropriate immediate action to close all marginally beneficial recreation areas * * *." He directed that all recreation areas be evaluated for cost-efficiency, using the following criteria:

- A cost-per-visitor analysis.
- Area location and accessibility by a majority of the user public.
- The area's percentage contribution to total project visitation.
- Whether or not the closure of one area would benefit the more efficient use of adjoining areas.

The directive also stated that it was not the Corps' intention to halt activities in the recreation field. It said that recreation is still a strong, viable entity and that emphasis should be placed on providing a quality recreation experience in those areas that can be maintained efficiently.

About 400 of the 2,400 areas managed by the Corps nationwide were affected, of which about 230 were closed as a result of the September 1981 directive. The Corps' Outdoor Recreation Section Chief estimated that these closures would save about \$4 million --about 4 percent of the recreation budget--in fiscal year 1982.

THE CORPS' MANAGEMENT OF RAYSTOWN LAKE

In response to the September 1981 directive, the Corps closed 3 of the 17 recreation areas at Raystown Lake, resulting in an estimated savings of about \$36,000 in fiscal year 1982. Service contracts totaling about \$350,000 were awarded in fiscal year 1982 to operate and maintain the Raystown Lake recreation areas. In all cases, the Corps used competitive bidding procedures in awarding these contracts.

The Raystown Lake Project is a multipurpose dam and reservoir located in the Raystown Branch of the Juniata River in Pennsylvania. The project was authorized by the Flood Control Act of 1962 (Public Law 87-874) to include flood control, recreation, and enhancement of fisheries. The project, administered by the Corps' Baltimore District Office, was built between 1968 and 1973 at a cost of about \$76 million. Raystown Lake, created by the project, extends 30

miles and covers 118 shoreline miles. Public access areas were first opened in 1974 at two camp areas--Putts and Nancy Camps; 15 additional recreation areas were opened in succeeding years through 1979.

As of September 1, 1982, the Corps had 18 permanent employees assigned to its Raystown Lake Field Office. Two of these employees were assigned to administer the entire project; 3 to operating the dam; and, the remaining 13 to recreation activities. In addition, 27 temporary employees were hired for the summer season in fiscal year 1982. Of these, 25 were assigned to recreation activities and two to dam operations. The number and distribution of permanent employees has remained the same since fiscal year 1979, while the number of temporary employees gradually rose from 30.5 in fiscal year 1978 to 34 in fiscal year 1981.

Closure of recreation areas

In accordance with the September 1981 directive from the Corps' Director of Civil Works, the Corps decided to close four recreation areas at Raystown--Peninsula Camp, Putts Camp, Branch Campground, and Schoolhouse Day Use Area--beginning on January 31, 1982. In the spring of 1982, the Corps decided to keep Peninsula Camp open pending a decision on the feasibility of including it as part of a recreational complex concession under consideration for the Rothrock area of the lake. As of November 1982, Peninsula Camp had not been closed.

The Corps based its closure decision on the criteria presented in the September 1981 directive. Its visitor-use day analysis showed that only 2.9 percent of the approximately 1.2 million use-days at Raystown during calendar year 1981 were spent at the three areas ultimately closed by the Corps. The cost per visitor-day at the three sites for calendar year 1981 was as follows:

Putts Camp	\$ 2.25
Branch Campground	1.50
Schoolhouse Day Use Area	.50

Corps records indicate that the areas selected for closure would impact least on the lake's visiting public.

The adjusted savings in fiscal year 1982 associated with closing the three recreation areas is estimated to be \$36,329--including reductions of \$22,740 in personnel costs and \$10,760 in service contract costs. Actual savings figures were not available as of November 1982. Originally the Corps estimated it would save \$38,849; however, that figure must be adjusted downward by \$2,520--the amount the Corps spent to have a contractor mow the grass at the three closed sites during fiscal year 1982.

Contracts for recreation operations
and maintenance and concessions

The Corps awarded seven service contracts for various recreation-related operations and maintenance activities at Raystown during fiscal year 1982, all of which were competitively bid. The total value of these contracts was about \$350,000, including contracts for mowing (\$177,615), dock placement and removal (\$10,800), trash removal (\$25,197), restroom pumpout (\$15,000), janitorial services (\$45,392), guard services and campground control (\$45,540), and fee collection (\$27,308).

In six of the seven cases the number of bidders ranged from three to seven; in the other case, the Corps received two bids. In all cases except one, the lowest bidder received the contract award. In the exception--the mowing contract--the Corps rejected the lowest bid because of "the appearance of impropriety" in that the bidder's spouse was a Corps employee at Raystown.

The recreation-related service contract costs at Raystown increased from \$77,500 in fiscal year 1981 to about \$350,000 in fiscal year 1982--an increase of about 450 percent. The fiscal years 1979-81 contract costs were relatively the same. According to the Chief of the Program Operations Branch, Operations Division, Baltimore District, fiscal year 1982 was the first year the Corps contracted for mowing, dock placement and removal, and guard services and campground control. Previously, this work was done by Corps employees. As mentioned earlier, the Corps hired seven fewer part-time employees at Raystown in fiscal year 1982 than in fiscal year 1981.

There are two concession contracts in effect at Raystown Lake--one for operation of a marina and one to provide food service. Both are located at the Seven Points recreation area. Based on documents we reviewed, the Corps requested proposals for both concessions prior to awarding contracts. It received two bids for the marina and four for the food concession. The bid proposals were evaluated by an evaluation board, specifically established for the purpose, for their ability to satisfactorily provide the needed services. In both cases the bidders rated most qualified were awarded the contracts.

The Corps solicited proposals on a third concession at the lake--for a marina and luxury campground at the Rothrock recreation area. Based on the evaluation board's finding that neither met the Corps' requirements, the Corps rejected both of the proposals it received for the concession. As of November 1982 the Corps was reevaluating the type of concession that would best serve the users of the lake with the intention of reissuing a request for proposals in the future. Inclusion of the Peninsula Camp as part of the concession is one of the options that was being considered because of its proximity to the Rothrock area.

On March 1, 1982, the Corps awarded a contract for a forestry, fish and wildlife management plan for Raystown Lake. According to the Chief, Program Operations Branch, Operations Division, Baltimore District, this plan will complete the project's overall master operating plan. In accordance with Department of Defense acquisition regulations, a notice was printed during October 1981 in the "Commerce Business Daily" announcing the Corps' intention to solicit proposals for the study. Eighty-seven firms and/or individuals requested and were provided copies of the solicitation which described the scope of work expected under the contract. Eleven of the 87 submitted formal proposals.

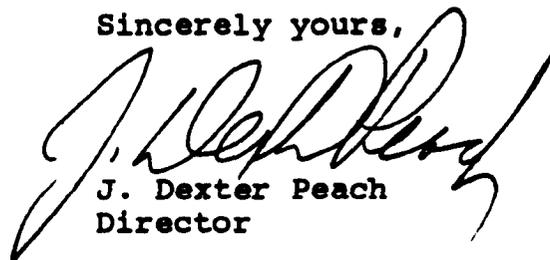
The Corps evaluated the formal proposals in accordance with Defense Acquisition Regulations using a methodology that considered merit and price. Copies of the solicitations provided to each perspective bidder explained the evaluation methodology and identified in priority order the criteria to be used in making the evaluation. According to Corps contract files, the firm which submitted the highest ranking proposal was awarded the contract. The other firms that submitted proposals were entitled to a briefing explaining the Corps' rationale for the selection if they requested it in writing. At least five firms requested and received such briefings.

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At your request, we did not obtain agency comments on the information presented in this report. However, we did discuss the report's contents with the Assistant Director, Office of Operations at the Park Service; Chief of the Natural Resources Branch in the Corps' Office of the Chief of Engineers in Washington; and the District Engineer and Chief, Operations Branch, at the Corps' Baltimore District Office and they generally agreed with the report's contents.

As arranged with your office, we are sending copies of this report to the Secretaries of Defense and the Army and the Chief of Engineers. Copies of this report will also be available to other interested parties upon request.

Sincerely yours,



J. Dexter Peach
Director