

REPORT OF THE DEPARTMENT OF CONSERVATION
AND RECREATION

**A REVIEW OF THE FEE DEVELOPMENT PROCESS
FOR CAMPING AND CABIN FEES IN VIRGINIA
STATE PARKS**

TO THE GOVERNOR AND THE CHAIRMEN OF THE SENATE FINANCE
COMMITTEE AND THE CHAIRMAN OF THE HOUSE APPROPRIATIONS
COMMITTEE



COMMONWEALTH OF VIRGINIA
RICHMOND
November 2016

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October 31, 2016

The Honorable Terence R. McAuliffe
Governor of Virginia

The Honorable Thomas K. Norment, Jr.
Co-Chair, Senate Finance Committee

The Honorable Emmett W. Hanger, Jr.
Co-Chair, Senate Finance Committee

The Honorable Chris S. Jones
Chair, House Appropriations Committee

Dear Governor McAuliffe, Senator Norment, Senator Hanger and Delegate Jones:

I am pleased to provide this report, ***A Review of the Fee Development Process for Camping and Cabin Fees in Virginia State Parks***, on behalf of the Department of Conservation and Recreation (DCR).

This report is presented in accordance with requirements enacted under Chapter 119 of the 2016 Virginia Acts of Assembly in which the Department is directed to develop a plan establishing a fee structure for the use of campsites and cabins in state parks, considering (i) seasonal usage, (ii) local and regional markets, (iii) travel trends, (iv) weather, (v) geographic location of a park, (vi) time of year, and (vii) other factors considered important by the Department. Based on such factors, the plan shall include recommendations for rental rates for campsites and cabins for (a) the general population and (b) persons 65 years of age and older.

If you have any questions regarding this report or require any additional information, please do not hesitate to contact our office.

Respectfully submitted,

A handwritten signature in blue ink that reads "Clyde E. Cristman".

Clyde E. Cristman

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

Executive Summary

The authority of the Department of Conservation and Recreation to charge rental rates for cabins and campgrounds, as well as fees for services, within Virginia State Parks is found in Title 10.1 of the *Code of Virginia*. Specifically, §10.1-200.3 states that “[n]o person shall make use of, gain admittance to, or attempt to use or gain admittance to the facilities in any state park for the use of which a charge is assessed by the Department, unless the person pays the charge or price established by the Department”.

The Department currently applies the following principles in the establishment of fees for park facilities and services:

- Offer Virginia State Park facilities and services to the public at rates that the citizens of the Commonwealth find to be reasonable and appropriate and which prevent pricing from becoming a barrier to participation as much as possible;
- Create the simplest and most efficient pricing system possible, while at the same time employing common business practices such as seasonal pricing and market based adjustments;
- Offer discounted pricing on overnight services to Virginians in recognition of their tax support for the creation and maintenance of the state park system;
- Maintain equal access to all camping and cabins facilities through the provision of an effective Overnight Reservations System that consists of both online and call-center services; and
- Set prices with consideration of the effects on private providers of similar services while at the same time recognizing the fundamental differences in the public and private sectors, especially as they relate to public expectations and preferences.

As a means to ensure public access, the assessed fee schedule is published annually as a regulation in accordance with the statutory authority to adopt rules and regulations necessary to carry out statutorily mandated duties (§[10.1-104](#)).

As reflected in this report and as demonstrated in the current Virginia State Parks fee schedule, the Department considers seasonal usage, local and regional markets, travel trends, weather, geographic location, and time of year when establishing rental rates for state park cabins and campsites. It is the determination of the Department that the current base cabin and campsite rental rates remain in place.

This determination takes into account the rate of increase over the past few years, and other public and private operated recreational facilities, while assuring fair and affordable public access. The Department will implement mechanisms to allow for additional dynamic pricing opportunities and simplify the process of reviewing and revising all fees in addition to the cabin and campsite rental rates.

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1. Legal Framework and Authority

The authority of the Department of Conservation and Recreation to charge rental rates for cabins and campgrounds, as well as fees for services, within Virginia State Parks is found in Title 10.1 of the *Code of Virginia*. Specifically, §10.1-200.3 states that “[n]o person shall make use of, gain admittance to, or attempt to use or gain admittance to the facilities in any state park for the use of which a charge is assessed by the Department, unless the person pays the charge or price established by the Department”.

1.1 Virginia State Parks Fee Schedule

The current schedule of state park fees demonstrates the complexity and aggressiveness of fees employed by Virginia State Parks. The largest revenue producers include cabins, camping and parking with cabins (29 percent), camping (23 percent), and parking (15 percent) generating sixty-seven percent of park revenues. Other significant revenue sources include merchandise sales, swimming fees, admission fees, and fees for interpretive programs. The current fee schedule reflects the hundreds of fees associated with these services.

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- Set prices with consideration of the effects on private providers of similar services while at the same time recognizing the fundamental differences in the public and private sectors, especially as they relate to public expectations and preferences.

2. Process for Setting Fees

As a means to ensure public access, the assessed fee schedule is published annually as a regulation in accordance with the statutory authority to adopt rules and regulations necessary to carry out statutorily mandated duties (§[10.1-104](#)). Though the Department utilizes an exemption from the Virginia Administrative Process Act in promulgating the fee regulations, the process takes a minimum of 30 days to initially publish in the Virginia Register of Regulations and any further amendments require the same

minimum 30-day process. The Department begins the regulatory process to review and amend fees in August to ensure current fees are published by January 1 of each year.

2.1 Review of Fees and Similar Providers

The Department conducts a review of all fees to ensure the fees are competitive and reasonable. Central office staff and field office staff review the full fee schedule for policy changes, errors, and any needed clarifications. Staff further determine the appropriateness of the fees, the potential to streamline existing fees, and the need to increase fees.

Every two years, the Department compares cabin and campground rental rates to the rates and prices charged by nearby states and local, private campgrounds. For other service fees and rental rates, such as those established for conference center or wedding packages, the Department conducts a review of similar locations, based on input provided by field staff.

For services provided by concessionaires, the concessionaires survey similar providers and offer recommendations for fee adjustments. The recommendations are provided to the individual park managers and are then forwarded to central office staff.

2.2 Review of Recommendations

Utilizing the research results and the input from staff, the Department compiles a list of recommended additions and revisions in consideration of the need to generate operating and maintenance revenues. For an interpretive program, it is a simple procedure to determine the operating cost to provide the program (wage of the individual teaching) versus the price an individual is willing to pay for the program. However, rental rate adjustments for cabins and campground sites, is a more significant undertaking. Additional consideration must be given to the willingness of individuals to pay for activities or the use of certain facilities.

3. Factors Considered in the Development of Fees

3.1 Seasonal Usage, Weather, and Time of Year

Seasonal weather changes originally influenced cabin usage and the availability to rent a cabin in Virginia State Parks was limited to an approximate 4-month period during the spring and summer. The 1992 bond referendum resulted in the installation of heating and air conditioning systems in cabins, enabling the opportunity to offer cabins year-round. All parks with cabins now offer year-round reservations with varied seasonal schedules and the differential between seasonal usages is marginal.

As a result, the Department has been able to adjust rental rates according to the popularity and levels of demand. During the peak season, which falls within April to September for most parks, cabins are in high demand for week-long vacation stays. Children are finished with school for the year, making this season an ideal time for a family vacation. To ensure availability and to support revenue potential, the Department initially accepts reservations for week-long rentals and will offer shorter stay reservations if a cabin is available within the previous 30 days of arrival.

While prime season statistically fell within the spring and summer months, it became clear that the parks have become popular destinations in the fall and winter months based on fall foliage and major holidays such as Thanksgiving, Christmas, and Valentines’ Day. This increased popularity allowed for the Department to adjust rental rates by including a mid-season schedule and extending the prime season rates for cabin rental in parks with high demand.

To increase cabin reservations during the off-season, the Department conducts special marketing outreach to seniors and other individuals. The Department focuses on their potential availability to travel, whereas other visitors, such as families with school- aged children may be limited during those months. Additionally, the Department offers special sales promotions. On Thursdays, after completing a survey of the cabin reservation system for available cabins, the Department utilizes social media to inform individuals about discounted prices for cabin rentals to attract spur of the moment visits.

Traditional tent camping and primitive camping continues to be impacted by seasonal weather changes, but there has been an increase of early spring and late fall camping, most notably with campsites that accommodate recreational vehicles. During winter months, park campgrounds, as well as private campgrounds, either close during the winter or significantly reduce the number of available campsites. Closing or limiting campsites reduces the number of maintenance issues, such as broken water pipes, that may arise with the temperature fluctuations and winter conditions.

Camping is primarily a weekend activity with reservations normally requested within the week of the visit. Cancellations are also more common if the weather is unfavorable. Having lower weekday pricing for camping has not proven to be a successful strategy to increase weekday camping. Similarly, there has been limited interest in reduced off-season rates.

3.2 Local and Regional Market Comparisons

Comparison between park cabins in different states is challenging due to many variables that exist in the size and styles of cabins, amenities, and location. However, based on the best information available, Virginia State Park cabins are mid-level in terms of amenities, but poised at the higher end of the price scale for Virginia residents compared to other parks in the mid-Atlantic and Southeastern U. S. with the exception of Kentucky, who operates an extensive system of resort style parks.

Comparisons of Standard Two Bedroom Cabins– Prime Season		
	Weekly Rate	Differential
Virginia	\$675.00	
North Carolina	\$446.00	34%
Maryland	\$520.50	23%
Tennessee	\$434.00	36%
West Virginia	\$570.00	16%
Georgia	\$595.00	12%
Kentucky	\$839.65	+20%

Camping, one of the most popular activities in Virginia State Parks, is the one activity that has a relatively comparable private sector equivalent. Private sector campgrounds protest that public sector operated campgrounds should not create unfair competition or put them at a disadvantage. The private

campground owners urged national, state, and local governmental camping providers to either abandon the business or set prices comparable to private sector pricing. In response, Virginia and other similar government providers endeavor to establish camping rental rates that are competitive with private campgrounds and to refer business to them when state park campgrounds are at capacity.

Rate comparisons for state park camping is conducted against both private and public camping providers. In 1995, the Virginia Campground Owners Association raised the issue of unfair government pricing and asked the Department to test its pricing using a model developed by the U.S. Forest Service. The Department evaluated relevant camping parks using the model, which in turn resulted in a significant price increase for Virginia State Park campsites in 1996. This exercise enabled the state to establish fair pricing with the private sector.

Since that time, the Department has examined its pricing against the private sector at least every two years, to assure that state park rates were keeping pace with changes at private campgrounds. This review includes the consideration that many of Virginia State Parks are located in remote areas that often do not have cell phone or broadband connectivity or other popular amenities such as a swimming pool that private campgrounds may offer. In all reviews, the rates of increases at Virginia State Parks meet and exceed those of private providers.

Given the public preference for public camping, price comparisons to other government providers is an equally important point of reference in the fee discussion. While Virginia has not always charged the highest rate for standard camping sites, it does charge the highest rates for camping sites with available water and electricity.

Virginia Camping Compared to Selected Sites – 2016 Prices				
Comparisons of Standard Site, one-night rental, state resident				
	Lowest	% VA rate	Highest	% VA rate
Virginia	\$20.00		\$26.00	
North Carolina	\$17.00	85%	\$20.00	77%
Maryland	\$18.49	92%	\$27.49	106%
Tennessee	\$11.00	55%	\$18.00	69%
West Virginia	\$14.00	70%	\$20.00	77%
Georgia	\$21.00	105%	\$24.00	92%
Kentucky	\$15.00	75%	\$28.00	108%
Comparisons of Water and Electric Site, one-night rental, state resident				
	Lowest	% VA rate	Highest	% VA rate
Virginia	\$33.00		\$40.00	
North Carolina	\$22.00	67%	\$28.00	70%
Maryland	\$24.49	74%	\$38.49	96%
Tennessee	\$20.00	61%	\$25.00	63%
West Virginia	\$20.00	61%	\$28.00	70%
Georgia	\$26.00	79%	\$30.00	75%
Kentucky	\$24.00	73%	\$33.00	83%

3.3 Travel Trends and Geographical Location

The availability of activities and amenities is a key determinant in the selection, and willingness to pay for, certain cabins and campground sites. Included in the consideration of amenities is the location of a park (the proximity to beaches, rivers, lakes, or mountains), the size of a park, the quality of the cabin or campground and the natural atmosphere of the park.

Many individuals are willing to travel some distance from their local area for a camping or cabin stay with the majority of camping trips taken within 200 miles of home. Individuals staying in cabins are typically willing to travel further than individuals staying in a campground. Virginia State Parks are strategically located throughout the Commonwealth with at least one state park within a day's drive of all Virginians.

The Department monitors trends in camping through surveys and studies conducted by the camping and the outdoor recreation industry. The 2016 North American Camping Report sponsored by Kampgrounds of America found the following interesting trends:

- The number of households who camp and the frequency of trips are both increasing;
- Fully half of all campers expressed a future desire to stay in a cabin in 2016;
- About 1-in-5 new campers are comprised of African American campers; the majority of whom are also millennials;
- State and national parks are overwhelmingly the most popular camping spots;
- Campers prefer camping on public lands by a 2-to-1 ratio over private campgrounds; and
- There appears to be growing numbers of campers in the 35-44 age group.

Another critical resource, The Virginia Outdoors Survey, indicates support for camping in Virginia and for campgrounds in Virginia State Parks specifically. Sixty-one percent of respondents are in favor of developing campgrounds in state parks. Additional survey results indicate that citizens prefer publicly provided camping, but also support the availability of both options. Of those surveyed, 66.8 percent camp mostly in Virginia and most often 58.6 percent camped at publicly owned sites. Only 9.7 percent of the campers surveyed indicated a strong preference for privately owned campgrounds.

An agency-sponsored study by the Pamplin School of Business at Virginia Tech (Magnini, 2012) found that the rental rate for a campsite plays only a minor role in determining if, and where, to camp. Essentially, activities and amenities available at or near the potential campsites are primary factors that influence where an individual chooses to camp.

3.4 Pricing Equitability and Differential Pricing

A number of factors not applicable to private sector operated facilities influence pricing for the access and use of public recreational facilities. Public supported facilities and services should be affordable for all individuals and applicable to the public service mission of the public entity. Continuing the long-term pattern of raising fees faster than average household incomes increases may jeopardize the founding principal that park experiences are affordable and available to all Virginians and other visitors to the Commonwealth.

Every dollar collected at a state park goes back into the operation and maintenance of the state park system. The fee structure is established in consideration of the community as a whole, taking into account possibilities for differential pricing for various groups and frequent visitors.

Residential Discount: All Virginia residents receive a 15 percent discount on parking admission, launch fees and camping and cabin rentals in recognition of their tax support for the creation and maintenance of the state park system.

Senior Citizen Discounts: Originally, senior discounts were established in recognition of the limited income many senior individuals experience during retirement. However, recent research conducted by the recreational travel industry shows that seniors may have more disposable income than other population segments. There is no evidence that the absence of a senior discount motivates the individual to go elsewhere for a cabin or campsite.

While the Department does not provide an additional discount on cabin and campsite rates for senior citizens except for the 15% residential discount, they are eligible for a 45% discount off the *Annual Naturally Yours Parking Passport*. This passport not only allows for unlimited parking for the eligible purchaser but also includes all members of the purchaser's household. Seniors are also eligible for a discounted passport for launch and equestrian fees.

Golden Disability Pass: In accordance with Code of Virginia [§10.1-202.1](#), the Department offers a golden disability passport program. Any individual receiving social security disability payments is eligible for this passport, allowing the individual to enter a state park with no admittance or parking fee. The passport is valid during the time the individual is receiving disability payments.

Disabled Veterans Passport: In accordance with Code of Virginia [§10.1-202.2](#), the Department offers a disabled veteran's passport. This passport is available to any veteran of the armed forces of the United States, with a service-connected disability rating of 100 percent certified by the U.S. Department of Veterans Affairs, or the military service that discharged the veteran. The passport is valid for as long as the determination of the 100 percent service-connected disability by the U.S. Department of Veterans Affairs remains in effect.

The passport entitles the disabled veteran to free admission, parking, and launch passes at all state parks and a 50 percent discount on camping and swimming fees, picnic shelter rentals, and other Department-provided equipment rentals.

4. Recommendations and Conclusion

4.1 Virginia Administrative Code

Originally, publishing regulations was an effective way of informing the public of how fees are set, the amount of a fee, and the fees at a particular park. However, publishing the fee schedule as administrative code resulted in an extremely complex schedule when taking into account the vast amount of fees and the variation due to differential pricing such as seasonal pricing and residential status. Regulatory

promulgation is time consuming and limits the ability to amend fees to accommodate for weather, or utilize dynamic pricing.

In addressing the requirements of HB200, the Department determined and confirmed with the Attorney General's office that the requirements of the Administrative Process Act do not apply to fees for state parks. The Department has the statutory responsibility to establish fees and ensure the fees are available to the public. Utilizing the Department's webpage, which links directly to the online overnight reservation center, the Department's social media sites and each individual park website page are better mechanisms to inform the public of the fees.

Furthermore, by eliminating a single fee schedule for all 37 parks, the Department can better address the fees associated with each individual park, and each activity at that park, and alter prices as necessary with informal public notice.

This approach is similar to the federal park system, other state agencies, as well as neighboring states. For the federal park system, 16 U.S.C.A. § 6802 establishes that the Secretary of Interior may "establish, modify, charge, and collect recreation fees". The Department of the Interior considers the following criteria: (1) the direct and indirect cost to the government; (2) the benefit to the recipient; (3) the public policy or interest served; (4) the comparable recreation fees charged by other Federal agencies, non-Federal public agencies and the private sector located within the service area of the management unit at which the fee is charged; (5) the economic and administrative feasibility of fee collection; and (6) other pertinent factors. The National Park Service publishes their fees individually on their websites and updates fee changes as they occur.

In eliminating the regulatory process of setting fees, the Department will adopt a formal policy outlining the authorities and procedures required when establishing fees, prices, and rental rates. Certain provisions currently contained in the fee regulations will be incorporated into the separate Virginia State Parks Regulations (4VAC20-30) to ensure transparency of the fee process.

4.2 Dynamic Pricing

The Department currently utilizes some aspects of dynamic pricing by offering last minute discounts to fill cabin vacancies. A dynamic pricing strategy can extend to other changing circumstances, such as increase in demand. The Department is investigating the ability of the online reservation software to recognize a high demand for overnight facilities at a certain park for a certain weekend, such as the Martinsville, Virginia NASCAR race, and adjust the price for a cabin in response to the high demand. This would enable the Department to ensure competitive prices consistent with other facilities in the area. Additionally, utilizing dynamic pricing in response to high demand for a certain weekend could divert individuals who wanted to visit a park, but not in response to a specific event, to another park at a potentially lower price.

Additionally, in analyzing the usage of the cabins at state parks, it is apparent that for many locations, the off-season generates a significant portion of the cabin-related revenue. The existing fee structure and the use of peak season, mid-season, and off-season prices may become unnecessary with the use of electronic dynamic pricing. For example, the Department could extend prime season pricing based on

weather conditions (i.e. an extremely mild fall, or winter). This would simplify the fee structure currently utilized and would be more responsive to the demand for overnight facilities at state parks.

4.3 Conclusion

As reflected in this report and as demonstrated in the current Virginia State Parks fee schedule, the Department considers seasonal usage, local and regional markets, travel trends, weather, geographic location, and time of year when establishing rental rates for state park cabins and campsites. It is the determination of the Department that the current base cabin and campsite rental rates remain in place. This determination takes into account the rate of increase over the past few years, and other public and private operated recreational facilities, while assuring fair and affordable public access. The Department will implement mechanisms to allow for additional dynamic pricing opportunities and simplify the process of reviewing and revising all fees in addition to the cabin and campsite rental rates.