

**FINAL REPORT OF THE  
JOINT SUBCOMMITTEE STUDYING**

**THE FEASIBILITY OF DEVELOPING  
DOUTHAT STATE PARK INTO A  
REGIONAL, MULTI-PURPOSE,  
RECREATIONAL FACILITY**

**TO THE GOVERNOR AND  
THE GENERAL ASSEMBLY OF VIRGINIA**



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## TABLE OF CONTENTS

I. INTRODUCTION .....	1
II. PREVIOUS STUDIES OF DOUTHAT STATE PARK .....	1
A. VPI-SU STUDY .....	1
B. JOINT SUBCOMMITTEE STUDYING THE ECONOMIC FEASIBILITY OF EXPANDING RECREATIONAL OPPORTUNITIES .....	3
C. LAVENTHOL & HORWATH STUDY .....	4
III. SUBCOMMITTEE DELIBERATIONS .....	6
A. DOUTHAT STATE PARK AND ITS OPERATION .....	6
B. CURRENT FACILITIES AND INFRASTRUCTURE NEEDS .....	8
C. DOUTHAT'S POTENTIAL ROLE IN THE COMMUNITY .....	9
D. PROMOTION AND MARKETING OF DOUTHAT .....	12
E. KENTUCKY'S RESORT PARKS .....	13
IV. FINDINGS AND RECOMMENDATIONS .....	15
V. APPENDICES .....	18
A. SJR 54 (1996)	
B. Douthat's Bond Project Status	
C. Senate Bill 868 (1997)	
D. Senate Bill 864 (1997)	



## **I. INTRODUCTION**

The 1996 Session of the General Assembly passed Senate Joint Resolution No. 54, which established a joint subcommittee to study the feasibility of developing Douthat State Park into a regional, multi-purpose, recreational facility (Appendix A). The joint subcommittee was charged with examining ways to (i) convert the park to a multi-purpose facility offering golf, horseback riding, enhanced and expanded food and lodging, and other alternative recreational programs and (ii) attract visitors, and meet the conference needs of existing and touring organizations. The subcommittee also was to analyze the possibility of offering such services through privatization and creative public-private partnerships.

## **II. PREVIOUS STUDIES OF DOUTHAT STATE PARK**

Within the last decade three studies have examined the feasibility of expanding the park's recreational opportunities. These were conducted by Virginia Polytechnical Institute and State University (VPI-SU), a legislative joint subcommittee, and the consulting firm of Laventhol & Horwath.

### **A. VPI-SU STUDY**

In early 1988, the Greater Alleghany Economic Development Commission, seeking a new economic development initiative, contracted with Dr. Will Shepherd, Director of the Landscape Architecture Program of VPI-SU, to determine the economic feasibility of expanding the recreational offerings of Douthat State Park. The study team was to (i) review and evaluate the existing facilities and the prospects of expansion, (ii) develop an alternative land-use plan which included a 150-room lodge, 18-hole golf course, and conference center, and (iii) determine whether such development was compatible with the existing facilities and recreational experiences.

The study team began its analysis by evaluating the park's current condition, utilization patterns, and prospects for expanding its existing facilities. They found that the Park (i) is seasonally under-utilized, in that most facilities are only open during the late spring, summer, and early fall, and (ii) "appears to be developed at about 1/7th of its optimum carrying area of 4,500 acres." The facility occupied a total area of about 80-90 acres, not including the reservoir, dam and spillway, trails and buffer areas. Even in the face of this apparent utilization pattern, the park has been "under-maintained" over an extensive length of time. The study team suggested that there is sufficient usable land for expansion "with little physical or ecological constraint." Such an expansion would utilize an additional 240-400 acres of land dispersed throughout the Park.

To achieve compatibility between the old and new facilities, any plan for recreational expansion, such as resort hotel and golf course development, would have to provide for a

separation of certain uses. The most appropriate method of separation would be isolating and buffering these areas. This approach would, according to the researchers, “insure that each facility will have its own character.” It was pointed out that new facilities would affect the view and increase the traffic, noise and number of users. However, proper planning and design “should reduce these impacts to a manageable level.” The major physical and ecological impact of such new facilities on the site would include:

- Clearing and grading the land for establishing an 18-hole golf course and related facilities in the upper bench area; such activity will influence surface runoff, vegetation distribution, wildlife movements and subsurface drainage.
- Clearing and grading the land for constructing a resort hotel complex in the valley terrace area; such activity will have a slight influence on surface runoff or drainage.
- Constructing road access and storm drainage, water, and sewage facilities as required.

To determine the economic feasibility of developing alternative land uses within Douthat, the study team surveyed five state parks located in the adjacent states of Tennessee, West Virginia, and Kentucky. These parks were selected because they are of comparable size, located in relatively remote regions, and have a similar natural resource base. The survey results indicated that when compared to the five parks, Douthat State Park (i) is under-utilized and under-developed; (ii) does not generate a similar type and range of employment; (iii) offers a limited range of recreational activities; (iv) does not generate the magnitude of revenue within the park or in the surrounding communities; and (v) does not contain the range of recreational facilities found in modern family-oriented parks.

The study concluded that Douthat State Park could economically support a new land-use program which included the development of the following new facilities:

- Up to 30 cabins to be selectively located;
- A 105- to 200-room luxury resort hotel (lodge) with banquet, conference and retreat accommodations;
- An 18-hole golf course and clubhouse with related recreational facilities;
- A swimming-pool center, a tennis center, and other sport recreation facilities isolated or grouped with related facilities, as appropriate;
- Playground facilities for young children at a central location for use by campers, cabin guests and hotel guests;
- A fishing deck (pier); and
- A pedestrian bridge across the spillway to provide access to the proposed recreational facilities.

In addition, the study recommended the:



- Expansion and restoration of the existing small boat access and parking to accommodate a 30 percent increase in weekend use;
- Expansion and restoration of the existing swimming beach and related facilities to accommodate a 40 percent increase in peak daily use;
- Renovation of the amphitheater for the presentation of historical plays, slide shows, and weekly movies for park visitors;
- Construction and improvement of a permanent facility for boy scouts, girl scouts and other youth group users. Such a facility should include permanent kitchen, dining, bath, storage and office space. Tent platforms or other structures could also be constructed as necessary. Development of this facility will require vehicular access, electricity, water, and sanitation; and
- Undergrounding or relocating of the existing electrical transmission line which cuts through the central portion of the park.

The 1987 operating budget for Douthat was approximately \$260,000 with revenues somewhat in excess of \$99,000. The study found that based on the experiences in these other states, an expanded Douthat State Park should generate \$2.5 -- \$4 million annually and employ 80--120 permanent employees and seasonally 50--80 part-time staff. It was projected that attendance would increase from 186,000 annually to 600,000--700,000.

To change the nature of the park so that these benefits might be realized, the study team proposed a seven-year phase-in plan at an estimated cost of between \$13.5--\$17.1 million. The initial phase would be the construction of additional cabins, followed later by the renovation of the facilities. The final phase would involve construction of the hotel facility and golf course. Because of the costs of constructing the hotel facility (\$6 -- \$8 million), it should be internally phased and constructed in self-supporting units of 75--80 rooms, with retreat and conference facilities as separate phases to be completed later.

In order to implement the plan, the study suggested several funding sources should be investigated including state general funds, general obligation bonds, revenue bonds, user fees, dedicated revenues and other innovative sources (i.e., gift program and direct investment by the private sector). Although the VPI-SU study concluded that it was feasible to develop alternative land-use facilities in Douthat State Park, it stated that more studies were needed to include a more detailed market analysis, the development of funding strategies, the investigation of public and private ventures, preliminary planning and a detailed design.

## **B. JOINT SUBCOMMITTEE STUDYING THE ECONOMIC FEASIBILITY OF EXPANDING RECREATIONAL OPPORTUNITIES**

Later that year (1988), the General Assembly established a joint subcommittee chaired by Delegate William T. Wilson to study the economic feasibility of expanding recreational activities in certain state parks (HJR 130). The subcommittee was requested to study the economic feasibility and advisability of (i) expanding the recreational opportunities of Douthat State Park,

including the possible construction of a 150-room lodge and an 18-hole golf course; (ii) further developing the Lake Moomaw area to provide increased tourist opportunities; and (iii) further developing recreational facilities in the Alleghany Highlands.

The subcommittee devoted much of its time to (i) a review of the VPI-SU study of the economic feasibility of expanding recreational opportunities at Douthat State Park and the Lake Moomaw area and (ii) investigating the desirability of developing a state park at the junction of Big Cedar Creek and the Clinch River in Southwest Virginia. During the course of its deliberations, the subcommittee not only received testimony from a wide range of interested parties including local officials and citizens, business leaders, recreational and technical experts and state officials, but it also made site visits to those locations where the potential existed to expand current recreational opportunities.

One of the individuals the subcommittee received detailed testimony from was Dr. Will Shepherd who had just completed the VPI-SU study for the Greater Alleghany Economic Development Commission. In addition to reviewing his Douthat study findings with the subcommittee, Dr. Shepherd also briefed the subcommittee on the feasibility of expanding recreational opportunities in the Lake Moomaw area. His study had specifically examined the desirability of constructing a marina and possible locations for campgrounds, picnic facilities, and vehicular access. At the time, the United States Forest Service had agreed to assist in the development of two marinas along the lake: one in Bath County and the other in Alleghany County; however, these projects would require local matching funds. The VPI-SU study team recommended that a master plan be undertaken which would include the Lake Moomaw recreation area and the surrounding wildlife management area. The joint subcommittee felt this approach was worthy of consideration and recommended that any such master plan consider the complementary nature of the activities which could take place at Lake Moomaw and Douthat State Park. It noted in its "support" of the VPI-SU finding that it is feasible to develop alternative land-use facilities in the park and recommended that the General Assembly appropriate the necessary funds to the then Department of Conservation and Historic Resources to plan a pilot program to expand the recreational opportunities offered at Douthat. It was suggested that the initial phase of such a program should be a study of the feasibility of constructing a lodge and tennis facilities.

### **C. LAVENTHOL & HORWATH STUDY**

The General Assembly responded to the subcommittee's recommendation to fund a pilot program at Douthat State Park by allocating \$20,000 from the 1989 Appropriations Act to the Division of State Parks for a preplanning study of lodging-facilities expansion at the park. Using these funds, the Division hired the consulting firm of Laventhol & Horwath to analyze the "likely market viability and subsequent economic feasibility for a proposed expansion of facilities at Douthat State Park." The objectives of the study were to:

- Identify the facilities and amenities which could be developed in Douthat based on available topographical maps and a physical inspection of the park to consider its developmental constraints, if any;
- Make a preliminary recommendation as to the number, size and type of facilities suitable and appropriate to Douthat and consider any impact of the proposed facilities on the park's existing facilities and amenities;
- Determine the feasibility of the facilities and amenities presented in the potential development plan based on an analysis of the market potential for these additional facilities at the site;
- Prepare prospective levels of occupancy and average room rates for any proposed lodging facilities;
- Prepare a financial analysis of the proposed facilities identified in the potential development plan including a 10-year prospective financial analysis of the level of cash flow before debt service and taxes and prepare estimates of the capital investment required; and
- Estimate the economic impact such as jobs, income, sales, and tax revenue, of the proposed facilities on the state region surrounding Douthat State Park.

The consultants found the following:

- Site analysis — The site was found to be suitable for lodging development. The park is proximate to major highways providing excellent access to the park for regional travelers. The site is an established overnight and day trip vacation destination; however, the park is a drive of four or more hours from major metropolitan areas and is less likely to draw from the more populated eastern regions, considering the availability of numerous alternative destinations for such markets.
- Existing facilities and project concept — Douthat offers a variety of recreational facilities in a mountain setting for day visitors and for overnight guests using park cabins and campsites. The majority of the existing facilities were constructed in the 1930s. The park has a rustic feel. Any lodging facility proposed in excess of 10 congregated units will change the nature of the park from its rustic orientation. Increased usage will necessitate road improvements, and any significant development such as lodging and golfing would introduce competition and market segments not previously faced by or attracted to Douthat.
- Competitive environment — The proposed development of facilities will need to attract visitors who are unfamiliar with the park and its new facilities. The park will have to compete with well-established resort destinations which have professional marketing and management in place.

- Project development assessment — An initial \$25 million expansion of facilities which included an 18-hole golf course, 150-room resort hotel resort, two tennis courts, one outdoor swimming pool, 10 winterized cabins, winterization of 10 existing cabins and lodge, and necessary road, sewer and utility improvements was not “market justified or economically feasible.” Noting that it would be extremely difficult to obtain support from the private sector in terms of financing or providing equity for such a project, the study concluded that there may be a sufficient market and the economic support to consider a project that would include a 55-unit hotel of rustic design with 4,000 square feet of meeting space and an outdoor swimming pool and whirlpool, 10 new winterized cabins, winterizing the 30 existing cabins and lodge, and the necessary but less expensive road, sewer and utility improvements. The estimated costs of this scaled down version would be \$4 million. However, this estimate does not include the costs of improvements, clearing, grading, earthwork, or utility installation. Thus, while the VPI-SU study looked at the use rates of state park facilities in neighboring states and concluded that similar demand could therefore be assumed for Douthat, the Laventhol & Horwath methodology examined competition in the region and concluded that already existing resorts and resort parks precluded Douthat from entering into the upscale market. The consultants recommended that instead, to distinguish Douthat from other parks in the Virginia system, an in-between niche should be sought.

### **III. SUBCOMMITTEE DELIBERATIONS**

To determine whether it was feasible to develop Douthat State Park into a regional, multi-purpose, recreational facility, the subcommittee examined the (i) current operation of the park (e.g., staffing, visitor attendance, promotional efforts, infrastructure needs, status of bond projects), (ii) role the park should play in the immediate community and the region, (iii) park’s potential as an upscale, distinctive state park, and (iv) essential elements which make a “resort” or upscale park an economically viable enterprise.

#### **A. DOUTHAT STATE PARK AND ITS OPERATION**

Douthat was one of the original six parks in the Virginia park system established in 1936. The park encompasses 4,500 acres that includes a 50-acre lake which provides opportunities for boating, swimming and fishing. Cabins were developed and designed under the auspices of the National Park Service, in conjunction with the Civilian Conservation Corps. The park’s cabins vary in design and were used as models for park cabins constructed throughout the country. In 1986, the park received national historic designation and is being managed in a way to preserve this historic legacy. There are restrictions on development within the historic portion of the park, but outside this district there is the opportunity for further development within the existing park boundaries. The park has several concession/rental operations, including the beach, food and beverage sales at the beach, restaurant, campstore, camping facilities, 30 winterized cabins, and the lodges (Douthat and Creasy).

Attendance at Douthat during the early 1990s declined, but beginning in 1995, the downward trend was reversed. The number of visitors over the period were:

1991 -- 134,500  
1992 -- 129,500  
1993 -- 124,284  
1994 -- 101,719  
1995 -- 154,335  
1996 -- 175,915

One possible factor in the relatively low attendance number, according to Joe Elton, Director of the Division of State Parks, may have been the bond construction projects, which may have deterred people from visiting a facility that was under construction and renovation. The recent increase in attendance is due, in large measure, to the instituting of an extended season and a two-year advertising campaign with the Virginia Association of Broadcasters, for which the state has expended \$100,000 and the Broadcasters Association has contributed \$200,000 worth of coverage. The goal at Douthat is to increase off-season attendance through better marketing.

According to Mr. Elton, the park has been operating with a core staff of six full-time classified positions (park manager senior, assistant park manager, chief ranger, two park rangers and a program support technician). The technician position is vacant. This level of staffing has been in place since the mid-1980s. The responsibilities of the park manager, assistant park manager and chief ranger have also included law enforcement for which they are required to attend an 11-week basic training program similar to the one offered to police officers. The authorized staff level for wage employees totals 57. Thirty wage positions are designated for concessions staff with 15 of these positions currently filled. Twenty-seven positions have been allocated for maintenance and operations rangers, of which 17 were filled at the time of the subcommittee's study. Concession staffing needs include a restaurant manager, campstore/boathouse manager, snack bar assistant, cooks, 12 food servers, and two additional lifeguards. Maintenance and additional construction projects will require hiring, on a short-term basis, carpenters, carpenter supervisors, electricians and a master plasterer.

The park system receives approximately \$2 million from the general fund and generates about \$5 million in revenue from its \$15 million operation. Every dollar that is generated by the parks remains in the parks and is expended for maintenance, operations, the reservation system, and new equipment. Excluding salaries and benefits of classified employees, the operating budget has not increased significantly for Douthat, only recently (FY 1996) exceeding the park's budget of a decade ago. In FY 1988, the operating budget was \$206,000 and declined to a decade low of \$173,763 in FY 1992, gradually increasing to \$310,789 in FY 1996. Conversely, park-generated revenue has increased over the decade from a low \$99,000 in FY 1988 to \$419,445 in FY 1996. During the last two years there has been a significant increase in revenues, due in part to two factors. Through the 1994 season, the park had been open only six months; the recent winterization of the park's cabins has enabled officials to extend the season from March 1 to the first week of December. A second factor was the increase in the 1996 park fees as a result of the imposition of a market-based fee structure. After examining a fee model

developed by the U.S. Forest Service in which a park's fee structure is tailored to the local community market, state park officials scrapped the previous uniform systems of fees and has instituted park-specific fees. This resulted in the increase of revenues from fees at Douthat.

## **B. CURRENT FACILITIES AND INFRASTRUCTURE NEEDS**

Before examining whether it is feasible to transform Douthat into a regional, multi-purpose recreational facility, the subcommittee sought to determine the current condition of the park's facilities and infrastructure (water, sewer, roads, etc.). If the park is going to meet the needs of an increasing visitor population and become an attractive investment opportunity for private developers, it is important that the state complete the upgrading of the park. At the request of the subcommittee, Forest Gladden, park manager, and Joe Elton, described the status of the bond projects and the capital improvement program.

Of the \$95 million in recreational projects approved by 1992 bond issue, approximately \$6 million was allocated for 15 projects at Douthat (Appendix B). Three of these (dam reconstruction, underground electrical lines, and water system) represent about two-thirds of the park's bond allocation. Of the \$6 million, approximately \$1.5 million had been expended as of June 1, 1996, according to figures presented by the Design and Construction Section of the Department of Conservation and Recreation. The agency-imposed deadline for completion of all bond projects is December 1998. During its deliberations, the subcommittee was informed that the following bond projects have been completed:

- Underground electrical lines installation;
- Initial upgrading of most cabins;
- Heating, ventilation and air conditioning (HVAC) systems installation; and
- Camp Douthat (upper picnic area and replacement and repair of siding).

Apart from the bond projects, state park officials have instituted a capital improvement program for Virginia parks. A list of maintenance reserve projects has been developed, and \$1.4 million has been allocated for these projects statewide, with the expectation that during the year the figure may reach \$1.65 million. Maintenance reserve projects are typically large in scale, and are paid for with revenue generated from park operations (parking, concessions, etc.) which has totaled system-wide between \$4 million and \$5 million annually. Two such projects are planned for Douthat. One project is completing replacement of the park's water line at a cost of approximately \$519,000. This would be done in conjunction with the \$493,000 bond project for the development of a new water system. The final design of the system is the subject of continual discussions between Alleghany County and state officials. Among the decisions that the state has to make are whether it should continue to operate its own system or come under the county's system, and whether the system that is ultimately developed should have enough capacity to allow future growth of the park. Regardless of this decision, the water lines in the park need to be replaced because of their age (constructed in 1936) and their state of disrepair. The second project involves the heating and cooling of the restaurant, and includes the replacement of windows; installation of insulation, a heating system for the restaurant so the

restaurant's operation can be extended for a longer season, and heating and air conditioning for the kitchen; and enclosure of the restaurant's porch with windows; \$140,000 remains to be spent on this project.

The maintenance reserve critical list for the future (next fiscal year) includes two projects for Douthat: (i) \$100,000 upgrade to the restaurant's septic system and (ii) \$40,000 upgrade of the dump station drainfield. Since the drainfield is the only system in the park for disposing sewage, any proposed future development of the park would require the replacement of the current onsite disposal system which is limited in its capacity to treat increased quantities of wastewater with a more expensive treatment system. In addition, the subcommittee believes that any upgrade of the park's facilities and infrastructure should also include 1.5 miles of road improvements at an estimated cost of \$400,000 -- \$450,000 per mile.

In 1996, \$61,000 was allocated for preventive maintenance projects including the various painting projects, refurbishing of siding and cabins and annual pest control contract. This figure is three times greater than had been budgeted for these activities over the previous five years. The strategy is to have a preventive maintenance program that addresses park needs on an ongoing basis, thereby reducing the number of projects that have to be placed on the maintenance reserve list. Other maintenance allocations include approximately \$40,000 for equipment replacement, including the replacement of one park, motor-pool vehicle with a vehicle having a law-enforcement package (approximately \$27,000), and the purchase of additional snow removal equipment.

Mr. Elton attributed the delay in completing the bond projects to the large number of system-wide projects (210). Although each project averages less than \$250,000, it has to go through the same checks and balances of the capital outlay program that a \$10 million educational bond project undergoes. He suggested that some of the bureaucratic red tape be eliminated and that the possibility of grouping projects be considered. The fault does not lie with park staff, but with the inability to fund needed operational costs, according to Mr. Elton. With all the new bond-related construction, the refurbishing of old facilities, the acquisition of four new parks, the operation of a new park via a public/private partnership, and the on-site security requirements of all newly acquired natural areas, there has not been a commensurate increase in operational funds, including staffing. The park system has tried to bridge the gap by the use of inmate labor, the national guard and volunteers.

### **C. DOUTHAT'S POTENTIAL ROLE IN THE COMMUNITY**

The subcommittee sought testimony from a wide range of community leaders as to what role the park should play in the community. There was consensus among local government officials from Bath County, Alleghany County, and the Cities of Covington and Clifton Forge, and representatives of the local YMCA, chambers of commerce and the economic development authority that, with the proper marketing and promotion as well as an upgrading of the park's facilities, Douthat could become a regional (i) center for meetings and events and (ii) recreational

attraction generating significant revenue for the local economy. In addition, the speakers made specific observations and recommendations which have been grouped in the following areas:

Enhancing the park's activities and programs

- Examine opportunities for public and private sector investment;
- Encourage people to continue visiting Douthat, by adding more year-round cabins; bike paths throughout the park; more facilities for RV-type camping; a wider range of recreational activities within the park such as a state-of-the art wildlife science center which emphasizes the natural animal and plant habitat of the region; a mini-conference center for meetings; small shops and eateries within the park that blend with the heritage and tradition of the region; and an outdoor amphitheater for special events and entertainment;
- Provide more extensive programming such as festivals, arts and crafts shows, and fishing tournaments with the Department of Game and Inland Fisheries stocking citation trout;
- Expand use of the amphitheater similarly to what is being done at Natural Chimneys with the scheduling of concerts, programs and plays using local talent;
- Establish a partnership with the YMCA in which the “Y” would develop an extensive year-round program for the youth of the area and operate the beachfront. This would entail having a full-time director who would develop and schedule day camps and environmental education and evening programs both for youths from the community as well as those visiting the park. Not only would such agreement cover programming, but also the operation of beach-related concessions;
- Develop a horse trail that links state and federal recreational and forest areas;
- Establish a full-time position for a park program manager who would work with the regional chambers of commerce, economic development organizations, local governments, and travelers and visitors bureaus to investigate ways to increase regional utilization of the park for such activities as festivals, special events, musical concerts, and other special attractions;
- Avoid commercialization of Douthat. If development is undertaken and a lodge and swimming pool are built, be sure the design is consistent with its current landscape and environment (historic designation). A lodge could provide year-round activities including winter hiking, cross-country skiing, hunting, fishing and conferences;
- Consider possible development of Douthat into an interstate park; Breaks Interstate Parks could be a model;



### Marketing and promotion of the park

- The state (e.g., the Division of State Parks and Department of Tourism) and the localities surrounding Douthat should devote more resources for marketing the park and the region both throughout Virginia and in neighboring states and more effectively coordinating their advertising and marketing strategies;
- A partnership should be developed with individuals and organizations that offer activities outside the confines of the park highlighting the local culture;
- Funding should be sought from the General Assembly for a 24-month pilot project to determine how a full-time marketing director could increase park usage and provide greater opportunities for generating park revenue;
- To market Douthat and increase attendance at the park, there should be (i) proper allocation of funds for general maintenance and capital improvement in order to meet current needs, (ii) proper signage, and (iii) clean facilities;
- The current marketing campaign for parks should continue beyond the celebration of the 60<sup>th</sup> anniversary of the Virginia state park system;
- The state should establish a regional visitors center within the park or in proximity to the park;
- Legislation should be introduced that declares I-64 from the West Virginia state line to the I-81 intersection at Lexington the “Douthat Parkway;”
- The current state highway map under the recreational heading does not mention any Virginia parks by name; Douthat should be included under this heading; and
- Institute reduced rates for senior citizens.

### Upgrading infrastructure

- The state should complete the upgrading of the park’s infrastructure; and
- Investment in the infrastructure of Douthat should be comparable to the investment made by the General Assembly in industrial parks for Southwest Virginia.

#### **D. PROMOTION AND MARKETING OF DOUTHAT**

Having reviewed Douthat's visitor attendance figures and in light of the local officials' recommendations that more resources be committed to promoting Virginia's parks, the subcommittee asked Pat McMahon, Director of the Virginia Tourism Corporation, to discuss the Corporation's efforts to promote and market Virginia's parks and Douthat in particular. The Virginia Tourism Corporation is a non-stock, non-profit corporation, created as part of a recent reorganization of the Commonwealth's economic development and tourism activities. Under the authorizing legislation, the corporation has more flexibility in marketing the state's attractions nationally and internationally. While his organization operates under specific rules and procedures, it no longer has to follow certain mandates (e.g., procurement system procedures) associated with being a state agency.

Based on a national model which measures the impact of tourism, about 25 percent of the sales taxes generated in Virginia comes from people (52 million) traveling 100 miles or more. Of these, about 85 percent are traveling here from outside the state. At the same time, about 30 percent of Virginia leisure travel is within this state. So Virginia benefits from both in-state residents and out-of-state visitors traveling throughout Virginia. However, the majority of his organization's efforts are directed outside of Virginia. Over the last several years, a strategy has been developed in which the state has put much of its money into advertising and sales promotion. This is publicity which a particular attraction could not afford without state supported advertising. For instance, his organization has placed \$40,000 full-page ads in national publications like Southern Living, Outdoor Magazine, and Backpacker. The state has budgeted \$150,000 for this type of advertising.

The Virginia Tourism Corporation, together with the private sector, has produced 700,000 copies of a high quality travel guide book. Because of the importance of state parks, the travel book will include a section on Virginia's outdoor experiences with one page providing information on Virginia's state and federal parks, wildlife preserves and other outdoor recreational opportunities. Within each one of the regional sections, there is a listing of each state park. For those who inquire about a specific activity, additional material, such as Virginia state parks brochures, boating access guides, and fishing guides, would be included in the packet of materials provided to them.

According to Mr. McMahon, research has indicated that Virginia's outdoor adventure activities should bring more people to Virginia. The state recently dedicated \$1 million to advertising outdoor recreation. In the spring, two ads will specifically highlight the outdoor experience. In the newly-edited travel book, there will be a more extensive insert on Virginia's state parks, and one of the features of the insert will be the lake at Douthat. All the material is provided to the 10 local welcome centers and 45 information centers. Representatives of the state's recreational industry as well as officials from the Division of State Parks, the Department of Game and Inland Fisheries, the Virginia Marine Resources Commission's saltwater fishing program, and the U. S. Forest Service, plan to attend 17 travel shows promoting outdoor adventure activities.

In an effort to reach as many travelers as possible, the state, in conjunction with VPI-SU, is creating a tourism Internet home page, a destination web site which will contain 6,500 pages. Within the home page a person can visit a number of sites to obtain information on state parks or directly access data about a specific state park. There is one page devoted to Douthat.

Mr. McMahon noted that, based on his organization's experience, state parks are viewed as recreational areas for state residents, and these are the people who contact his agency. However, there is a potential market represented by RV travelers, mountain bikers, and hikers who are looking for new recreational opportunities. Specifically, with respect to Douthat and the surrounding communities, according to Mr. McMahon, one of the major stumbling blocks to bringing people to the region is the lack of a tourism/convention bureau devoted to promoting the area. Through the state's new accreditation program, his organization is attempting to help communities understand what has to be done to compete in the marketplace. He suggested that any promotion should include both the park and the larger community, with the park serving as the site of the various activities. For instance, summer festivals, fishing contests, mountain biking have been very successful events in other regions. In fact, the Homestead has discussed with state officials the possibility of promoting a 100-mile mountain biking race. The park could be a major venue for such an event. His organization is very interested in promoting this type of event, but, such an event will require community involvement in planning such events because park staff would not be able to devote the time necessary. Once the community develops a tourism plan, the state will provide the marketing and promotion for the various events. In an effort to further assist communities in promoting tourism, Mr. McMahon stated that his organization and its parent agency, the Virginia Economic Development Partnership, are examining projects being developed by communities which can be recommended to the Governor's Opportunity Fund.

## **E. KENTUCKY'S RESORT PARKS**

The Commonwealth of Kentucky is an example of a state that has developed a park system that includes both rustic parks, with their passive recreational opportunities similar to those in Virginia, and the more upscale resort state parks. Mr. Jim Goodman, Director of the Division of Resort Parks for Kentucky was invited to discuss his state's experience with resort parks. The Kentucky state park system consists of 49 parks, 15 of which are resort parks with the sixteenth under development. The new resort park will be the first one that has been developed in 15 years. Mr. Goodman characterized his department as "a state agency that does hotel business." Because of this business perspective, the state park system is under the Secretary of Tourism and not under the Secretary of Natural Resources as is the case in Virginia.

The Kentucky park system was developed with the idea that the parks would be an economic catalyst for economic development and provide employment for local residents. Consequently, a lot of the parks were built in areas of high unemployment. The operational budget for the entire park system is \$65 million. The parks generate \$43 million in sales with the General Assembly

subsidizing the remaining \$22 million annually. The state park system is about 65 percent self-supporting. There are 950 permanent full-time employees, 200 permanent part-time workers, and 1600 seasonal employees. Most of the lodges in the parks were built between 1960 and 1971, a period of time during which federal moneys were available to the states for the development of such facilities.

During the last fiscal year , the 15 resort parks generated \$33.5 in net sales while expending \$41.4 million. These parks offer recreational opportunities ranging from the types found at Douthat to an 18-hole golf course, a 300-slip marina, a 250-site camping area, an entertainment and meeting facility which seats 1,000, and a 75-room lodge. Resort parks have had mixed results in Kentucky. Describing an instance in which the presence of a resort park has had a beneficial economic impact, Mr. Goodman noted that a county (Powell County in southern Kentucky) in which the resort park was located generated approximately \$6 million more in tourism than the adjacent county which had no resort park. On the other hand, resort parks have not been as successful as originally hoped. In the 1960s, it was thought that if you sited a resort park in a rural area, private developments would occur generating jobs and additional revenue. That has only happened with respect to the larger parks. He emphasized there was little financial incentive for private developments at the smaller parks. Mr. Goodman, in examining the Douthat situation, indicated that a number of issues should be addressed before considering whether to convert Douthat to a multi-purpose, resort-style park. First, there was a need to upgrade the park's infrastructure such as roads, and the sewer and water systems. Second, successful resort parks have one of the following three elements:

1. A substantial natural attraction - An example of this in Kentucky is Cumberland Falls Resort Park which has the largest waterfall east of the Mississippi, except for Niagara Falls. This park has no golf course or other man-made attraction;
2. A large body of water - in excess of 2,500 acres; or
3. A significant man-made amenity such as a championship golf course.

Kentucky's most successful parks have two of these elements. Four parks abut large bodies of water, three others have golf courses and two have natural attractions. The unsuccessful resort parks in Kentucky have none of these elements. Noting that there has to be a reason for travelers to come to a park and without a significant attraction (man-made or natural), he suggested that the construction of a 45 to 50-room lodge would be a questionable economic investment. The presence of a lodge that is a net revenue generator is crucial since parks make money from the sale of rooms. Dining room sales or gift shop sales alone will not support a park's operation. Mr. Goodman concluded his testimony by cautioning the subcommittee that the construction of a 45 to 50-room lodge at Douthat as recommended by Laventhol & Horwath may not be economically prudent for a number of reasons: the need to expend in excess of \$2 million to upgrade infrastructure and the economies of scale involved in building a small lodge would not allow the agency to recover its investment; a private developer will not engage in any venture without the state's assistance with the costs of infrastructure, regardless of the scope of the

project; and the park must be a destination park to which people will be willing to travel. Douthat, lacking a significant natural attraction, would have to feature a man-made attraction such as a golf course and then market Douthat as a destination park. In Kentucky this has been difficult because it is not politically popular to spend the taxpayer's money on facilities such as golf courses.

#### IV. FINDINGS AND RECOMMENDATIONS

Douthat State Park is in the midst of a major construction program to refurbish the park. Until this is completed and programs have been developed that will attract more visitors to the park, the subcommittee believes it is premature to begin to expand offerings with the park to include such amenities as a resort-style lodge and convention center, an 18-hole golf course, an outdoor swimming pool, or tennis courts. Rather, an immediate priority should be the upgrading of the current park site; until this is completed, it is doubtful whether the park will reach its full potential and attract visitors from outside the immediate region.

To increase the public's awareness of the location of Douthat and to give it more visibility, the subcommittee recommends:

Recommendation #1: That the General Assembly enact legislation to designate Virginia Route 629 between Interstate Route 64 and Virginia Route 39 as a Virginia byway (Appendix C). This route currently goes through the park.. With such a designation, the road would be included in the Commonwealth's byways map.

Recommendation #2: That the General Assembly enact legislation designating the portion of Interstate Route 64 between the Virginia/West Virginia boundary to the junction at the intersection of Interstate Route 64 and Interstate Route 81 the "Douthat State Park Way" (Appendix D). The Department of Transportation should place and maintain appropriate markers indicating the designation of this highway.

Once a traveler arrives at the park, he should be able to enjoy a wide range of recreational activities. Currently this is not the case. Because of the demands placed upon the staff to manage bond projects and a major construction program, little time can be devoted to developing visitor programs. However, several new developments suggest that there are more resources committed to the programming of park activities. Mr. Elton informed the subcommittee that he and Superintendent Gladden recognize the need for outdoor adventure programs. Such activities could be offered in conjunction with private concessions as was the case several years ago, when the park offered a popular horse-riding program which took visitors over 40 miles of trails. The subcommittee agrees with Mr. Elton and hopes that every effort will be made to develop similar types of adventure programs. Other parks provide such partnerships with the community. The four-day birding festival at Keptopeke attracts thousands of visitors, the Pork, Peanut and Pine Festival at Chippokes, the Wayne Henderson Folk Musical Festival at Grayson-Highlands, various boating festivals at Leesylvania and Lake Anna, and fishing tournaments held at a

number of state parks have generated increased attendance and significant revenue for the parks and businesses within the community.

The subcommittee received testimony from a number of individuals who provided specific examples of activities that, working with the private sector, could be incorporated into a recreational program at Douthat. Mr. McMahon offered to discuss with representatives of the Homestead Resort the development of a partnership with the park to promote the park as a venue for mountain bike races and upscale fishing tournaments. The YMCA has expressed an interest in negotiating an agreement with the park to manage the beach and beachfront concessions, as well as jointly develop and sponsor a park community activities program. The cultivation of these types of relationships represent an opportunity to offer a wide range of activities that should be fully explored.

To assist Douthat and other parks in providing a more extensive program of activities, the Division of State Parks has recently established six district visitor services program managers. These managers will work with the parks in their efforts to coordinate volunteer programs and assist in the development of park concessions. The manager for the district in which Douthat is located will work out of the Douthat superintendent's office. This again presents the park with an opportunity to expand its program offerings.

The lake at Douthat has been the centerpiece of much of the activity in the park. The allure of a lake stocked with trout has over decades attracted large numbers of fishermen to the park. However, recent storms have highlighted the potential impact of siltation to the lake, its water quality and fishery. The threat of siltation as documented in 1988 by the VPI-SU study of Douthat which, at that time, expressed the concern that "the productivity and life of the reservoir at Douthat is limited by ongoing sedimentation processes." Today, according to testimony, the north end of the lake is experiencing high levels of siltation. In order to continue to attract fisherman and others who enjoy water-related sports such as swimming and boating, the vitality of the lake must be preserved. Estimates provided by the Design and Construction Section of the Department of Conservation and Recreation indicate that the cost of dredging three feet deep will be \$442,796. This is broken down as follows:

Mobilization	\$8,500
Dredging (24,200 yards @ \$6.50/yard)	\$157,300
Hauling (24,200 yards @ \$9.38/yard)	\$226,996
Temporary road construction and removal	\$ 50,000
Total	\$442,796

The subcommittee believes that there may be an opportunity to reduce the hauling costs by locating a spoils site closer to the park. Thus the subcommittee recommends:

Recommendation #3: That a capital budget amendment to the Appropriations Act be approved in an amount not to exceed \$450,000 for the dredging of Douthat Lake. The dredging should

occur at the time of the reconstruction of the dam at the lake and when the lake's waters are being drawn down.

Although the subcommittee believes much work remains to be done if Douthat is going to provide a high quality recreational experience for those visiting the park, we recognize that there are those in the community who have expressed an interest in converting Douthat to an upscale, multi-purpose recreational facility. It is important that these individuals demonstrate their commitment to such an effort. Without such a demonstration, it will be difficult to convince government and the private sector of the relative merit of such a project. One indication of the community's commitment could be the creation of a private tax exempt foundation that would seek funds from public and private sources to promote and assist in financing the expansion of Douthat State Park. The success of the foundation in raising funds, as well as obtaining commitments from private entrepreneurs to consider investment opportunities within the park, might provide the impetus for further financial involvement by the General Assembly. The subcommittee encourages organizations to support Douthat State Park by consolidating their efforts to create a foundation whose purpose would be to raise funds to improve the park's infrastructure and expand its recreational opportunities. If the park is to fulfill the vision of some as the center of community activity and the catalyst for economic development in the region, it will take a strong commitment from local community leaders, government and the private sector.

Respectfully submitted,

Senator Malfourd W. Trumbo, Chairman  
Delegate R. Creigh Deeds, Vice Chairman  
Senator Emmett W. Hanger, Jr.  
Senator Kevin G. Miller  
Delegate Watkins M. Abbitt, Jr.  
Delegate David G. Brickley  
Delegate Joyce K. Crouch  
Thomas P. Dean  
Edward W. Gibson, Jr.  
Douglas P. Hirsh  
John G. Sanders  
John J. Williams

## **APPENDICES**





1996 SESSION  
ENGROSSED

Appendix A

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**SENATE JOINT RESOLUTION NO. 54**  
Senate Amendments in [ ] — February 13, 1996

*Establishing a joint subcommittee to study the feasibility of developing Douthat State Park into a regional, multi-purpose, recreational facility.*

Patrons—Trumbo; Delegate: Deeds

Referred to the Committee on Rules

WHEREAS, the Alleghany Highlands Region, which includes the County of Alleghany and the City of Clifton Forge, has embarked upon an aggressive approach to economic development; and

WHEREAS, the Region's economic development program includes all facets of industrial and service sector development, each aimed at enhancing employment opportunities within the region; and

WHEREAS, the successful recruitment of new investment must include a comprehensive analysis of quality of life characteristics within the community; and

WHEREAS, Douthat State Park, within the Alleghany Highlands, has played a central role in the life of the surrounding region; now, therefore, be it

RESOLVED by the Senate, the House of Delegates concurring, That a joint subcommittee be established to study the feasibility of developing Douthat State Park into a regional, multi-purpose, recreational facility. The joint subcommittee shall examine ways to (i) convert the park to a multi-purpose facility offering golf, horseback riding, enhanced and expanded food and lodging, and other alternative recreational programs, and (ii) attract visitors, and meet the conference and meeting needs of existing and touring organizations. The study should also analyze the possibility of offering such services [ , except for relinquishment of ownership, ] through privatization and creative public-private partnerships.

The joint subcommittee shall be composed of twelve members as follows: three members of the Senate to be appointed by the Senate Committee on Privileges and Elections; four members of the House of Delegates to be appointed by the Speaker of the House; and five citizen members representing the Alleghany Highlands Region, two to be appointed by the Senate Committee on Privileges and Elections and three to be appointed by the Speaker of the House.

The direct costs of this study shall not exceed \$6,200.

The Division of Legislative Services shall provide staff support for the study. All agencies of the Commonwealth shall provide assistance to the joint subcommittee, upon request.

The joint subcommittee shall complete its work in time to submit its findings and recommendations to the Governor and the 1997 Session of the General Assembly as provided in the procedures of the Division of Legislative Automated Systems for processing legislative documents.

Implementation of this resolution is subject to subsequent approval and certification by the Joint Rules Committee. The Committee may withhold expenditures or delay the period for the conduct of the study.

Official Use By Clerks

**Passed By The Senate**

- without amendment
- with amendment
- substitute
- substitute w/amdt

Date: \_\_\_\_\_

\_\_\_\_\_  
Clerk of the Senate

**Passed By**

**The House of Delegates**

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Date: \_\_\_\_\_

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Clerk of the House of Delegates

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## Appendix B

DEPARTMENT OF CONSERVATION AND RECREATION  
 DIVISION OF POLICY, PLANNING & RECREATION RESOURCES  
 DESIGN AND CONSTRUCTION SECTION

Note: \*Expended to Date includes Outstanding Obligations

Print Date:  
 10-Jul-98

BOND PROJECT STATUS LISTING FOR DOUTHAT

Project Name	Project Number	Cost Code	Total Proj Budget	Expended as of 6-1-98*	CURRENT STATUS & COMMENTS as of June 15, 1998	Completion Date	Work Performed By
Paving Improvements	13903 10	D32	181,000	1,482	Working with park to define scope (meeting early July).	10/96	VDOT
Water & Electrical Hookups	13903 02	D33	162,000	46,089	PCA material on-site; work postponed by park until fall.	12/96	Park
Water System	13908 15	D50	500,000	1,525	Water study complete/evaluating options. (Work outside of park.)	11/98	GC
Underground Electric	13908 03	D51	875,000	855,857	Complete. Dispose of transformers.	5/94	GC
Dam Reconstruction	14890 01	E05	2,691,000	33,442	A/E fee negotiations underway. (Rust Engineering)	12/97	GC
Fishing Bank Stabilization	15209 06	E15	50,000	500	PCA in process - work postponed by park until fall.	4/97	Park
New Visitor Center Exhibits	15209 46	E16	150,000	1,388	Under contract to Va.Mus.Nat.History-work to begin late 1996	9/97	GC
Picnic Area Improvement	15209 06	E17	150,000	139,026	PCA - 95% complete.	7/96	Park
Amphitheater	15209 06	E18	77,000	1,332	PCA in process by 6/96 - work postponed by park until fall.	4/97	Park
Ren. Visitor Center & Conference Ctr	15209 06	E19	400,000	40,224	A/E negotiation 90%; Schematic 100%. (In house.)	3/97	GC/Park
Renovate Campground	15209 06	E20	82,071	82,083	Closed out.	5/95	Park
Interpretive Wayside	15209 06	E21	175,000	40,720	Will write PCA by 7/96. Need sheller AARB approved.	2/97	Park
Upgrade Cabin Site	15209 06	E22	100,000	653	Will write PCA by 6/96.	2/98	Park
Handicapped Accessibility	15217	E83	43,393	2,603	A/E negotiations for Feasibility Study 6/96.	6/98	GC
Cabins Year Round Use-HVAC	15304 02	F50	359,000	269,749	Complete - CO-14 at Finance.	6/94	GC
	<b>Total</b>		<b>5,995,464</b>	<b>1,516,671</b>			



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**SENATE BILL NO. 868**

Offered January 14, 1997

*A BILL to designate a portion of Virginia Route 629 a Virginia byway.*

Patrons—Trumbo, Hanger and Miller, K.G.; Delegates: Brickley, Crouch and Deeds

Referred to the Committee on Transportation

**Be it enacted by the General Assembly of Virginia:**

- 10 1. § 1. Notwithstanding § 33.1-62 of the Code of Virginia, that portion of Virginia Route 629 between
- 11 Interstate Route 64 and Virginia Route 39 shall be considered a Virginia byway.

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SB868

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1997 SESSION

Appendix D

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**SENATE BILL NO. 864**

Offered January 14, 1997

*A BILL to designate a portion of Interstate Route 64 the "DOUTHAT STATE PARK WAY."*

Patrons—Trumbo, Hanger and Miller, K.G.; Delegates: Abbitt, Brickley, Crouch and Deeds

Referred to the Committee on Transportation

**Be it enacted by the General Assembly of Virginia:**

10 1. § 1. *That portion of Interstate Route 64 between the Virginia/West Virginia boundary and the*  
11 *intersection of Interstate Route 64 and Interstate Route 81 is hereby designated the "DOUTHAT*  
12 *STATE PARK WAY." The Department of Transportation shall place and maintain appropriate*  
13 *markers indicating the designation of this highway. This designation shall not affect any other*  
14 *designation heretofore or hereafter applied to this highway or any portions thereof.*

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SB864

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