

**REPORT PREPARED BY THE VIRGINIA DEPARTMENT OF
CONSERVATION AND RECREATION**

**STATUS REPORT ON GRAND
CAVERNS PARK TRANSFER TO
THE DEPARTMENT OF
CONSERVATION AND
RECREATION**



**COMMONWEALTH OF VIRGINIA
RICHMOND
SEPTEMBER 2008**

L. Preston Bryant, Jr.
Secretary of Natural
Resources



Joseph H. Maroon
Director

COMMONWEALTH of VIRGINIA
DEPARTMENT OF CONSERVATION AND RECREATION

203 Governor Street
Richmond, Virginia 23219-2010
(804) 786-6124

September 2, 2008

The Honorable Charles J. Colgan, Sr.
Chairman, Senate Finance Committee
General Assembly Building
Room 626
Richmond, Virginia 23219

The Honorable Lacey E. Putney
Chairman, House Appropriations Committee
General Assembly Building
Room 947
Richmond, Virginia 23219

Dear Senator Colgan and Delegate Putney:

As requested in Item 362 of the 2008 Appropriations Act, the Department of Conservation and Recreation (DCR) has prepared the attached report on actions it has taken with respect to the future transfer of the Grand Caverns Regional Park to DCR for operation as a state park.

This report reviews the history of the transfer proposal since it was first addressed in Senate Document No. 23 prepared for the 2000 Session of the General Assembly. Specifics are provided within the report on steps taken by both the Virginia Department of Conservation and Recreation and the Upper Valley Regional Park Authority in the intervening eight years.

The primary impediment to the state assuming ownership and management of Grand Caverns has been lack of funding for immediate and necessary capital facility upgrades and park operation as well as lack of funding to acquire the approximately 500 acres of additional land needed to bring the site up to the preferred state park minimum acreage of 600 acres. The total cost for facility upgrades/replacements and the additional land acquisition is estimated at \$7.5 to \$8.5 million. In addition, the operating cost of the site as a state park, once transferred, is estimated at \$580,000 annually, plus one-time start-up cost of \$261,000.

*State Parks • Soil and Water Conservation • Natural Heritage • Outdoor Recreation Planning
Chesapeake Bay Local Assistance • Dam Safety and Floodplain Management • Land Conservation*

A second consideration for the Commonwealth is the renewed opposition to the transfer by several private cavern owners. Their objections are outlined in the report.

In recent meetings with the Upper Valley Regional Park Authority, they have reiterated their desire to give this site to the state and have also indicated a willingness of the four localities that make up the Authority to cover a portion of the operational cost for the first four years. Resolutions passed by three of the four localities at the time of this report have been made available to the Department and are mentioned in the report.

DCR reaffirms its position that the cavern site has significant conservation and natural resource value. The transfer of the property to the Commonwealth would be a positive addition to the state park system. While the site has the potential to become a future state park, the “how” and “when” of the necessary funding remain unresolved and the Department advises against the transfer until the funding is provided as there will be immediate disruptions in service to the public once the transfer occurs in order to bring the park facilities up to state standards. In this regard, Grand Caverns is unlike other lands the agency has acquired recently for future state parks which were undeveloped and land banked until development and operating funds could be appropriated.

Respectfully submitted,



Joseph H. Maroon
Director

cc: The Honorable L. Preston Bryant, Jr., Secretary of Natural Resources
The Honorable R. Steven Landes
The Honorable Emmett W. Hanger, Jr.
Clyde Cristman, Legislative Analyst, Senate Finance Committee
Paul Van Lenten, Jr., Legislative Fiscal Analyst, House Appropriations Committee

Introduction

The 2008 General Assembly provided the following direction to the Department of Conservation and Recreation (DCR):

*The Department of Conservation and Recreation shall report to the Chairmen of the House Appropriations and Senate Finance Committees by September 1, 2008, the steps it has taken to secure the transfer of the property known as Grand Caverns Park from the Upper Valley Regional Park Authority and what activities it has taken to demolish any substandard structures on the property or to enhance the number of visitors to the Grand Caverns. **ITEM 362.***

The following information addresses this request by reviewing the previous studies and actions taken by the Department over the past nine years since it was first proposed for DCR to take over Grand Caverns Park.

History/Value

The possible transfer of the Caverns to the Department has been under discussion since 1999 when DCR was first requested by the General Assembly to study the feasibility of including both Grand Caverns and Natural Chimneys Regional Parks into the state park system. These parks are both located in Augusta County, Virginia, and are operated by the Upper Valley Regional Park Authority (UVRPA). (The UVRPA is made up of the counties of Augusta and Rockingham and the Cities of Staunton and Harrisonburg..) The impetus for the initial study was the desire of the member jurisdictions to dissolve the Park Authority and transfer what was felt to be significant natural, cultural and recreational resources to the state park system for their protection, operation and management.

While that initial study noted that both parks could become components of the state park system, it pointed out that significant acreage would need to be acquired to bring them up to the minimal state park standard of 600 acres and that both parks would require significant capital improvements in order to meet state operational standards. In addition, funding for staffing would also need to be provided. The 1999 study placed cost for upgrading the two parks' facilities at \$7.5 million, additional land acquisition at \$1.5 million, and annual staffing and operational costs at \$850,000. No action was taken by the General Assembly on the study or on funding the transfer.

In 2003 the General Assembly requested that the Upper Valley Regional Park Authority, with assistance from DCR, prepare a plan for the transfer of the parks to DCR. This was duly completed by the Authority and given to the Secretary of Natural Resources and the Chairmen of the House Appropriations Committee and the Senate Finance Committee in October of 2003. The plan set up a proposal for a transfer process beginning in FY 2004 and concluding with the complete transfer of the parks to DCR by the end of FY 2008. There were two key components. The first was to involve the purchase of the parks by the state for \$3 million in the first year of the process. The second was that during the first three years, the Park Authority would continue to operate the sites but by the end of year four of the transfer process, all operational costs and

staff management would be DCR's. In addition, during years three and four, the plan called for the state to provide \$2.2 million a year to complete facility upgrades. However, no action was taken to fund the implementation of this proposal, and the parks continue under the operation and management of the Upper Valley Regional Park Authority.

In 2004 further discussions were held between DCR and the Park Authority on what could be done to execute the transfer and reduce the associated cost to the Commonwealth. A key element of this discussion was which of the two park sites, Grand Caverns or Natural Chimneys, would be best suited as a potential state park. As a result of these discussions and site visits with members of the General Assembly, it was determined that the Grand Caverns property was the most suitable for transfer as a state park. The Natural Chimneys site was determined to be more of a local or regional facility, which potentially, could be taken over and managed by the Augusta County Park and Recreation Department.

The reasons for selecting the Grand Caverns as the best candidate for a state park were based primarily on the state and national value of the resource. Key reasons for its selection included:

- The Caverns were designated a National Natural Landmark in 1974.
- Grand Caverns is the oldest operating show cave in the United States.
- During the Civil War, the caves were used as a shelter/reprieve during a number of battles. There are confirmed signatures of civil war soldiers on rocks and formations within the cave.
- New sections of the cave have been discovered which extend far beyond the "show cave" and offer great educational, research and conservation value.
- The caves have been tied into the SOL program for both the Augusta County and the Rockingham County school systems.
- The cave contains rare, threatened and endangered species. This includes discoveries as recent as 2007 when a rare pseudoscorpion was first sighted.

The state did an updated cost analysis of transferring just Grand Caverns as a state park site. In early 2005, the upgrade cost for just the Caverns facilities was approximately \$5.5 million, plus an additional \$2 million for land acquisition to reach the 600-acre minimum. In addition, annual operating expenses would need to be considered and added into total costs. The cost estimates were based on closing, renovating or remodeling several existing facilities at the Park. The General Assembly in 2005 passed the following budget language authorizing the Director of DCR to accept Grand Caverns provided funding was made available.

F. The Director of the Department of Conservation and Recreation, at his discretion, is authorized to accept on behalf of the Commonwealth a gift of property known as Grand Caverns Park from the Upper Valley Regional Park Authority. This property is to be developed into a state park and the existing facilities are to be demolished or upgraded to the Division of State Parks' standards when a source of funding has been identified for these purposes. The Director is authorized to make the necessary upgrades to the park facilities to meet Division of State Parks' standards, as funding is available.

To date, no funding has been provided to DCR to proceed on the transfer, so the park has remained under the operation of the Park Authority.

Update/Status of Grand Caverns Transfer

Since 2005 no action has been taken by the Commonwealth to provide the necessary funding for DCR to be able to accept the Grand Caverns park site and incorporate it into the state park system. The site has continued to be operated under the management of the Upper Valley Regional Park Authority. Over the past two years, the Authority has made some beneficial repairs to the facilities (e.g., demolished one of the old buildings on the property that was no longer serviceable, repaired leaks in the roof of the administrative/office building, upgraded electrical service in the administrative/office building and approximately one-third of the cavern lighting system to current code, and re-roofed and repaired two of the five major picnic shelters in the park). Other key facilities are still in need of significant repair/reconstruction. Nearly all of the park's facilities were built in the 1970s and have reached their useful life expectancy. They will require major upgrades and renovations to bring them in line with current code requirements and state park operational standards.

In August 2008, the DCR Director and senior agency staff met with area legislators and representatives of the Regional Park Authority Board and revisited the transfer proposal. Staff also did a visual site assessment of the current condition of park facilities and updated the cost of making necessary repairs and upgrades to meet state park standards.

The recently revised cost estimate to upgrade the facilities to the desired Virginia State Park operational standards and to acquire additional land around the park is \$8.5 million. Of the total amount, the construction costs are estimated to be \$ 5.5 million. Part of the estimate contemplates eliminating the pool complex (which all have agreed is beyond repair) from the park, which significantly reduces the cost of the transfer. In addition, another \$3 million will be needed to acquire the additional land to bring the Caverns site to the 600-acre preferred minimum set for state parks. Thus the total sum needed for the state to accept Grand Caverns into the state park system would be \$8.5 million for development and acquisition. Additional operating cost would require a one-time expenditure of \$261,000 for equipment such as vehicles, mowers, etc.; and an additional \$580,000 annually for park staff salaries and operations. (Note that DCR has previously held \$ 1 million of the \$ 3 million needed from the 2002 State Parks and Natural Areas General Obligation Bond proceeds for initial land acquisitions at Grand Caverns. Should steps to transfer the Park not proceed by April 2009, DCR officials will release the funds for use in other acquisition priorities.)

A major consideration for DCR officials and the affected communities is that, should the transfer occur, DCR will need to shut down the facility until such time that the park is brought up to state operational standards. This would result in a disruption of service to the over 33,000 annual users of the park. Therefore, DCR does not plan to accept the transfer until state funding is provided so to minimize the park's closing.

The Park Authority representatives have recently stressed that they still want to transfer, at no cost, the Grand Caverns to the Commonwealth for a state park. They feel this is the best long term solution to the conservation and management of this significant natural and cultural resource. They also indicated that the localities that make up the Authority are not interested in maintaining their financial contribution for its operation into the future. The localities, Augusta County, Rockbridge County and the Cities of Harrisonburg and Staunton, have all developed their own park and recreation departments and view the Authority's operation of Grand Caverns and Natural Chimneys Regional Parks as not viable over the long term.). They did indicate, however, a willingness to continue to make a total contribution of \$350,000 to DCR over a four year period to help defray operational costs if the state took over full management of the park. This amount would decrease from a high of \$140,000 the first year to a low of \$40,000 in the fourth year. At the end of the transition period, the local contributions to DCR operating costs would cease. As of August 29, three of the four local governing bodies have passed resolutions approving turning Grand Caverns over to the state and providing the supplemental funding for four years, provided the transfer starts no later than July 1 of 2010. While this is a considerable commitment by the localities that make up UVRPA, the funding commitment is subject to the localities' budget processes and is not guaranteed. (The local resolutions are included in the Appendix to this report.)

Issue with Commercial Cavern Owners

Private cavern owners including the owners of Luray Caverns, Shenandoah Caverns, and Natural Bridge, along with some of their area legislators have recently rekindled their opposition to the state taking Grand Caverns into the state park system. While Grand Caverns has been owned and operated for decades as a public park, they feel making it a state park could greatly impact visitation at the private commercial caverns in the region. Their expressed concerns are primarily based on what they think the state might do regarding increased advertising and promotion of the site as a Virginia State Park. They fear that greatly increased visitation at this site could reduce the number of visitors at their tourism sites.

The Grand Caverns Park since 2002 has averaged about 21,000 paid cavern visits a year with a total park visitation of about 33,000 per year. It should be noted that, presently, the state does very limited special marketing of individual state parks and this site, if acquired, would be added to the list of offerings in Virginia State Park brochures and on the website. Also the state's focus for Grand Caverns would be on the conservation and educational aspects of the cavern, not on its commercial use or promotion. If the transfer should come to pass, the state needs to be aware of the concerns of other cavern operators in the area and address them appropriately. DCR has a demonstrated track record of successfully working with private sector competitors to the benefit of all and would strive to do so with private cavern owners and others should the funding necessary for the transfer of Grand Caverns be provided.

Phased Funding/Planning Scenario

The primary cost of achieving this transfer is the upgrading/replacement of facilities that were constructed in the 1970s. It is very difficult to arrive at the true costs of repairing these facilities without going through the architectural, engineering and permitting process. Thus, if there is a commitment to moving this proposal forward, funding in the amount of \$650,000 would need to be provided to DCR to do the engineering, permitting and construction drawings for all needed upgrades. This effort would give the agency and the Commonwealth a more realistic cost estimate of what it would take to actually perform the necessary work to meet current building code and state standards. This work can be accomplished during FY10 if the funding were appropriated by the General Assembly. Such planning work would not require closure of the Grand Caverns Park, nor would it necessitate an immediate transfer of the property to the state. Rather, the Park could continue to be operated by the Regional Park Authority while DCR prepares the planning and construction documents. Once the final cost is known, the state could then determine if it wished to fund the renovation of the park, provide the operational support and transfer the property to DCR.

An advantage to this approach would be that DCR would be ready to proceed with necessary construction at the time it assumes responsibility for the Caverns. This could reduce the closure time by as much as a year while the upgrades are made. Future operating costs and land acquisition costs, however, would also need to be provided for the final transfer to occur..

Conclusion and Recommendations

The Virginia Department of Conservation and Recreation and the Upper Valley Regional Park Authority continue to believe that the Grand Caverns would be a significant asset to the state park system and would provide long-term protection and conservation of the cavern resources. DCR and UVRPA also agree that a successful transfer of the Grand Caverns site to DCR for operation and management as a state park is possible if, and only if, the necessary state funding is provided to effectuate the necessary upgrades, renovations and operation of the park. This position was first stated in the 1999 study and has continued with the 2005 General Assembly language authorizing the transfer of the Caverns contingent on the availability of funding. As noted above, this is an operating facility, and it is DCR's position that it is not advisable to transfer Grand Caverns to the state and then close it for an indeterminate time until state funding is made available. In that regard, the transfer of Grand Caverns Park is substantially different than the acquisition of new lands that can be land-banked until such time as funding is available for the development of future state parks. In contrast, the transfer of Grand Caverns Park would involve immediate facility improvements and operational expenses.

In order for this transfer to occur, the present cost would be approximately \$5.5 million to be used for needed facility upgrades (this includes two new staff residences to provide for on-site park management and law enforcement) and \$2 to \$3 million for necessary land acquisition to reach the minimum 600-acre preferred size for a state park. An estimated one-time expenditure of \$261,000 for equipment, e.g., vehicles, tractors, mowers, and law enforcement/communication equipment also needs to be included. Also, annual park staffing and operating costs of \$580,000

(this includes items such as annual salary and fringes for six full time positions, facility and equipment operating costs and \$125,000 in preventative maintenance and resource management costs) will be necessary expenses to open the Park.

For the state to take over the Caverns, it will need to close the park in order to do all of the needed facility upgrades. Two major picnic shelters were recently rehabilitated; however, all park facilities were built in the 1970s or earlier. Major rehabilitation or replacement is necessary to meet current code and state standards. It will take nearly two years for this to happen once funds are made available, unless the phase option outlined above is pursued. This level of funding provides for the development, additional land acquisition, staffing and operation of the Grand Caverns as a complete day-use state park. It must be noted that DCR cannot take over this property and operate it with existing resources. Current parks in the system are already operating with less staff and fewer resources than needed to operate the existing 35 state parks and the four additional future parks for which land has already been acquired.

Given that this proposed transfer has been under consideration for nearly a decade, DCR believes that a clear statement of legislative commitment and intent is needed by the 2009 or 2010 General Assembly if this proposal is to move forward. Such a commitment would be demonstrated by including the funding outlined above either in an initial total funding package or over two years in the phased approach which would give a much truer cost of the needed upgrades/improvements. Otherwise, DCR recommends that the UVRPA begin to make other decisions regarding the future operation and conservation of the Grand Caverns Park.

APPENDIX



JOSEPH S. PAXTON
County Administrator



ROCKINGHAM COUNTY

BOARD OF SUPERVISORS

PABLO CUEVAS

Election District No. 1

FREDERICK E. EBERLY

Election District No. 2

DEE E. FLOYD

Election District No. 3

WILLIAM B. KYGER, JR.

Election District No. 4

MICHAEL A. BREEDEN

Election District No. 5

VIA FACSIMILE (804-786-6141) and U.S. MAIL

August 28, 2008

Joseph H. Maroon, Director
Dept. of Conservation and Recreation
203 Governor Street, Suite 302
Richmond, VA 23219

Re: Joint Resolution for the Transition of the Grand Caverns Park to the Commonwealth of Virginia

Dear Mr. Maroon:

Enclosed please find the above-referenced resolution which has been executed by Rockingham County and the City of Harrisonburg.

The Staunton City Council will meet tonight and, if approved, their signature page will be forwarded to you under separate cover.

As of this date, we have not been notified by Augusta County that they have signed this resolution.

Thank you for your assistance with this matter.

Sincerely,

Joseph S. Paxton

JSP/tsg

Enclosure

Copy via facsimile: Patrick J. Coffield, Augusta County
Kurt D. Hodgen, City of Harrisonburg
Stephen F. Owen, City of Staunton

**Joint Resolution for the Transition of the Grand Caverns Park
to the Commonwealth of Virginia**

WHEREAS, the Grand Caverns Park ("the Park"), an asset owned by the Upper Valley Regional Park Authority ("the Authority") has unique historic and geological features that should be preserved from commercialization in order to protect this valuable asset for current and future Virginians; and

WHEREAS, the member jurisdictions, concerned for the perpetuation, protection and conservation of this valuable asset, believe that the Commonwealth of Virginia is best positioned to ensure the Cavern's protection; and

WHEREAS, through its legislative delegation, the member local governments have petitioned the Commonwealth to assume ownership of the Park; and

WHEREAS, the General Assembly authorized the acceptance of the Park as an addition to the Commonwealth's park system and directed the Department of Conservation and Recreation to prepare and submit a plan to assume such ownership; and

WHEREAS, the Authority, as an inducement to the Commonwealth, committed to expend and did complete \$400,000 of capital improvements to the Park in 1999 and 2000; and

WHEREAS, since 2000, the Authority has approved and completed additional capital maintenance and improvement projects to the Park as a steward of this important asset; however future critical capital maintenance and improvement projects are in jeopardy of being completed as each member jurisdiction of the Authority is stressed to maintain and improve the recreational assets owned and operated by the respective local government for the citizens of its jurisdiction;

NOW, THEREFORE, BE IT RESOLVED THAT, the Board of Supervisors of Rockingham, acting through its Chairman; the Board of Supervisors of Augusta County, acting through its Chairman; the Harrisonburg City Council, acting through its Mayor; and the City of Staunton, acting through its Mayor, do hereby affirm that the respective Board or Council authorizes the following actions in support of the transfer of ownership of Grand Caverns Park from the Upper Valley Regional Park Authority to the Commonwealth of Virginia through its designee, the Department of Conservation and Recreation:

1. Gift all real estate, including all buildings and appurtenances, located in Grottoes, Virginia, commonly known as Grand Caverns Park, to the Commonwealth of Virginia,
2. The member jurisdictions of the Authority, in order to assist in an orderly transition of the Park from the Authority to the Commonwealth agree to make

the following financial appropriation to the Commonwealth for four years beginning with Year 1 commencing July 1 of the year in which ownership is assumed by the Commonwealth, which date shall in no case be later than July 1, 2010:

- a. Augusta County - \$50,000 in year 1, \$37,500 in year 2, \$25,000 in year 3, and \$12,500 in year 4.
- b. Rockingham County - \$50,000 in year 1, \$37,500 in year 2, \$25,000 in year 3, and \$12,500 in year 4.
- c. Harrisonburg - \$20,000 in year 1, \$15,000 in year 2, \$10,000 in year 3, and \$5,000 in year 4.
- d. Staunton- \$20,000 in year 1, \$15,000 in year 2, \$10,000 in year 3, and \$5,000 in year 4.

The total amount of such payments shall equal \$350,000. Payments under this agreement shall be subject to the annual appropriation of funds by the respective governing body as a part of its normal budgetary process; and

BE IT FURTHER RESOLVED THAT, the Augusta County Administrator, Rockingham County Administrator, Harrisonburg City Manager and Staunton City Manager shall include the financial commitment made this date in the locality's proposed annual budget submitted for consideration by the governing body; and

BE IT FURTHER RESOLVED THAT, the Augusta County Board of Supervisors, the Rockingham County Board of Supervisors, the Harrisonburg City Council and the Staunton City Council do hereby authorize its County Administrator or City Manager to take all necessary actions that may be required to affect the gifting of the Park to the Commonwealth, and that the Virginia Department of Conservation and Recreation take all necessary actions necessary for the Commonwealth to accept the Park on July 1, 2009, but in no event later than July 1, 2010.

Given under my hand this ____ day of August, 2008 as authorized by and on behalf of the Augusta County Board of Supervisors.

Name	Title
------	-------

Clerk

Given under my hand this 13th day of August, 2008 as authorized by and on behalf of the Rockingham County Board of Supervisors.

Dee E. Spivey
Name

CHAIRMAN
Title

Joy Bryan
Clerk

Given under my hand this ____ day of August, 2008 as authorized by and on behalf of the Harrisonburg City Council.

Name

Title

Clerk

Given under my hand this ____ day of August, 2008 as authorized by and on behalf of the Staunton City Council.

Name

Title

Clerk

Given under my hand this _____ day of August, 2008 as authorized by and on behalf of the Rockingham County Board of Supervisors.

Name

Title

Clerk

Given under my hand this 12th day of August, 2008 as authorized by and on behalf of the Harrisonburg City Council.

Reuben L. Egle
Name

MAYOR
Title

Yvonne Ryan MMC
Clerk

Given under my hand this _____ day of August, 2008 as authorized by and on behalf of the Staunton City Council.

Name

Title

Clerk

Given under my hand this ____ day of August, 2008 as authorized by and on behalf of the Augusta County Board of Supervisors.

Name Title

Clerk

Given under my hand this ____ day of August, 2008 as authorized by and on behalf of the Rockingham County Board of Supervisors.

Name Title

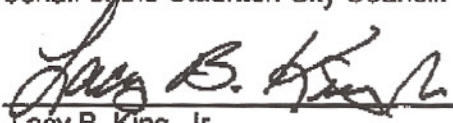
Clerk

Given under my hand this ____ day of August, 2008 as authorized by and on behalf of the Harrisonburg City Council.


Name Title

Clerk

Given under my hand this 28th day of August, 2008 as authorized by and on behalf of the Staunton City Council.



Lacy B. King, Jr. Mayor



Deborah A. Lane
Clerk of Council