

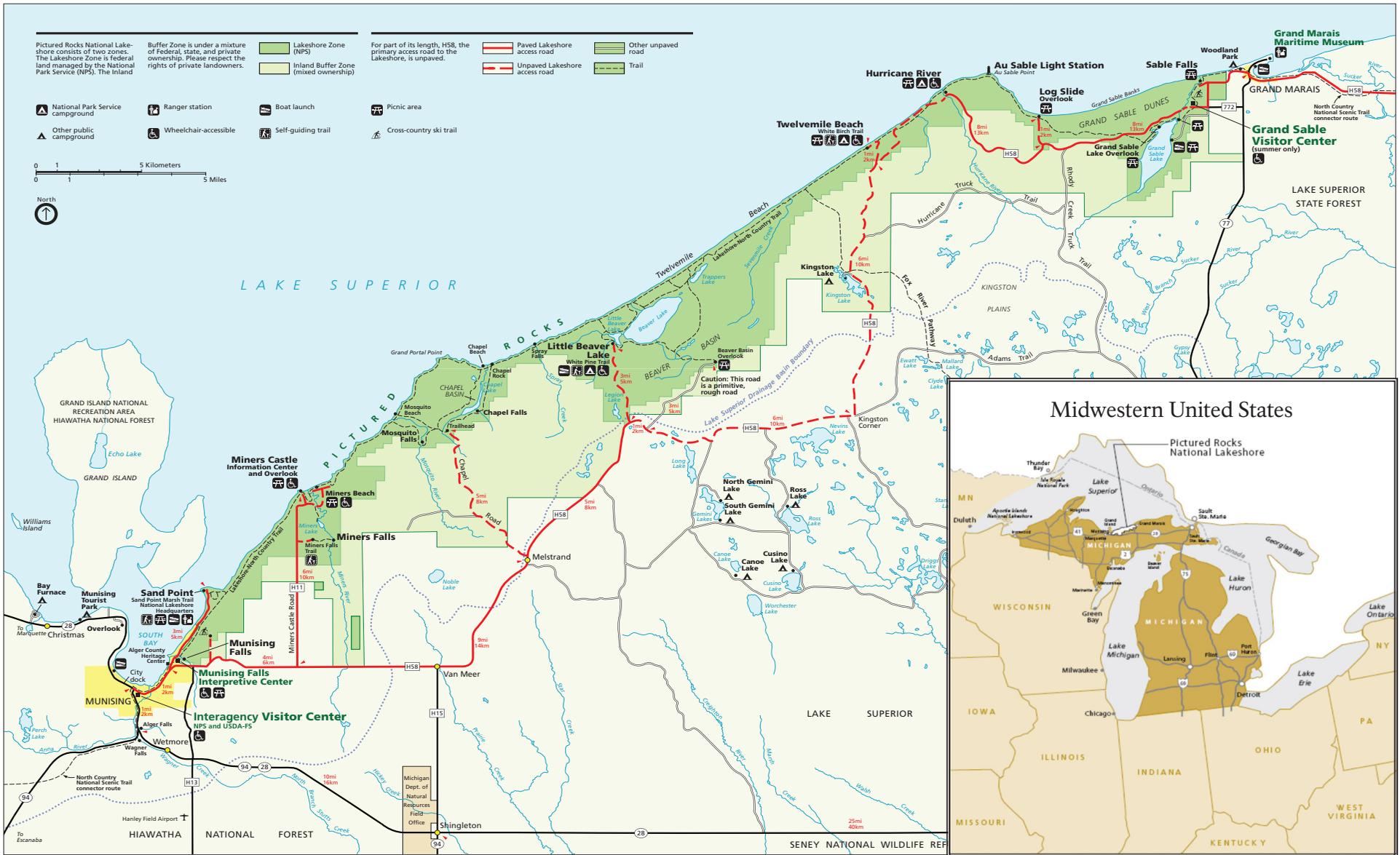


Pictured Rocks National Lakeshore Business Plan

Fiscal Year 2005



Pictured Rocks National Lakeshore Map



Introduction

The purpose of business planning in the National Park Service is to improve the ability of parks to more clearly communicate their financial status with principal stakeholders. A business plan answers such questions as: What is the business of this park unit? How much money does this park need to be operated within appropriate standards? This plan demonstrates the functional responsibilities, operational standards, and financial picture of the park.

The business planning process is undertaken to accomplish three main tasks. First, it provides the park with a synopsis of its funding history. Second, it presents a clear, detailed picture of the state of current park operations and funding. Finally, it outlines park priorities and funding strategies.

A common methodology is applied by all parks developing business plans. Park activities are organized into five functional areas, which describe all areas of business for which a park is responsible. The functional areas are then further broken down into 34 programs. This allows the park to move beyond the traditional National Park Service method of reporting expenditures in terms of fund sources, and instead report expenditures in terms of activities. As a result, the park can communicate its financial situation more clearly to external audiences. Furthermore, using the same 34 program structure for all parks provides a needed measure of comparability across park units.

Completing the business plan process not only enables a park to produce a powerful communication tool, but also provides park management with financial and operational baseline knowledge for future decision making.

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Superintendent's Foreword



"I encourage you to read about and actively participate in deciding how we can achieve what I hope is a common goal: that America's first National Lakeshore will continue to be a proud centerpiece of the Upper Peninsula, the Great Lakes region, and this Nation."

Superintendent
Jim Northup

Thank you for reading this business plan. If you are taking time to read this document, it is my assumption that you care about and are interested in Pictured Rocks National Lakeshore. Your interest in the Lakeshore may be as a place of regional and national significance, a resource that you enjoy personally, or because of the tremendous economic value that this National Lakeshore provides the local community, Alger County, and the central Upper Peninsula of Michigan.

Many people appreciate parks for their beauty as well as the opportunities they present for recreation, education, inspiration, and spiritual renewal. Most people expect parks, their natural and cultural resources, and their facilities to be there in perpetuity. Unfortunately, this does not happen automatically. Few people are truly aware of what it takes to operate a national park. Fulfilling our Congressional mandate requires a combination of human and financial resources, assets, and partnerships. All of these activities allow us to provide for the enjoyment of the park while preserving and protecting the resources unimpaired for future generations.

Parks are like any other publicly owned element of a community. If we want them to continue to be vibrant, healthy, attractive places that people will enjoy, we must make the necessary investments. This means operating them not only in the short run, but also maintaining and enhancing them for the future. In operating the Lakeshore, the employees of the National Park Service and the citizens who own these parks need to apply the wisdom of Native Americans. They must consider their responsibilities and the consequences of their choices for the next seven generations and beyond.

Throughout this past year, the park staff and I have been heavily involved in several processes to plan for our future in what we anticipate will be difficult financial times. We have carefully examined our operations to ensure that we are efficiently utilizing the resources available to us. This

analysis assisted us in prioritizing those things that are most important for the long term. We have identified the core or essential functions that are required to fulfill our stewardship and visitor service responsibilities. We have reached out to the community to build new relationships and partnerships, as well as supported the development of a new friends group that will assist us in private fundraising. Be assured that we are working very hard to do everything appropriate in order to fulfill our obligation as stewards of this wonderful place.

As a part of that effort, this business plan is intended to better communicate the "business" of the park to our stakeholders – the people who care about Pictured Rocks National Lakeshore. The business plan discusses what it takes to comply with the various laws that govern the operation of national parks, what needs to be done to operate the park at a professional level, the resources that are necessary to achieve those goals, and some strategies we intend to pursue to both reduce our operational costs and generate new sources of revenue. I encourage you to read on and actively participate in deciding how we can achieve what I hope is a common goal: that America's first National Lakeshore will continue to be a proud centerpiece of the Upper Peninsula, the Great Lakes region, and this Nation.

Jim Northup
Superintendent
Pictured Rocks National Lakeshore

Executive Summary

This business plan describes the financial condition of Pictured Rocks National Lakeshore (NL) in fiscal year 2005 (FY05) and provides insight into the Lakeshore's direction over the next five years. It is the result of an intensive 11-week investigation into past historic trends, current divisional operations, projected future financials, and management defined strategies. The plan is intended to communicate the fiscal challenges the Lakeshore faces as it marks its 40th anniversary.

Four key findings were identified during the business planning process.

1. Pictured Rocks base budget funding has lagged behind national averages. Base budget growth has not kept pace with regional and national growth. Personnel costs - the largest expenditure of the Lakeshore - continue to rise at a rate faster than increases in base budget appropriations.
2. An operational funding gap of \$592,285 was identified in FY05. A detailed analysis of current operations showed that additional funding is necessary to operate at a level that fulfills the Lakeshore's legislated mission.
3. An additional funding shortfall of greater than \$400,000 is predicted over the next five years. The Budget Cost

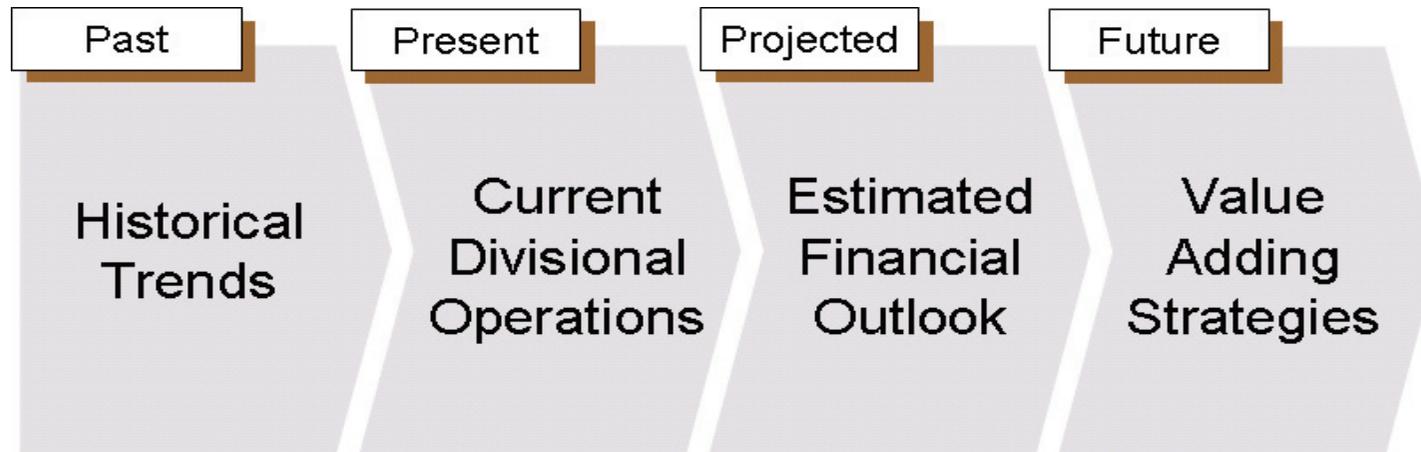
Projection model uses current funding trends to predict future financial health. The model estimates that rising fixed costs will increase faster than growth in the base budget. In order to operate within its means, the Lakeshore has begun to formulate strategies that will allow it to operate in a financially sustainable manner.

4. Management is developing proactive strategies in response to the challenging financial outlook. Lakeshore managers are aggressively developing ways to increase revenue, identify and implement cost reducing measures, and establish a broader range of partnerships. However, these measures, even when taken together, can not adequately address the park's current and projected budget shortfall. In the absence of significant financial relief, several additional Lakeshore positions will have to be lapsed, with a resulting significant decline in organizational capacity and effectiveness, resource and facility condition, services available to the public, employee and visitor safety, and staff morale.

This plan describes the operational expenditures and investments required to operate Pictured Rocks NL. In addition to adding a layer of transparency to the analysis of park operation, this plan also convey the constant struggle of keeping consistently rising costs in line with available funding.



In April 2006, one turret of Miners Castle fell into Lake Superior, part of a natural process of erosion



Lakeshore Overview

Introduction

Authorized by Congress on October 15, 1966, Pictured Rocks NL is the first unit in the National Park System designated as a national lakeshore. The purpose of the Lakeshore is threefold: 1) preserve a portion of the Great Lakes shoreline for its geographic, scientific, scenic, and historic features, 2) provide opportunities for public benefit in recreation, education, enjoyment, and inspiration, and 3) protect the character and use of the shoreline zone while allowing economic utilization of the inland buffer zone's renewable resources. The Lakeshore is considered nationally significant in that it preserves and affords public access to a spectacular and diverse segment of the Lake Superior shoreline.

Located on the southern shore of Lake Superior, Pictured Rocks NL stretches 42.8 miles along the lake's coastline. Bordered on the west and east by the towns of Munising and Grand Marais, Michigan, the Lakeshore is renowned for its spectacular sandstone cliffs, white sand beaches, waterfalls and streams, inland lakes, pristine backcountry, and the 1874 Au Sable Light Station. The Lakeshore provides visitors with opportunities for day hiking, backpacking, camping, beachcombing, swimming, boating on Lake Superior and the inland lakes, fishing, hunting, scenic driving, snowmobiling, and cross-country skiing.

Local Economic Benefits from Lakeshore

A 2006 report found that Pictured Rocks NL generates a total economic benefit of approximately \$19.3 million in the local communities that surround the Lakeshore. Visitor spending supports over 461 jobs in area hotels/motels, restaurants, and retail sales. In addition to revenue generated by Lakeshore visitors, the National Lakeshore provides direct economic support, employing a staff of over 30 local employees. The Lakeshore also maintains annual contracts with the local community for services.

In FY05, there were 476,000 visits to the Lakeshore. When paving is completed on Alger County Road H-58, park visitation will continue to steadily increase, and there will be increasing expectations for good quality visitor service and facilities. As Lakeshore visitation increases, the amount of revenue generated in local communities is expected to increase as well.

Partnerships

New partnerships aim to build greater financial and community support for the Lakeshore. The recently formed friends group, National Parks of Lake Superior Foundation, seeks to provide financial support to the four national parks located on Lake Superior. Increased local support for Pictured Rocks NL is being forged at the community and individual level as well. A community partner program connects local businesses in Munising and Grand Marais with Pictured Rocks NL and the Adopt-a-Trail and Adopt-a-Campsite programs place volunteer trail and campground stewards throughout the Lakeshore.

Completion of the General Management Plan

In 2004, the Lakeshore updated its general management plan, an extensive five-year process incorporating public input that provides a long-term framework for management decisions. The plan is based on the National Lakeshore's mission, purpose, and significance, and describes the approved ways to manage resources and visitor use as well as improve facilities and infrastructure. In this plan, Pictured Rocks NL has agreed to 1) provide the public with additional and more convenient access to significant Lakeshore features while 2) preserving the central portion of the Lakeshore in a primitive, relatively undisturbed state.



Kayakers launch at Sand Point Beach



Snowshoers enjoy a picturesque trek



Visitors enjoy bird watching on the Sand Point Marsh Trail

Protection of rare ecosystems

Pictured Rocks NL's Grand Sable Dunes are one of two perched sand dune systems in the larger Great Lakes ecosystem. Resting 300 feet above Lake Superior, the dunes are home to unique communities of plants and animals including the Pitcher's thistle, the Lake Huron tansy, and small stands of jack pine. Park researchers are working to remove exotic and invasive species that currently threaten the dunes' ecological integrity. In recognition of the unique ecological community of these dunes, a portion of this resource is managed as the Grand Sable Dunes Research Natural Area, part of a network of unique ecological areas. This designation establishes research and education as a priority while it also adds administrative protection to protect the dunes from adverse human impacts.



Many visitors enjoy inland lake fishing

Enabling Legislation

The United States Congress established Pictured Rocks National Lakeshore in 1966 to "... preserve for the benefit, inspiration, education, recreational use, and enjoyment of the public a significant portion of the diminishing shoreline of the United States and its related geographic and scenic features..."

Public Law 89-668, October 15, 1966

Repository of cultural and historical resources

Renowned for its scenic beauty, Pictured Rocks NL also maintains a premier collection of museum artifacts and historic buildings that illustrate the rich regional history. From the 38 early Native American archaeological sites to the 44 historic structures, Pictured Rocks NL preserves a significant portion of Lake Superior's history.

The Inland Buffer Zone

The National Lakeshore encompasses 73,235 acres. The enabling legislation established two zones within the Lakeshore: the shoreline zone and the inland buffer zone. The 33,929 acre shoreline zone is in federal ownership and is managed to preserve the scenery and outstanding natural features of the shoreline. The inland buffer zone (IBZ) is a mixture of federal, state, and private ownership totaling 39,306 acres. The IBZ is managed to allow economic utilization of renewable resources through sustained yield timber management. Rangers monitor land use practices in the inland buffer zone and educate land owners on local zoning ordinances to ensure the preservation of the shoreline and the protection of watersheds that feed Lake Superior. Pictured Rocks NL is the only unit in the National Park System that includes a legislated buffer zone.

Located along the largest body of fresh water in the world, Pictured Rocks NL guarantees public access to Lake Superior's southern coastline. Furthermore, the lakeshore's partnerships ensure the protection of unique cultural, historic and ecological resources leaving them unimpaired for future generations.

Mission Statement

The mission of Pictured Rocks National Lakeshore is to conserve the ecosystem integrity of the national lakeshore, a mosaic of geologic, biologic, scenic, and historic features, offering opportunities for recreation, education, inspiration, and enjoyment forever.

FY05 Inventory

- 476,888 total visits
- 73,235 acres
- 42.8 miles of scenic coastline
- 22.7 miles of sandy beach
- 111 miles of hiking trails
- 18 miles of paved roads
- 7.5 miles of unpaved roads

Personnel

- 32.79 full-time equivalents (FTE) employees
- 4,572 volunteer hours

Facilities

- 65 front-country campsites
- 13 backcountry campgrounds
- 8 backcountry group sites
- 8 structures listed on the National Register of Historic Places
- 42 major park structures

Natural and Cultural Resources

- 618 vascular plant species
- 171 bird species
- 53 fish species
- 35 mammal species
- 21 species of amphibians and reptiles
- 13,290 museum objects stored on-site

Endangered/threatened species

- Pitcher's thistle
- Bald eagle
- Piping plover
- Gray wolf

Introduction to Historical Context

The Lakeshore's historical expenditures provide a base for understanding the current and future financial challenges.



Lady slipper orchids can be found in the forests throughout the Lakeshore

An historical overview of Pictured Rocks NL will help the reader understand the decisions being made by current management, as well as set the stage for proposed strategies. This section outlines the financial landscape in which the Lakeshore has operated, discusses how management used available funds, illustrates visitation trends, and analyzes the benefit that volunteers brought to the Lakeshore. In each of these sections, the Lakeshore's historical funding and expenditures are analyzed.

Pictured Rocks NL's funding comes from four funding sources.

- Appropriated Base – Funds allocated by Congress and intended for permanent staff and recurring expenses.
- Appropriated Non-Base – Funds allocated by Congress to support projects, awarded competitively, and often shared across a park's network or region.
- Reimbursable – Funds resulting from cost recovery for services to other agencies.



A small waterfall empties onto Miners Beach

- Revenue – Funds resulting from fees and/or donations. Expenditures are classified in three ways.
- Fixed – Required operational expenses that remain constant and can be easily predicted from year-to-year.
- Variable – Discretionary costs that fluctuate and are uncertain from year-to-year.
- Investments – One-time expenditures that increase capital or intellectual property.

Key Findings

The historical overview encompasses the following six parts. Significant findings are listed below.

- Adjusted Base Budget – Lakeshore real dollar budget has increased at 4.64% since FY98. When adjusted for inflation, the Lakeshore's budget has only increased at 1.47%.
- Fund Source Analysis – Base budget funds continue to represent the largest fund source for Pictured Rocks NL.
- Base Funding Analysis – Personnel and benefits represent the largest base-funded expense.
- Non-Base Funding Analysis – Over time, the amount of non-base funding as a percent of total funding has increased. In FY05, non-base expenditures totaled over \$800,000.
- Visitation Analysis – Since 1995, the Lakeshore has received an average of 426,000 visits each year.
- Volunteer Analysis – Volunteers generated a financial benefit of \$63,527 for the Lakeshore in FY05.

These analyses are meant to provide a basis for understanding the issues that have led to the Lakeshore's current financial difficulties.

Historical Context

Appropriated Base Funds

Appropriated base funds are intended for permanent and recurring expenses that the Lakeshore incurs on a day-to-day basis. These costs typically include permanent personnel and other fixed costs associated with Lakeshore operations. The figures in the graph below represent the amounts appropriated by Congress for Pictured Rocks NL. Deductions for Servicewide initiatives and park specific support assessed by the National Park Service as a whole and the Midwest Regional Office in particular may further reduce the base funds available for operations.

Overall trends

Pictured Rocks NL's base funding has grown from \$800,000 in FY86 to about \$1,900,000 in FY06. This represents a compounded annual growth rate of 4.64%. Over the same 20 year time period, the average cost of goods has increased. To capture the true growth in the Lakeshore's budget, base funds can be adjusted for inflation to the equivalent of FY86 dollars purchasing power. When adjusted for inflation, base funding growth is a more modest 1.47% annually over the same period.

As a benchmark, between FY02-05, the annual average growth in base funding for all NPS units was 2.90%. During that same period, Pictured Rocks NL's growth was only 1.47% and has failed to keep pace with fixed operational expenses.

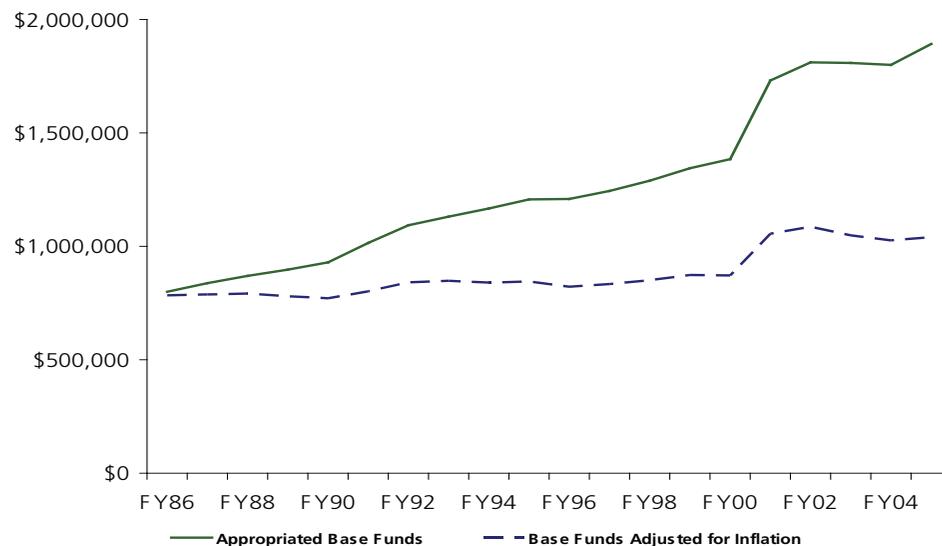
Base increase

Despite modest growth during the 20 year period depicted in the graph, Pictured Rocks NL received a significant 25% base increase in FY01. The Lakeshore used these funds to cover an operational funding gap, thereby allowing management to cover anticipated personnel costs with base funds rather than having to resort to non-base dollars to fund some seasonal staff.

Since the dramatic FY01 increase, the graph depicts a steady leveling of the park's base budget. The result is a growing gap between increasing operating expenses and available base funds. For the Lakeshore, this gap translates into the need for measures that will reduce operating expenses over the long term as well as develop a more diversified portfolio of funding sources.

Between FY02-05, the annual average growth in base funding for all units of the National Park System was 2.90%. During that same period, Pictured Rocks NL's growth was only 1.47% and has failed to keep pace with fixed operational expenses.

Appropriated Base Budget History



A thunderstorm builds over Grand Sable dunes

Fund Source Analysis

Pictured Rocks NL's funding comes from four funding sources.

1. **Appropriated Base**
– Funds allocated by Congress and intended for permanent staff and recurring expenses.
2. **Appropriated Non-Base**
– Funds allocated by Congress to support projects, awarded competitively, and often shared across a park's network or region.
3. **Reimbursable**
– Funds resulting from cost recovery for services to other agencies.
4. **Revenue**
– Funds resulting from fees and/or donations.



Appropriated Base Funding

Appropriated base funding has historically supported approximately 80% of Pictured Rocks NL expenses. Since 2003, this percentage has dropped to 73%. As the Lakeshore's total expenses have increased during this time, this decrease shows that Pictured Rocks NL has become more dependent on sources of funding other than its appropriated base funds.

Appropriated Non-Base Funding

Over the last ten years, appropriated non-base funding has supported as much as 26% of Pictured Rocks NL's expenditures (FY05) to as little as 8% (FY02). As these funds are uncertain and fluctuate from year to year, the Lakeshore has used them to support large maintenance projects such as the re-paving of roads within the park, improvement of infrastructure at high visitation areas, and resource management projects that enhance the understanding of the Lakeshore ecosystem.

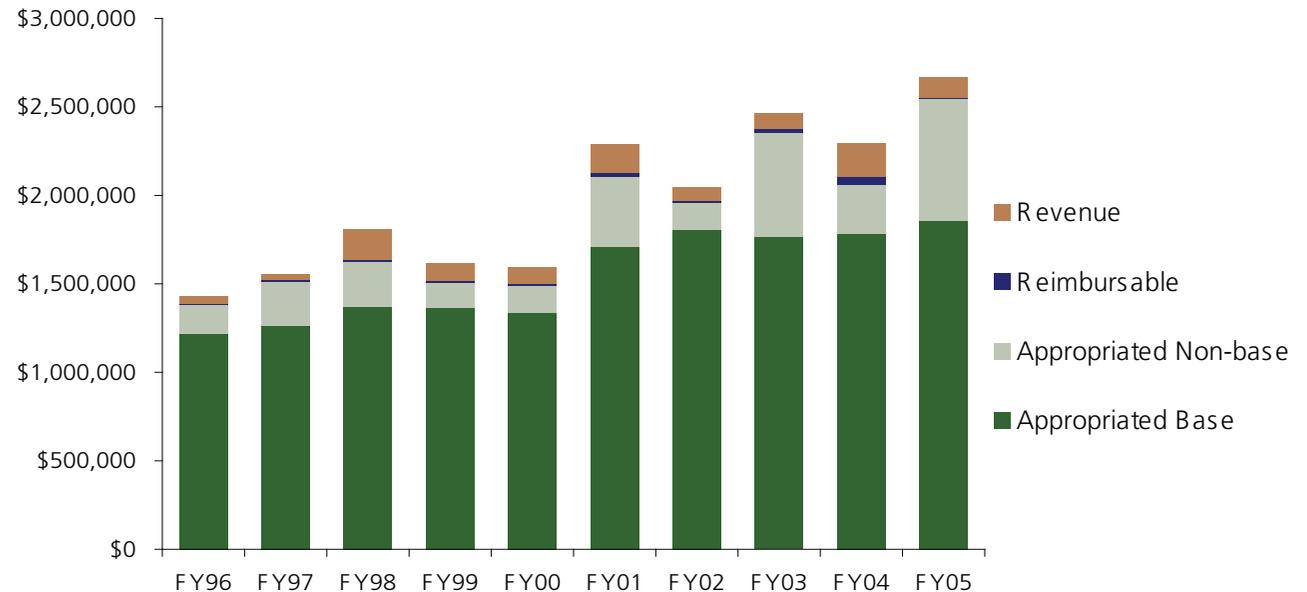
Reimbursable Funds

Funds recovered from other agencies have historically represented a negligible amount of funding for Pictured Rocks NL, usually funding less than 1% of all expenses. Monies from reimbursement are inconsistent from year to year and are not treated as a reliable source of funds by the Lakeshore management.

Revenue

Pictured Rocks NL's revenue has represented 5.4% of total expenditures. Revenue results from fees associated with campground user fees, backcountry permits, and tours of the Au Sable Light Station. Under new federal law, the Lakeshore is able to retain 100% of fees collected to support park operations and special deferred maintenance projects. In addition, the Lakeshore competes annually with other NPS units for "20% funds". These funds represent 20% of the revenue from larger parks with an entrance fee and are typically used for special projects.

Historical Expenditures by Fund Source



Base Funding Analysis

Fixed costs, by definition, are required operational costs that remain constant for a fiscal year regardless of the number of visitors. For Pictured Rocks NL, the fixed costs are those associated with permanent personnel (salaries and benefits) and utilities, while all other costs are variable.

Financial flexibility

Units of the National Park Service typically try to limit their fixed expenditures to 80-85% of their total expenditures. By doing so, park management gains financial flexibility when addressing variable costs that arise over the course of a year. Congress usually approves a yearly pay increase for all federal employees, which increases the fixed costs that the Lakeshore incurs for personnel. Unfortunately, this mandate is often not met with an equal base funding increase. This means that should base funds not increase, Pictured Rocks NL would struggle to keep its fixed costs under 90% of its total costs. Over the last ten years, fixed

costs have represented, on average, 88% of all base funded expenditures.

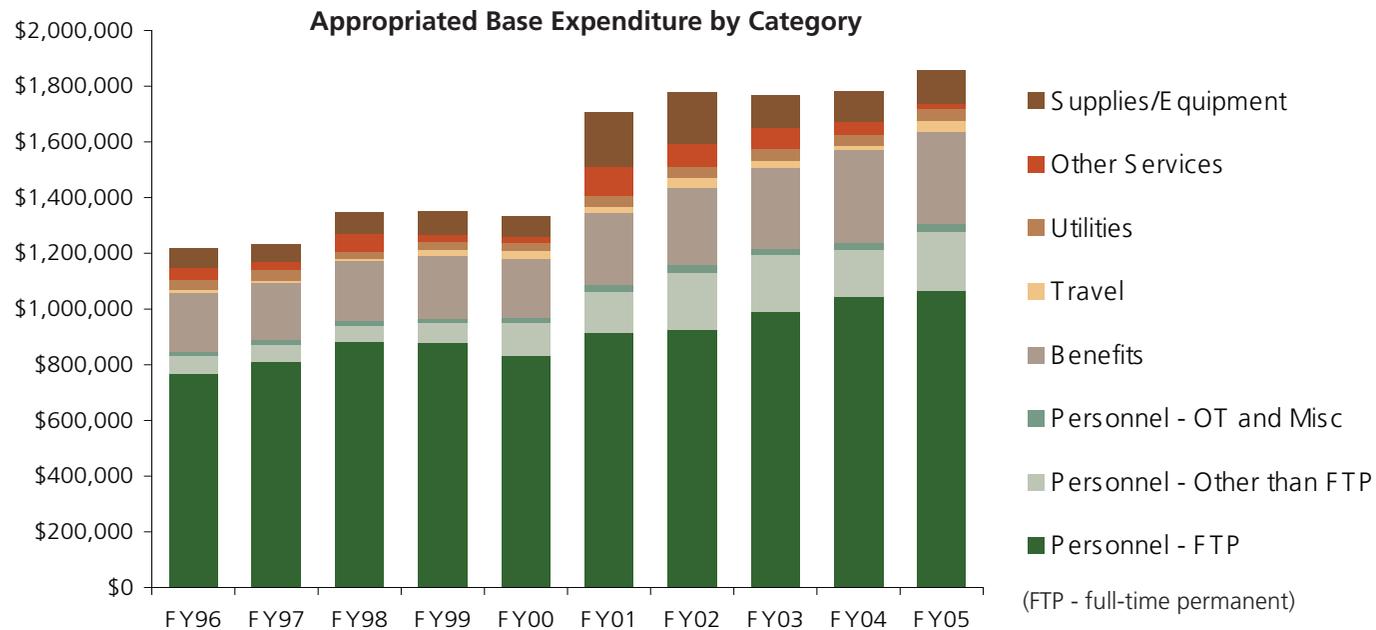
Personnel at Pictured Rocks NL

The number of full-time equivalents (FTE) funded by base funds has remained steady over the past ten years and, since FY02, has averaged 25.2 FTEs. These base-funded FTEs include all permanent employees and any seasonal employees that the park has chosen to fund with congressionally allocated base monies. Though the total number has remained steady, the lapsing of permanent positions has been offset with the hiring of base-funded seasonal employees.

Lakeshore management is working to reduce the fixed and variable costs that are supported with base funds. These efforts, combined with the identification of new revenue streams, will hopefully give the Lakeshore greater flexibility to address unexpected costs.



Most of the Lakeshore's permanent and seasonal rangers are funded with base monies



Non-Base Funding Analysis



Groups like the Youth Conservation Corps (YCC) are funded with non-base funds

Since FY01, Pictured Rocks NL has seen an increase in appropriated non-base funds, averaging annual growth of 8.8%. This increase has allowed the park to fund many one-time projects in all divisions, and more importantly, reduce the large number of backlogged maintenance projects. Non-base funding reached a peak of \$813,364 in FY05.

Reduction of backlogged maintenance projects

A recent influx of non-base funding has allowed the Lakeshore to complete much needed maintenance to many of the Lakeshore's historical buildings and much of its infrastructure. "Other Services," which mainly consists of money paid to contractors, has historically been the largest variable expense averaging around 36.4% of total non-base expenditures. These expenditures have increased to 45.9% of all non-base funds in FY05.

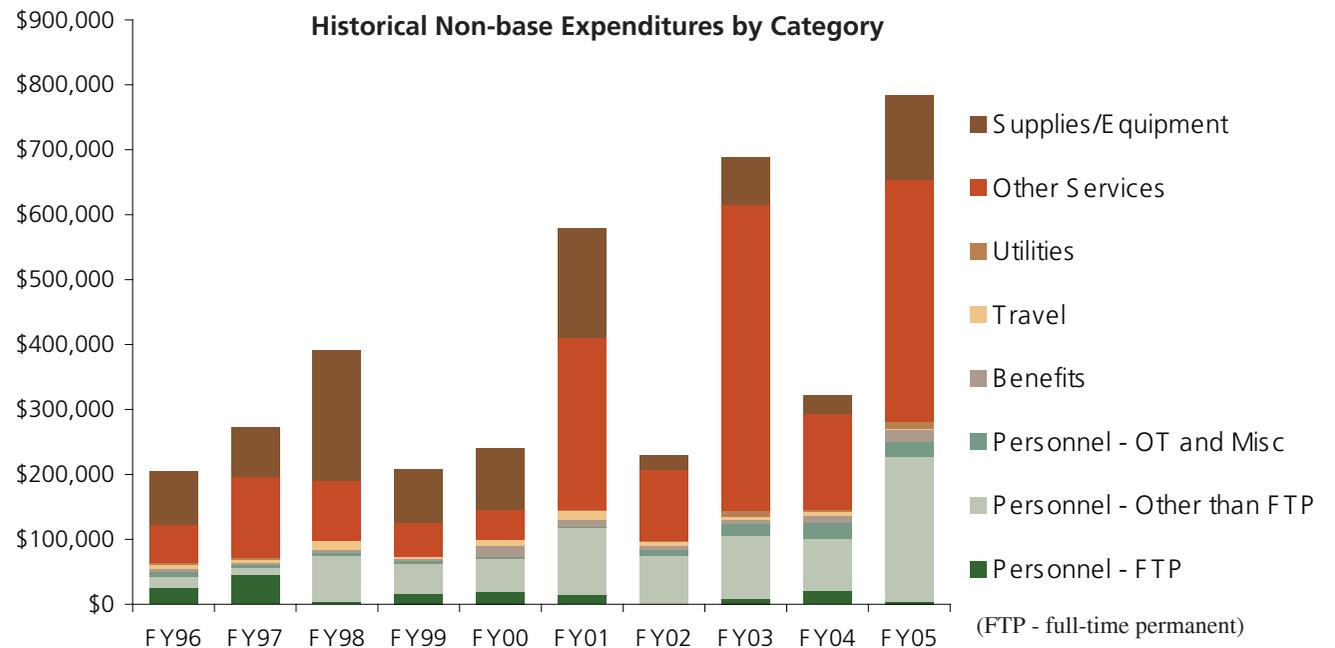


Contracted workers apply a new roof coating to the Au Sable Keeper's Residence

Recent increases in supply expenditures and seasonal personnel also mirror the increase in the number of maintenance projects. Both more than doubled from FY04-05.

Repercussions of high non-base funding

While the increase in non-base funding has allowed the Lakeshore to complete much needed maintenance projects, this funding fluctuates from year-to-year signifying that the Lakeshore carefully address project priority. Furthermore, with the recent lapse in several full-time positions, the Lakeshore is able to complete rehabilitation projects but often does not have the FTEs necessary to manage the increase in project workload nor support the operations of the site thereafter.



Visitation Analysis

Since 1995, Pictured Rocks NL has averaged 426,600 annual visits. Annual visitation has varied slightly over time, primarily as a result of seasonal weather fluctuations affecting recreation opportunities (see chart at bottom left). In FY05, the Lakeshore recorded a 25% increase in visitation over FY04. The Lakeshore is open year-round with peak visitation occurring between June and September (see chart at bottom right). Visitors to the Lakeshore enjoy day hiking, backpacking, camping, beachcombing, swimming, boating on Lake Superior and the inland lakes, fishing, hunting, scenic driving, snowmobiling, and cross-country skiing.

A 2001 visitor use survey reported that 60% of the visitors to the Lakeshore are from Michigan and nearly 54% of visitors to Pictured Rocks NL had visited at least once within the preceding 12 months. Half of the survey respondents reported spending a day or more within the Lakeshore.

Accuracy assessment

The nature of the Lakeshore allows for multiple points of visitor access. To monitor visitation, 12 car counters are located at various points throughout the Lakeshore. Based on the number of vehicles, a mathematical formula is used to estimate annual visitation. However, visitors who enter the park on private boats launched from either the Munising or Grand Marais docks are not counted using the current system. As a result, annual visitation is thought to be slightly higher than officially reported.

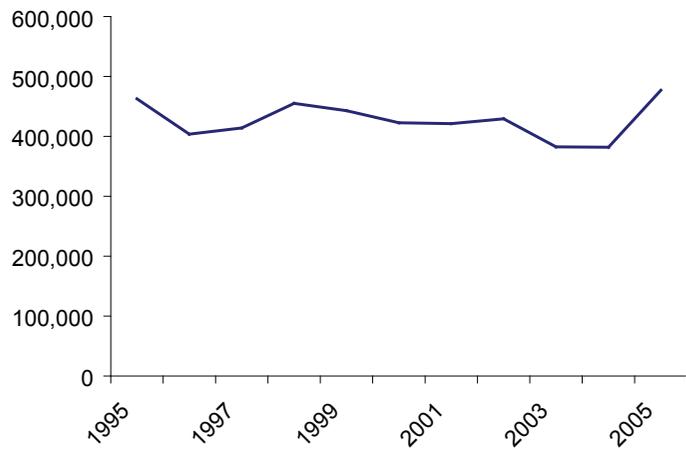
Future use patterns

The paving of Alger County Road H-58, the main park thoroughfare, is predicted to increase visitor access and overall visitation to all areas of the Lakeshore. The increase in the number of recreational visits will increase demands at existing facilities, including visitor centers and rest rooms. These changes in visitor use patterns will likely increase Lakeshore operations and resource needs.

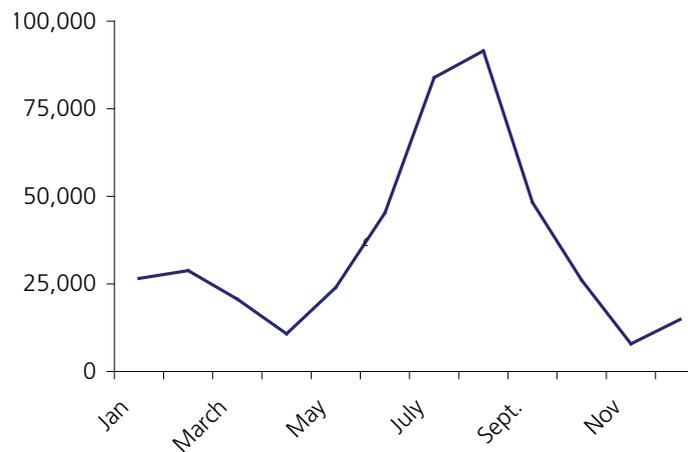


Visitors hike along a Lakeshore beach

Annual Visitation (1995-2005)



Average Monthly Visitation (1995-2005)



Volunteer Analysis



Members of the Student Conservation Association repair a bridge in the backcountry

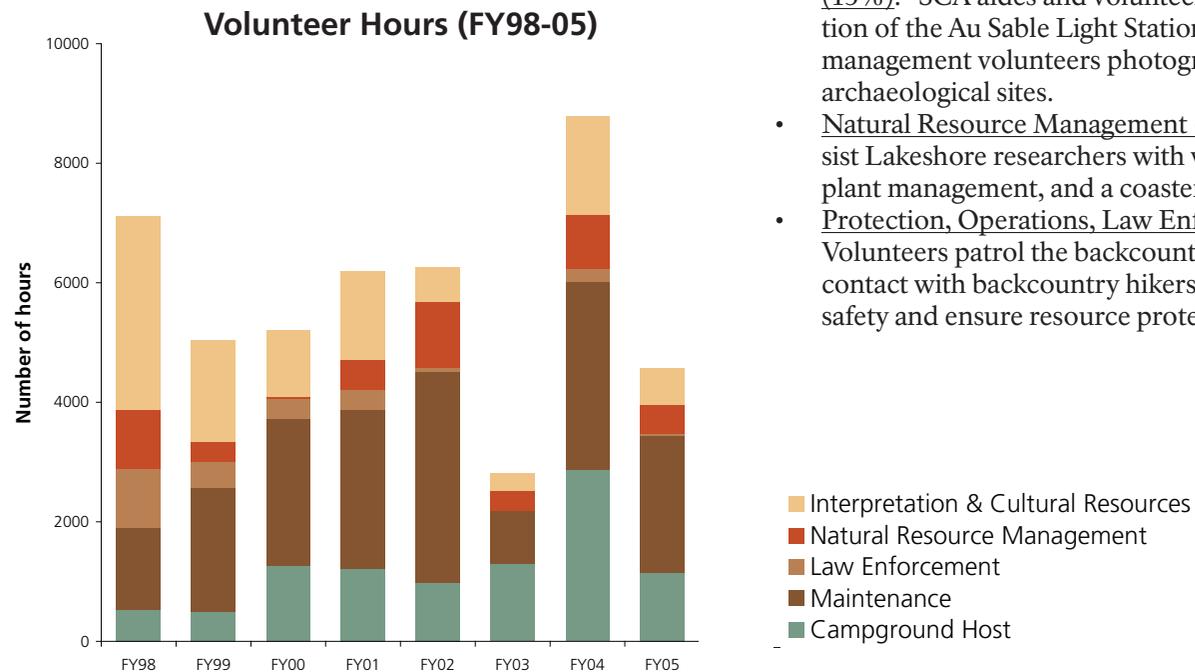
In FY05, volunteers contributed a financial benefit of \$80,239 to Pictured Rocks National Lakeshore based on the NPS estimate of \$17.55 financial benefit per volunteer hour. The Lakeshore spent approximately \$2200 on materials, compensation and recognition; \$412 on housing; \$8500 on Volunteers In Parks (VIP) program administration; and \$5600 on volunteer supervision and training. Thus, the volunteers' net financial contribution in FY05 was \$63,527.

At Pictured Rocks NL, volunteer hours have fluctuated during the past eight years and show no demonstrable trend. In FY03, the VIP program administrator was detailed to another federal agency for three months, allowing him less time for volunteer recruitment, training, and data entry. This drop in FY03 volunteer hours at Pictured Rock NL demonstrates that program administration is integral to the VIP program.

Although administration of the volunteer program generates modest labor costs, the benefits are measurable, both as a net financial contribution to the park and an opportunity to increase the number of connections with the local and regional community.

Volunteers perform a variety of duties for the park from maintenance to interpretation. In FY05, volunteers provided 4,572 hours of services within the following areas:

- **Maintenance (50%):** Each year volunteers from groups such as the Sierra Club, the Student Conservation Association (SCA), local universities, and local residents volunteer to assist with trail maintenance.
- **Campground Host (25%):** Volunteer hosts work at front-country campgrounds (Hurricane River and Twelvemile Beach), providing information and ensuring resource protection.
- **Interpretation and Cultural Resource Management (13%):** SCA aides and volunteers provide interpretation of the Au Sable Light Station and cultural resource management volunteers photograph and document archaeological sites.
- **Natural Resource Management (11%):** Volunteers assist Lakeshore researchers with wildlife surveys, exotic plant management, and a coaster brook trout study.
- **Protection, Operations, Law Enforcement (>1%):** Volunteers patrol the backcountry on foot, initiating contact with backcountry hikers to increase visitor safety and ensure resource protection.



Current Lakeshore Operations

Pictured Rocks National Lakeshore has two main types of annual expenditures: operational expenditures and funded investments. Operational expenditures are all labor and non-labor costs associated with operating the Lakeshore on a day-to-day basis. Funded investments are significant one-time costs the Lakeshore incurs for park development and other project work.

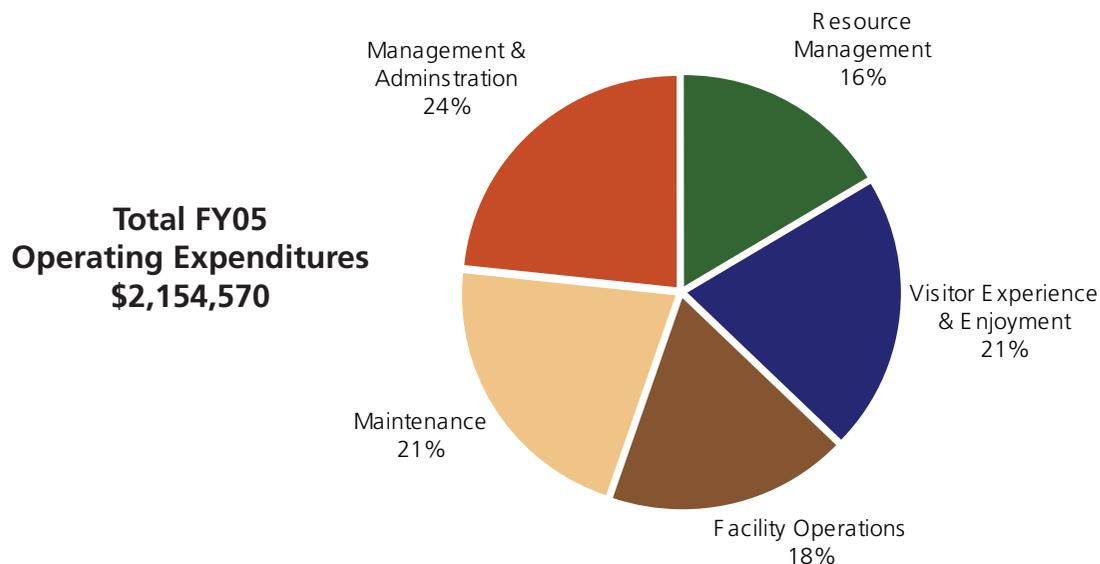
During the formulation of this business plan, both current operational expenditures and funded investments were analyzed. Activities were divided into five functional areas, as described in the sidebar, with 34 distinct program areas. This division allowed for a clear understanding of each activity while providing clarity when comparing the operations of Pictured Rocks NL to the operations of other NPS units.

The next section describes the current operations for Pictured Rocks NL. Expenditures incurred by

the Lakeshore in FY05, both in terms of full time equivalents (FTE) and dollars, are included along with a description of the activity types in each program area. Lakeshore managers compared FY05 expenditures to the required level of staffing and non-labor resources necessary to operate each program area. Using this information, a funding gap was identified, including a defined set of labor and non-labor priorities for each functional area.

Additionally, an analysis of the Lakeshore’s most recently funded investments is included. This section describes the significant investments the Lakeshore made over the last few years and gives a brief description of the value these projects added.

These sections provide more insight into what is necessary to operate this unit of the National Park Service.



Resource Management

This functional area encompasses all activities related to the management, preservation, and protection of the park’s cultural and natural resources. Activities include research, restoration efforts, species specific management programs, wildland fire management, archives and collections management, and law enforcement.

Visitor Experience and Enjoyment

This functional area includes all park activities directly related to providing visitors with a safe and educational experience while at the park. It includes all interpretation, visitor center management, interpretive media, in-park concessions management, fee collection, law enforcement, and emergency services.

Facility Operations

This functional area includes all activities required to manage and operate the park’s infrastructure on a daily basis. Buildings, roads, trails, utilities, and campgrounds require a range of operational activities from basic sanitation to water testing.

Maintenance

This functional area includes activities directed solely to prolonging the life of park assets and infrastructure through substantial repair, replacement, or rehabilitation of park assets, such as buildings, roads, trails, utilities, fleet vehicles, and equipment.

Management and Administration

This functional area encompasses all park wide management and administrative support activities. It includes all park communications and external affairs activities, park level planning, human resource management, information technology, park leadership, and financial management.

Resource Management



Eradicating Invasive Plants and Animals

Invasive non-native plant and animal species are major threats to the Lakeshore's ecosystems. Invasive aquatic species such as the sea lamprey, zebra mussel, river huffe, and spiny water flea have been found in Lake Superior, most likely transported via ballast water or migration through man-made waterways.

Other invasive species, most notably the gypsy moth and spotted knapweed, are relatively recent terrestrial invaders.

The Lakeshore's resource managers actively monitor native and non-native plant and animal communities and, in recent years, have worked to eradicate spotted knapweed from the Grand Sable Dunes.

The Resource Management functional area manages all cultural and natural resources within the Lakeshore'. Activities include inventory and monitoring of native and non-native plant and animal species, conservation and restoration of cultural and historic artifacts, and regular patrol of the Lakeshore's cultural and natural resources. The general resource management workload is stable from year to year and typically includes one large-scale research project.

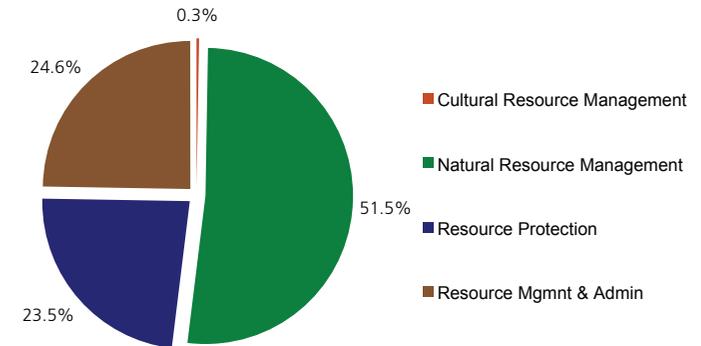
This functional area uses various permanent and seasonal specialists to meet the diverse workload requirements. Each year, seasonal biological technicians assist in data collection and seasonal park rangers provide extra patrol during peak visitation. Most employees in this functional area are permanent. All of these employees - regardless of whether they are seasonal or permanent - complete data collection, analyze data, and produce documents for long-term natural and cultural resource management and planning.

Program administrators ensure that the Lakeshore complies with all existing laws and legislation.

Cultural Resource Management FY05 - \$1,146; 0.2 FTE

This program area ensures conservation and restoration of Pictured Rocks NL's 13,290 on-site museum objects, 38 archeological sites, and a small library. The cultural resource specialist consults with maintenance and interpretation staff regarding restoration and interpretation of the 1874 Au Sable Light Station, a National Register of Historic Places site and a designated cultural landscape. Annually, law enforcement rangers monitor all archeological sites to assess damage while managers ensure that cultural resource activities comply with appropriate laws and legislation.

Resource Management FY05 Expenditures by Program



Total Required		Available		(Deficit)	
FTE	Funds	FTE	Funds	FTE	Funds
8.0	\$509,827	5.71	\$351,577	(2.29)	(\$158,249)

Natural Resource Management FY05 - \$181,235; 3.15 FTE

This program area conducts inventory, monitoring, restoration and research to ensure long-term conservation of the Lakeshore's natural resources and associated ecological processes. To date, the natural resources management staff have inventoried over 60% of the vascular plants and vertebrates in the Lakeshore. Annually, staff monitor inland lakes and streams, populations of invasive plants, and wildlife harvest rates. Ongoing studies in the Grand Sable Dunes, a nationally recognized Natural Research Area, contribute toward a better understanding of this unique ecosystem. Between 1998 and 2001, Lakeshore staff re-introduced coaster brook trout populations in three inland streams and are currently monitoring this population. Since 2000, employees have re-vegetated three major areas of the Lakeshore where high levels of visitor impact had degraded the resources. Ongoing research projects aim to better understand the effects of human activities on the Lakeshore's plant and animal species.

Resource Management and Administration

FY05 - \$86,514; FTE.97

This program area is responsible for providing oversight and support for the natural and cultural resources programs at Pictured Rocks NL through the management and formulation of annual budgets, coordination with external agencies, and the development of long-term planning documents. Managers also maintain the Research Permit and Reporting System.

Resource Protection

FY05 - \$82,682; 1.39 FTE

The Resource Protection program area patrols the Lakeshore on foot, by car, and in boats to educate users and enforce regulations designed to protect the Lakeshore's natural and cultural resources. Rangers patrol the Lakeshore year-round, and a seasonal ranger is hired to support this operation during peak visitation. During the summer, rangers patrol front-country sites daily and backcountry sites weekly to identify and curtail inappropriate activities. In the off-season, the ranger staff monitors and investigates land use in the Lakeshore's inland buffer zone (IBZ).

Operational Priorities

Currently, the inventory and monitoring programs have successfully recorded the presence of nearly 60% of expected vertebrate and vascular plants. However, limitations in staffing have prevented the collection of adequate data to produce research models that could better predict the impact of campgrounds, trails, and other human impacts on the Lakeshore's plants and animals. With a total operational shortfall of \$158,249, the following are the top priorities for this functional area.

1. Hire permanent full-time wildlife biologist.

This position would monitor terrestrial vertebrate populations throughout the Lakeshore. In addition, this position would investigate and make recommendations regarding wildlife harvests and monitor threatened and endangered species.

2. Hire seasonal biological technician.

This position would work alongside members of the permanent staff to collect project specific baseline monitoring data. In addition to data collection in the field, the technician would assist with the administrative workload.

3. Hire part-time data technician.

This position would input and manage the multiple sets of data collected by the Lakeshore's field staff. Additionally, this position would download data from handheld and backpack Global Positioning Systems (GPS). Assistance with coordination of seasonal field staff and collection of data would also be conducted by the technician.



Miners Falls



Natural Resource staff inventory the Lakeshore's vegetation communities

Visitor Experience and Enjoyment



Au Sable Light Station

The 1874 Au Sable Light Station preserves a premier example of Lake Superior's maritime history. The former U.S. Coast Guard and U.S. Lighthouse Service facility is located on the shore of Lake Superior, 13 miles west of Grand Marais. It is comprised of 15 historic structures, including a light tower, two keepers' quarters, and numerous small outbuildings.

For over 100 years, the 82-foot tall light tower has warned sailors of the shallow reef which surrounds Au Sable Point. Thick fog has caught many a sailor unaware, and the remains of three shipwrecks can be found along the beach west of the light station. In the summer months, Lakeshore seasonal staff, a Student Conservation Association aide, and volunteers lead guided tours of the light station.

Annually, Pictured Rocks NL averages 426,000 visits, with over 50% of annual visitation occurring from June through September. The Visitor Experience and Enjoyment (VEE) functional area provides the visitor with general information at four visitor centers. Additionally, employees in this functional area present interpretation and education programs, and patrol the Lakeshore to ensure visitor safety. As visitation increases, so too will the need to hire a greater number of employees to meet visitor needs and ensure visitor safety.

Given the seasonal nature of visitation, this functional area employs many summer seasonal employees to meet the demands for information, orientation, and safety. With the Hiawatha National Forest, the Lakeshore operates the Interagency Visitor Center in Munising year-round. The Grand Sable Visitor Center, Munising Falls Interpretive Center, and Miners Castle Information Center are open from Memorial Day through Labor Day. In addition to the many summer seasonal employees that respond to visitor requests, permanent employees manage and respond to the year-round demands for interpretation and education programs as well as visitor safety services.

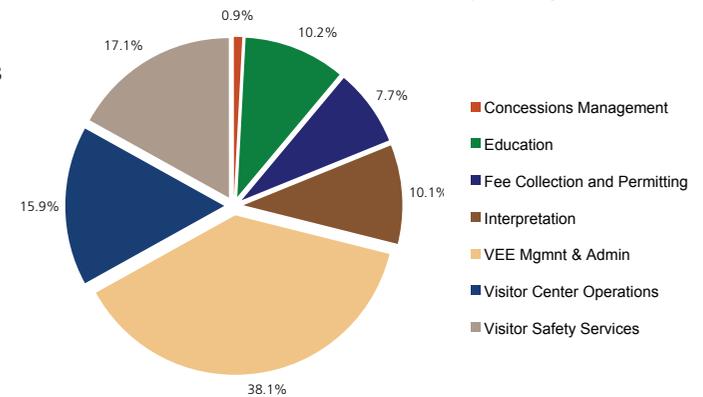
Concessions Management *FY05 - \$4,159; 0.03 FTE*

Any organization that provides commercial services for Lakeshore visitors must apply for a Commercial Use Authorization (CUA). The Concessions Management program area at Pictured Rocks NL currently manages seven CUAs with businesses that provide boat tours, kayak trips, and backcountry hiking trips in the Lakeshore. Lakeshore staff issue appropriate permits, monitor permit holders for compliance, and revoke, rewrite, or reissue permits as necessary.

Education *FY05 - \$45,981; 0.68 FTE*

Pictured Rocks NL's Education program provides site-specific programs that annually educate 3,000 students and teachers about the geographic and scientific features of the Lake Superior shoreline. The Education program, which

Visitor Experience and Enjoyment FY05 Expenditures by Program



Total Required		Available		(Deficit)	
FTE	Funds	FTE	Funds	FTE	Funds
9.7	\$544,313	7.11	\$450,044	(2.62)	(\$94,269)

serves Alger County's K-12 students, offers curriculum-based programs, both on and off-site. In addition, the Education Program offers teacher workshops and manages special events.

Fee Collection and Permitting *FY05 - \$34,543; 0.74 FTE*

Pictured Rocks NL maintains fee collection operations at three drive-in campgrounds and the Au Sable Light Station. Fee collection staff collect fees, monitor compliance, and prepare the collected fees for deposit. Campgrounds are patrolled daily to ensure fee compliance. In addition, the Lakeshore collects a fee for all backcountry permits issued at the Interagency Visitor Center and the Grand Sable Visitor Center. The Lakeshore does not charge an entrance fee.

Interpretation *FY05 - \$45,486; 0.76 FTE*

The Interpretation program at Pictured Rocks NL provided 115 interpretive programs in FY05, including guided tours, campfire talks, and several programs within the local community. Programs are designed to enhance visitor

understanding and appreciation of the Lakeshore's cultural and ecological resources.

In addition to formal programs, informal interpretive contacts with visitors occur at Miners Castle, the Log Slide, Munising Falls, and the front-country campgrounds.

VEE Management and Admin. FY05 - \$171,276; 1.89 FTE
Management and administration of the Pictured Rocks NL Visitor Experience and Enjoyment functional area includes budget formulation and tracking, inventory and purchase of required materials, recruitment, training, supervision of a seasonal work force, and maintenance of fee accounts. Managers monitor visitor satisfaction through annual surveys.

Visitor Center Operations FY05 - \$71,743; 1.89 FTE
Pictured Rocks NL operates two visitor centers, an interpretive center at Munising Falls, and an information center at Miners Castle. All four sites provide visitors

with general Lakeshore orientation and information about recreational and educational activities; some sites respond to phone calls and emails. All sites assist in the sales and management of cooperating association bookstores. At the Interagency and Grand Sable Visitor Centers, employees issue backcountry camping permits. At current funding levels, the Miners Castle and Munising Falls site are staffed only five days per week during the busy summer season. Only the Interagency Visitor Center is open year-round.

Visitor Safety Services FY05 - \$76,855; 1.12 FTE
The Visitor Safety Services program monitors the Lakeshore's buildings, campgrounds, and trail systems to ensure visitor safety. Between May and September, a minimum of one ranger is on duty between 8 a.m. and 11 p.m. During the rest of the year, a minimum of one ranger is on duty from 8 a.m. to 5 p.m. Rangers perform law enforcement and provide emergency medical services, lead search and rescue operations, and initiate fire suppression as needed.

Operational Priorities

The operational deficit in the Visitor Enjoyment and Experience functional area has limited the Lakeshore's ability to adequately address visitor requests for information and provide emergency services. Given the nature of recreational use, the current level of visitation requires that all four visitor information centers be staffed daily during peak visitation, and a minimum of two on-duty law enforcement rangers are needed year-round. With a total operational shortfall of \$94,269, the following are the top priorities for this functional area.

1. Hire new seasonal visitor use assistant.

An additional visitor use assistant would allow the Lakeshore to operate each of the four visitor centers seven days a week between Memorial Day and Labor Day, the peak visitor season. During FY05, 74,330 visitor contacts were made at Lakeshore visitor centers.

2. Increase the length of the season for existing visitor use assistants.

The Lakeshore will increase the season that each visitor center is open (to May 15 to September 30) to provide the majority of Lakeshore visitors with appropriate orientation and safety information and better meet visitor needs.

3. Hire two new permanent full-time law enforcement/patrol rangers.

There is a need for two additional permanent full-time law enforcement rangers, one located on each end of the Lakeshore. These rangers would provide timely response to emergencies and ensure year-round patrol of the Lakeshore.



Each year over 45,000 visitors enjoy the Pictured Rocks aboard Pictured Rocks Cruises



Annually over 74,330 contacts are made at visitor centers, like this one at Munising Falls



Kayaking is popular at the Lakeshore

Facility Operations



Making Sustainable Attainable

Since 1992, the Facility Operations management and staff at Pictured Rocks NL have worked to develop and adopt sustainable practices. The success of each practice relies on a continued evaluation of work habits and activities to determine the potential for reducing the environmental footprint. Facility operations and maintenance staff have been leaders at the Lakeshore initiating the following programs.

- Recycling programs for use in campgrounds, visitor centers, and administrative buildings.
- Toxin reduction programs that have led to the use of green cleaning products and auto shop fluids.
- Installation of solar powered electrical systems to power campground well pumps and the Au Sable Light Station.
- Use of bio-soy lubricants and fluids as well as soy-diesel in appropriate Lakeshore vehicles and equipment.

From the hikers on the North Country Trail to the campers at Little Beaver Lake to the visitors to the Au Sable Light Station, Lakeshore visitors rely on the services of Facility Operations. Facility operations focus on the day-to-day activities required to keep the Lakeshore's assets operational and safe for both visitors and park staff. These day-to-day activities are integral to Lakeshore operations and reduce the likelihood of complicated and expensive repairs over the long term.

Most members of the maintenance workforce perform both facility operations and maintenance activities. The facility operations activities often do not require specialized skills, allowing the Lakeshore to utilize seasonal workers and even volunteer groups.

As with its maintenance activities, the Lakeshore operates all park assets in compliance with the applicable codes and regulations, and records all facility operations work in the park's asset management database, Facility Management Software System (FMSS).

The program areas where the Lakeshore allocated the largest FY05 expenses in FTE and funds are described below.

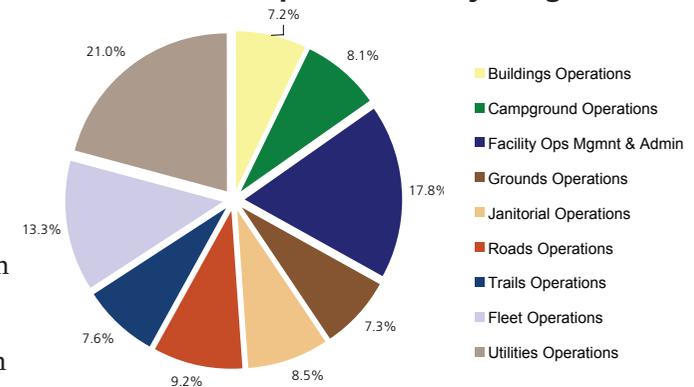
Campground Operations *FY05 - \$31,675; 0.63 FTE*

Pictured Rocks operates 13 hike-in and 3 drive-in campgrounds. Operating the drive-in campgrounds requires upkeep of water pumps, grills, toilets and the campsites themselves. The Lakeshore operates picnic facilities and amphitheaters for interpretive use. Community partners, through the Adopt-a-Campsite program, assist Lakeshore staff with the maintenance of these facilities.

Facility Operations Management and Administration *FY05 - \$69,767; 1.03 FTE*

Management and administration oversees the time

Facility Operations FY05 Expenditures by Program



Total Required		Available		(Deficit)	
FTE	Funds	FTE	Funds	FTE	Funds
7.5	\$567,400	4.68	\$391,216	(2.77)	(\$176,184)

intensive task of recording and monitoring all facility operations duties. This includes budget formulation and tracking, workload and project planning, project specification formulation, all work site supervision, routine safety inspections, and ensuring updated records are kept in the Lakeshore's asset database.

Grounds Operations *FY05 - \$28,647; 0.54 FTE*

Employees working within the Grounds Operations program area are responsible for maintaining functional, safe, and clean grounds for both Lakeshore staff and visitors. Their responsibilities include landscaping duties such as mowing and trimming, but also include the care of benches and fences. In the winter, these employees remove snow from paths, stairs, and ramps.

Janitorial Operations *FY05 - \$33,089; 0.78 FTE*

The Janitorial Operations program area performs all cleaning and sanitizing of the Lakeshore's four administrative buildings, two comfort stations, and 18 vault

toilets. Public use areas are cleaned more frequently during the period of peak visitation, May through October.

Roads Operations *FY05 - \$36,079; 0.34 FTE*

For paved roads and parking lots, activities include upkeep of drainage ditches, patching of potholes, and removal of debris. For unpaved roads, roads operations at Pictured Rocks NL require routine grading and upkeep of drainage ditches. All roads require periodic removal of overgrown vegetation and pruning of hazardous trees. In the winter, the Lakeshore removes snow and ice from the Sand Point Road and parking area, Munising ski trails, Munising maintenance area, Grand Marais maintenance area, the Grand Marais ski trail parking, Grand Marais Ranger Station, and the Munising Range Light.

Trail Operations *FY05 - \$29,668; 0.42 FTE*

The Trail Operations program area maintains erosion control devices, bridges, stairs, boardwalks, and signs in

addition to all other infrastructure associated with the trails. As many of the Lakeshore's trails are snow covered from late fall to early spring, trail operations begin by clearing a season's worth of fallen trees and branches. For this program area, the Lakeshore relies on maintenance staff, volunteer groups, seasonal employees, and local community partners through the Adopt-a-Trail program.

Fleet Operations *FY05 - \$52,161; 0.39 FTE*

Due to the aging nature of the Lakeshore's fleet, operational upkeep of vehicles is becoming not only increasingly important, but also costly. Typical activities in this program area include routine checks of fuel and other fluid levels to ensure the safe and responsible operation of the Lakeshore's vehicle fleet. All vehicles are visually inspected prior to each use, and usage is recorded in the vehicle's logbook. All vehicles in the fleet undergo a routine service every 3000 miles.

Operational Priorities

The operational deficit has been challenging as it restricts the ability to act proactively when addressing facility issues. Simply reacting to facility issues has been a costly strategy, which the Lakeshore has had no choice but to undertake. With a total operational shortfall of \$176,184, the following are the top priorities for this functional area.

1. Refill Foreman position.

The foreman position would greatly ease the workload stresses on both the facility operations and maintenance areas. This position would immediately add efficiencies in the day-to-day management of staff, equipment, and vehicles. It would also increase the capacity to produce project specifications and sequencing as well as oversee contracts and project completion.

2. Refill Lead Trails Worker position.

The Lakeshore has had to depend solely on seasonal employees and volunteer groups to manage its 111 miles of trail. Additional funds would allow facilities operations to hire a permanent trails worker who would provide technical expertise as well as oversee the entire volunteer trails program.

3. Hire preventive maintenance seasonal employees.

Seasonal facility operations employees are seen as essential to the Lakeshore's operations. The regular duties of these FTEs help to greatly reduce the need for costly, large-scale maintenance projects. Additional funds would allow the Lakeshore to perform preventive maintenance on buildings, roads, trails, and other assets.



Snow removal is a large part of facility operations in the winter months



A facility operations employee empties a bear-proof trash receptacle as part of janitorial operations



Facility operations employees groom cross-country ski trails in the winter months

Maintenance



Maintaining Historic Structures

The history of Pictured Rocks as a National Lakeshore dates to 1966, but the buildings owned by the park date to 1874. Operating and preserving the Lakeshore's 44 historical structures requires an extensive amount of effort to maintain historical integrity.

As structures are maintained in accordance with the National Historic Preservation Act, which mandates that any restoration or maintenance requires pre-work compliance and investigation as well as reports and documentation to demonstrate that the work is done in a historically accurate manner. To meet these needs, the Lakeshore employs staff with expertise in historical preservation and building techniques. Awareness of history and attention to detail guarantees that Lakeshore structures will be well preserved for years to come.

The photo above is the former Grand Marais Coast Guard Station, now used as the Grand Marais Ranger Station.

The maintenance functional area at Pictured Rocks NL performs all activities that prolong the lives of the Lakeshore's diverse assets. These activities include long-term rehabilitation and repair work, preventive maintenance, and infrastructure and equipment replacement. The general maintenance workload is stable from year to year and typically includes one to two large-scale projects.

The Lakeshore relies heavily on its highly qualified and multifarious maintenance workforce. As the nature of the maintenance work is varied, the park utilizes highly skilled permanent employees as well as general seasonal laborers. The Lakeshore also utilizes contractors and specialized volunteer groups as projects and worker capacities necessitate.

The Lakeshore maintains all of the park assets in compliance with the applicable codes and regulations, and records all work in the park's asset management database, Facility Management Software System (FMSS).

Buildings Maintenance FY05 - \$139,842; 0.57 FTE

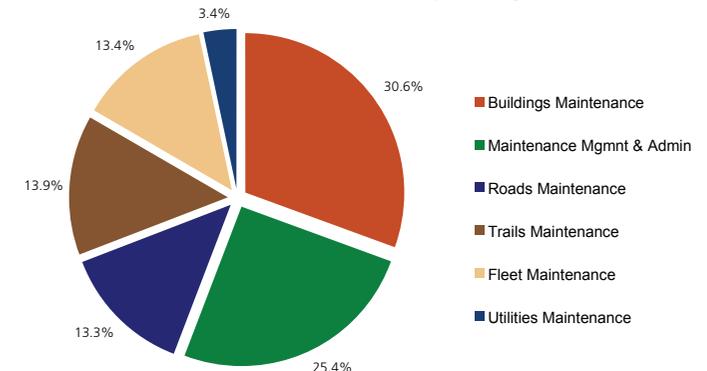
The Lakeshore maintains 46 major buildings, including 25 historical buildings, 5 housing quarters, a headquarters building, and 3 visitor information centers. Annually, these buildings are inspected and repairs are made as needed. Repairs include structural work, exterior/interior painting, roofing, damage repair, plumbing, electrical work, and plastering.

Maintenance Management and Administration

FY05 - \$116,176; 1.66 FTE

Maintenance Management and Administration oversee all maintenance activities through budget creation and monitoring, work planning, project reporting, acquisition of assets, improvement of the safety program, and supply procurement. When the park outsources maintenance projects, maintenance managers and administrators must

Maintenance FY05 Expenditures by Program



Total Required		Available		(Deficit)	
FTE	Funds	FTE	Funds	FTE	Funds
5.4	\$530,980	4.05	\$457,546	(1.35)	(\$73,434)

produce a scope of work and specification preparation in addition to providing on-site contractor oversight. The workload in this program area has increased as of late due to the NPS-wide initiative to inventory and prioritize all maintenance work in the NPS database system, Facility Management Software System (FMSS).

Roads Maintenance FY05 - \$61,057; 0.33 FTE

The Lakeshore maintains 18 miles of paved roads and 7.5 miles of unpaved roads. Roads Maintenance ensures safe and reliable visitor and park staff access throughout the Lakeshore. This program area maintains the shoulder areas, drainage structures, guard rails, signs and related structures. Activities such as paving are usually accomplished through contracted services.

Trails Maintenance FY05 - \$63,631; 0.56 FTE

The primary responsibilities of the Trails Maintenance program area are the repair and rehabilitation as well as cyclic maintenance of the Lakeshore's 111 miles of paved

and unpaved trails. All trail maintenance is intended to provide the public with safe access to the Lakeshore as well as to prolong the life of the trail. As with upkeep of roads, trails maintenance includes the entire trail corridor and such trail features as trail tread, boardwalks, bridges, stairs, signs, and erosion control features. To supplement the trails maintenance program, Pictured Rocks NL utilizes volunteer groups, such as the Student Conservation Association, Sierra Club, and American Hiking Society.

Fleet Maintenance FY05 - \$61,451; 0.65 FTE

In 2005, the Lakeshore fully owned and maintained 29 passenger/service vehicles, 8 snowmobiles, 4 boats, 2 all-terrain vehicles, 2 utility tractors, and 6 other pieces of heavy machinery. These vehicles are used by a variety of Lakeshore staff and have either been purchased new or

were obtained after being surplus by other government agencies. Due to the intensive nature of maintaining this aging fleet (the average age of the passenger/service vehicles is 14 years old), the Lakeshore employs a permanent mechanic and operates a full-service repair facility.

Utilities Maintenance FY05 - \$15,389; 0.28 FTE

Utility systems at Pictured Rocks NL range from heating, ventilation, and air conditioning (HVAC) systems found in the lakeshore's headquarters and visitor centers to solar powered water systems at the front-country campgrounds. The systems differ greatly in complexity as well as accessibility. The Lakeshore performs most of the maintenance and inspection of sewer, water, electrical gas, and HVAC utilities in-house, and ensures that this work follows all applicable federal and state regulations.



The Lakeshore's aging vehicle fleet requires a great deal of maintenance



Trail infrastructure requires significant maintenance due to its use

Operational Priorities

The maintenance and facility operations functional areas overlap to a large extent; any fund increase to one area will directly benefit the other. With a total operational shortfall of \$73,434 in Maintenance Management, the following are the top priorities for this functional area in addition to the priorities listed for Facility Operations on page 19.

1. Refill Foreman position.

As mentioned on page 19, a foreman would provide an immeasurable amount of assistance when dealing with the maintenance workload. This position would be shared with the facility operations functional area and, in addition to day-to-day supervisory duties, would assist the Chief of Maintenance with project specifications and project oversight. As special project funds are increasingly being allocated to backlogged maintenance projects, this assistance is essential.

2. Increase fleet efficiency.

Additional money would be used to replace several of the Lakeshore's high mileage and high use vehicles with U.S. General Service Administration (GSA) leased vehicles. This would be especially effective for the law enforcement vehicles, which are used a great deal and require a higher standard of reliability. Using leased vehicles would reduce the workload currently devoted to maintaining the Lakeshore's aging passenger fleet as well as allow for a more timely replacement cycle of the remaining vehicles.



The upkeep of all trail signage is the responsibility of the maintenance functional area



Experience Your Lakeshore

The “Experience Your Lakeshore” outreach program seeks to strengthen communications and relationships between the Lakeshore and members of the gateway communities.

The program invites local civic leaders and citizens to visit the Lakeshore and participate in formal programs. The program's aim is to establish dialogue about the requirements necessary to run a park as well as create a forum where managers learn from their neighbors and listen to their concerns. The 2006 program met on five autumn afternoons and included special presentations by staff and field trips throughout the Lakeshore.

Management and Administration

The Management and Administration functional area is responsible for the general administrative duties that support and enhance the operations of all Lakeshore employees. Administrative tasks include human resource management, park budget formulation and tracking, and oversight of all procurement and contracting activities. In addition, park managers provide supervision and leadership through staff development activities and regular meetings. This functional area also maintains partnerships with external stakeholders.

The workload of the management and administration program area remains steady year-round, and the work is handled by a small group of highly skilled permanent employees.

Communications FY05 - \$77,743; 0.98 FTE

The Communications program manages the Lakeshore’s 25 computers, 2 servers, major telephone systems, radios, and base stations. This program area performs regular maintenance, troubleshooting, and replacement of equipment in order to maintain professional and seamless communication within and outside the Lakeshore.

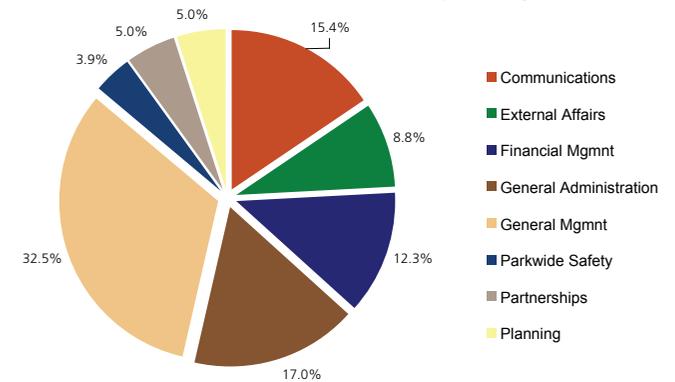
External Affairs FY05 - \$44,424; 0.54 FTE

The Pictured Rocks NL External Affairs program establishes and maintains relationships with the Lakeshore stakeholders including the media, constituency and partnership groups, community leaders, and congressional offices. This program communicates information about current events, programs, and current park initiatives. Duties include distributing news releases, attending meetings, and filing correspondence.

Financial Management FY05 - \$62,226; 1.1 FTE

The Financial Management program formulates and executes Pictured Rocks NL’s annual budget including base, non-base, reimbursable, and revenue monies. All park funds are tracked in on-line databases. This program area

Management and Administration FY05 Expenditures by Program



Total Required		Available		(Deficit)	
FTE	Funds	FTE	Funds	FTE	Funds
7.6	\$594,033	5.98	\$503,887	(1.60)	(\$90,146)

assists all Lakeshore divisions through the development of methods to project costs, assess deviations, estimate future needs, and proactively recommend spending controls to the different park divisions.

General Administration FY05 - \$85,454; 1.41 FTE

The General Administration program at Pictured Rocks NL supports the Lakeshore’s staff through the management of all administrative operations related to budgeting, financial management, property and fleet management, and contract management. The program oversees all contracting and procurement activities including the acquisition of supplies and services that Lakeshore employees need to perform their jobs.

General Management FY05 - \$163,996; 1.25 FTE

The Pictured Rocks NL management team consists of five division chiefs and the Lakeshore’s superintendent who provide leadership and supervision over all operations necessary for the lakeshore to meet its mission, including

priority setting, program direction and support, and human resource management. The team establishes park operating procedures and processes, implements strategic plans, establishes priorities for available funding levels, and oversees day-to-day park operations. The Superintendent's Office further defines clear goals that promote and communicate the mission of the park to all employees.

Parkwide Safety *FY05 - \$19,678; 0.19 FTE*

The Parkwide Safety Program manages all aspects of employee health and safety training including annual training, reporting, and dissemination of health and safety information. Annual reports analyze methods to reduce the park's loss incident rate. This program also implements and monitors environmental compliance for hazardous materials and waste in accordance with federal, state, and local laws.

Partnerships *FY05 - \$25,191; 0.28 FTE*
 Pictured Rocks NL manages partnerships to promote local and regional support of the lakeshore and its mission. Partnerships are maintained with non-profit and volunteer organizations, educational institutions, and other government agencies. Partnerships are actively sought and maintained through regular meetings, collaborative project development, formal and informal communications, and an annual review of partner goals and activities.

Planning *FY05 - \$25,176; 0.23 FTE*

The Planning program for Pictured Rocks NL provides guidance for the staff, stakeholders, partners, and the public. This program produces parkwide plans for visitor use, new and existing facility development, preservation and maintenance of historic structures, and land management including acquisition needs. Legal requirements, guidelines and regulations, environmental and cultural compliance needs, and code compliance are addressed through the various planning documents.

Operational Priorities

The greatest challenge in this functional area is to keep pace with the evolving administrative duties. The Lakeshore's permanent Information Technology Specialist transferred in FY05, and the position has not yet been filled due to funding shortages. With an operational shortfall of \$90,146, the following are the top priorities for this functional area.

1. Hire permanent part-time Information Technology Specialist.

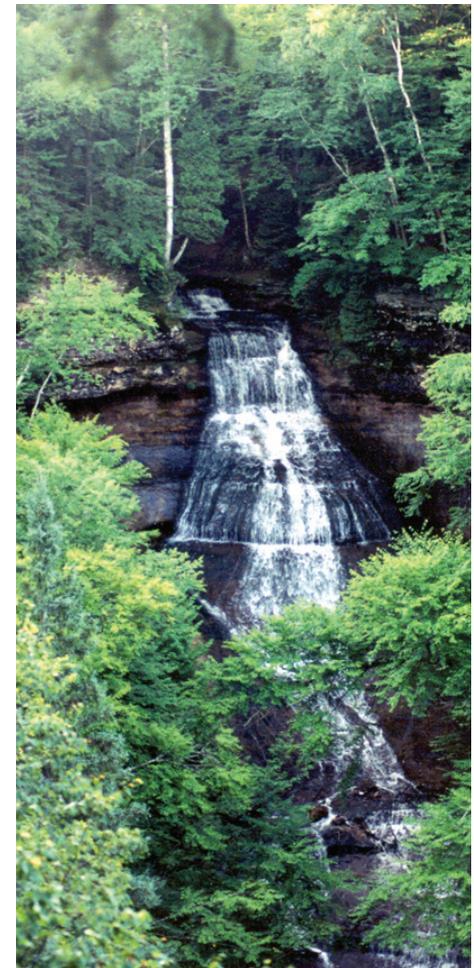
Given the increasing reliance on computer networks to manage and store accounting and human resources information, the Lakeshore needs to fill the lapsed Information Technology (IT) Specialist position. The Lakeshore predicts that IT needs can be maintained by a part-time IT Specialist with outside contractors providing assistance as needed.

2. Hire permanent part-time personnel clerk.

New NPS policies require an increasing amount of administrative time to comply with hiring standards, a computerized payroll system, and the transfer of data into electronic databases. A permanent part-time personnel clerk is required to assist with seasonal recruitment, completing background investigations, payroll, and filing.

3. Increase permanent part-time Secretary to full-time position.

This position is currently the only general administration support staff for the Superintendent's Office as well as the Lakeshore's five operational divisions. Expanding the position will relieve program managers from performing time-consuming clerical work.



Chapel Falls is one of the Lakeshore's many waterfalls

Funded Investments

Investments are one-time expenditures that meet the needs for new or improved infrastructure and increase the Lakeshore's capital or intellectual property. In FY05, Pictured Rocks NL spent \$495,524 on investment projects. Investment projects are typically funded by non-base monies (soft money) or with revenue generated from camping or backcountry fees. At Pictured Rocks NL, investment projects in FY05 improved visitor and employee facilities at several locations. In addition, several projects contributed toward an increased understanding of the populations of critical plant and animal species. Total expenditure amounts represent FY05 spending; however, many of these projects are multi-year efforts. The most significant projects are summarized briefly below.

Replace overloaded wiring FY05 - \$134,000

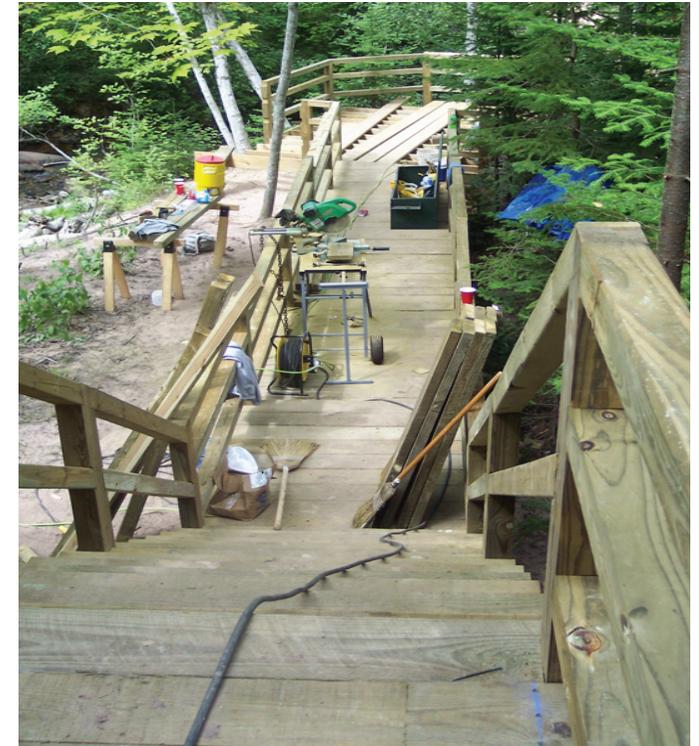
The Lakeshore replaced the aged and overloaded wiring systems at four of the Lakeshore's historic Coast Guard buildings and three administrative use buildings. Many of these structures had been modified and used as offices, storage space, and places open to the public; however, the updated buildings had not been re-wired to the required specifications. The new wiring meets electric codes for public and employee use buildings, and greatly reduces the chances of electrical fire in these structures.



The Sable Falls special project crew built an elevated boardwalk and re-routed sections of the trail away from the creek edge



The Sable Falls special project crew replaced 300 linear feet of steps and boardwalk along the Sable Falls trail



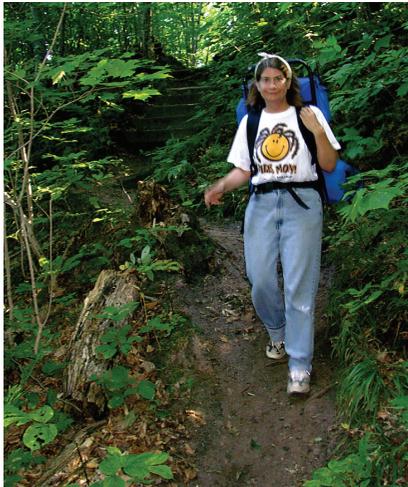
The Sable Falls special project crew carried over 15 tons of concrete and all the necessary tools to the site

Replace hazardous stairs at Sable Falls FY05 - \$ 192,000

Successive erosion had dislodged the wooden staircase at Sable Falls from its base. Years of wear and tear left the Lakeshore no way to further repair the stairs in these highly trafficked areas. In FY05, the Lakeshore replaced 300 linear feet of stair structure and elevated boardwalks. Members of the Lakeshore's Youth Conservation Corps worked alongside park employees to complete this project. The project required that all materials and tools be carried by hand to the site – including 15 tons of concrete. The new stair structures protect the Sable Creek and Lake Superior bluff environments from off-trail foot traffic and provide visitors the opportunity to safely enjoy these unique resources from the new boardwalk and steps.

Inventory of black bear population *FY05 - \$99,000*

Pictured Rocks NL is one of the few units of the NPS that allows hunting, including black bears. Lakeshore managers, however, must balance recreational harvests with the maintenance of a viable black bear population. In order to manage the bear population, park researchers conducted an inventory. Using non-invasive techniques, the researchers collected hair samples and used genetic analyses to estimate population size. The results of this two-year project will be used to compare total predicted population size with the rate of annual harvest.



In FY05, 11,497 people backpacked at Pictured Rocks NL

Evaluate avian response to hikers *FY05 - \$18,000*

Pictured Rocks NL partnered with Northern Michigan University to assess the impacts of hikers on the avian abundance, distribution, and flight responses along several stretches of popular trail within the Lakeshore. Prior to this research, no site specific information about the avian/human interactions existed for the Lake Superior area. The findings of this project allow park management to better balance the increasing recreational use with natural resource protection. This is an ongoing project with expected completion in FY08.

Determine black bear harvest mortality *FY05 - \$26,882*

The project aims to better understand the annual rate of black bear harvest within Pictured Rocks NL. Researchers examined the effects of recreational hunting on the bear population. To meet these objectives, researchers captured bears and attached radio transmitters. Using telemetry, researchers monitored bear movement and mortality from May through October. This information is being collected in conjunction with mortality information gathered by the Michigan Department of Natural Resources. This is a multi-year project, and the results will be used to make harvest recommendations that will ensure the long-term viability of the black bear population.



Park researchers weigh a juvenile black bear - investment projects allow researches to study the effect of hunting on the Lakeshore's bear population

In FY05, Pictured Rocks NL spent \$495,524 on investment projects. These projects replaced unsafe infrastructure and contributed toward the Lakeshore's intellectual capital.

Financial Measures

Summary Financial Statement

In FY05, Pictured Rocks National Lakeshore allocated \$2,154,270 to operations and \$495,524 to investments.

The summary financial information in this section outlines the funding needed on an annual basis to support the Lakeshore’s operational requirements for each of the five functional areas, across the 34 program areas. For each program area, an FTE and funding requirement is listed and then compared with the available FY05 values.

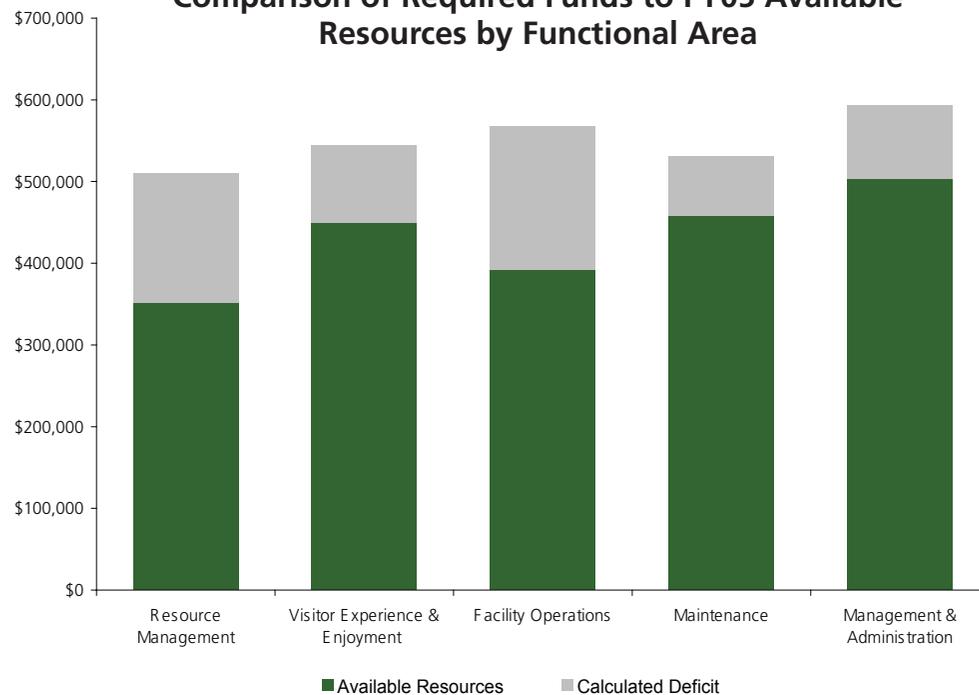
While the total funding required for each functional area does not differ greatly, the amount of identified deficit ranges from \$73,000 to \$176,000. As personnel costs comprise the most expensive funds for each program area, a higher identified FTE deficit corresponds to a higher total fund deficit. Though Visitor Experience and Enjoyment and Facility Operations have both identified a similar FTE deficit, their funds differ because of the non-labor costs associated with the operations of the facilities (see page 18). It also should be noted that - due to the Lakeshore's size - facility operations and maintenance are managed as one division.

Total Pictured Rocks NL Deficit: \$592,284 and 10.63 FTE

By defining the level at which the Lakeshore should be operating in order to perform core functions and achieve the Lakeshore purpose, the management of the Lakeshore has identified an operational funding gap. Filling this gap is required to operate Pictured Rocks NL at a level that fulfills the mission as set forth in the enabling legislation. The dollar amount includes the funds required to support an additional 10.63 FTEs of labor along with additional non-labor expenses.

Should funds increase, operating priorities have been identified and are outlined for each functional division in the previous section, Current Operations.

Comparison of Required Funds to FY05 Available Resources by Functional Area



FUNCTIONAL AREAS AND PROGRAMS	ESTIMATED REQUIRED TO MEET NEEDS		CURRENT AVAILABLE RESOURCES		SURPLUS / (DEFICIT)	
	FTE	Funds	FTE	Funds	FTE	Funds
Resource Management						
Cultural Resource Management	0.1	\$10,597	0.20	\$1,146	0.08	(9,451.08)
Natural Resource Management	4.3	\$247,189	3.15	\$181,235	(1.11)	(65,954.55)
Resource Protection	1.8	\$106,037	1.39	\$82,682	(0.39)	(23,354.74)
Resource Management & Administration	1.8	\$146,003	0.97	\$86,514	(0.87)	(59,489.02)
Subtotal	8.0	\$509,827	5.71	\$351,577	(2.29)	(158,249.39)
Visitor Experience and Enjoyment (VEE)						
Concessions Management	0.0	\$3,817	0.03	\$4,159	0.00	342.07
Education	0.7	\$52,207	0.68	\$45,981	0.00	(6,225.74)
Fee Collection & Permitting	1.1	\$38,803	0.74	\$34,543	(0.35)	(4,259.45)
Interpretation	1.1	\$58,198	0.76	\$45,486	(0.32)	(12,712.05)
VEE Management & Administration	2.3	\$184,142	1.89	\$171,276	(0.38)	(12,865.70)
Visitor Center Operations	3.1	\$109,886	1.89	\$71,743	(1.17)	(38,143.39)
Visitor Safety Services	1.5	\$97,260	1.12	\$76,855	(0.40)	(20,404.96)
Subtotal	9.7	\$544,313	7.11	\$450,044	(2.62)	(94,269.22)
Facility Operations						
Buildings Operations	0.5	\$35,918	0.38	\$28,159	(0.14)	(7,758.88)
Campground Operations	0.8	\$41,093	0.63	\$31,675	(0.21)	(9,418.12)
Facility Operations Management & Administration	2.2	\$146,320	1.03	\$69,767	(1.13)	(76,552.56)
Grounds Operations	0.7	\$34,134	0.54	\$28,647	(0.16)	(5,486.29)
Janitorial Operations	0.8	\$33,878	0.78	\$33,089	0.03	(788.45)
Roads Operations	0.6	\$45,081	0.34	\$36,079	(0.21)	(9,001.28)
Trails Operations	1.1	\$61,119	0.42	\$29,668	(0.63)	(31,451.28)
Fleet Operations	0.4	\$51,444	0.39	\$52,161	0.01	716.22
Utilities Operations	0.5	\$18,413	0.17	\$81,970	(0.33)	(36,443.69)
Subtotal	7.5	\$567,400	4.68	\$391,216	(2.77)	(176,184.33)
Maintenance						
Buildings Maintenance	0.8	\$153,069	0.57	\$139,842	(0.26)	(13,226.43)
Maintenance Management & Administration	1.9	\$130,331	1.66	\$116,176	(0.23)	(14,154.85)
Roads Maintenance	0.6	\$71,346	0.33	\$61,057	(0.22)	(10,289.25)
Trails Maintenance	1.0	\$87,401	0.56	\$63,631	(0.45)	(23,769.92)
Fleet Maintenance	0.6	\$58,334	0.65	\$61,451	0.05	3,117.04
Utilities Maintenance	0.5	\$30,499	0.28	\$15,389	(0.24)	(15,110.82)
Subtotal	5.4	\$530,980	4.05	\$457,546	(1.35)	(73,434.23)
Management and Administration						
Communications	0.9	\$62,403	0.98	\$77,743	0.08	15,340.58
External Affairs	0.5	\$46,925	0.54	\$44,424	0.00	(2,501.19)
Financial Management	1.3	\$72,350	1.10	\$62,226	(0.16)	(10,124.34)
General Administration	2.4	\$132,117	1.41	\$85,454	(1.01)	(46,662.43)
General Management	1.6	\$187,410	1.25	\$163,996	(0.31)	(23,414.38)
Parkwide Safety	0.2	\$19,329	0.19	\$19,678	0.00	348.93
Partnerships	0.5	\$44,824	0.28	\$25,191	(0.18)	(19,633.29)
Planning	0.3	\$28,676	0.23	\$25,176	(0.02)	(3,500.25)
Subtotal	7.6	\$594,033	5.98	\$503,887	(1.60)	(90,146.37)
Total for Park Operations	38.2	\$2,746,553	27.53	\$2,154,270	(10.63)	(\$592,284)
Total Investment				\$495,524		
Grand Total			27.53	\$2,649,794		

Estimated Required to Meet Needs: These numbers are defined as the FTE and funds required to operate a program to a standard sufficient to meet the Lakeshore's mission.

Current Available Resources: Values in these columns represent the Lakeshore's FY05 FTEs and expenses.

Surplus / (Deficit): Calculated as the available resources minus the estimated resources required to meet the Lakeshore's core needs.

Immediate Operational Needs

Using the list of operational priorities in each functional area, managers have identified the top three Lakeshore-wide needs.

1. Restore Maintenance Division to Excellence

No other division in the park has been as hard hit by tight budgets and lapsed positions as the Lakeshore's maintenance division. To increase employee safety and return the division to excellence, it is critical to restore the Maintenance Foreman and Lead Trail Worker positions.

2. Restore IT Specialist Position

The loss of the park's IT Specialist has had a significant impact on the productivity of all divisions, and dramatically increased the workload of the Lakeshore's Administrative Officer. As all Lakeshore operations are increasingly dependent on computer systems for all of their work, this position is critical.

3. Maintain and Improve Visitor Services

With the paving of H-58, visitation is expected to steadily increase. In the absence of financial relief, facilities will close and visitor services will be cut during the peak summer months. To provide adequate resource protection and professional level visitor services, additional funding is needed for key visitor service and resource protection positions.

Budget Cost Projection Model



Ice climbers along Sand Point. Photo courtesy of Lars Jensen

The budget cost projection (BCP) model predicts a five-year financial outlook for Pictured Rocks NL. The model compares the Lakeshore's most consistent source of funds, base funds allocated by Congress, with projected fixed and discretionary costs. The NPS considers this projection to be the most important consideration for maintaining an organization's financial stability.

As depicted below, Pictured Rocks NL's current BCP suggests that - in the absence of a significant increase in base funds and if historical trends and assumptions remain true - the Lakeshore will experience a funding shortfall of more than \$100,000 in FY07, increasing to more than \$400,000 by FY11. Given that nearly 88% of the Lakeshore's base funds are used to pay for employee salaries, this projected shortfall suggests that the Lakeshore

will have to decrease its workforce by 1.5 FTEs in FY07 and 5 FTEs by FY11. According to the BCP, Pictured Rocks NL will need to make adjustments that will result in a decrease in costs of approximately \$400,000 or the equivalent of 5 FTEs over the next five years.

The staff of Pictured Rocks is taking this projection into account when considering the operational deficit defined in the summary financial statement on page 27. Management is operating the Lakeshore under strained financial conditions as well as trying to determine how to further reduce costs in order to offset the BCP's predicted shortfall. To this end, Pictured Rocks NL is proactively participating in an NPS core operations workshop, developing strategies that will reduce costs and identifying additional streams of funding.

	FY07	FY08	FY09	FY10	FY11
Allocation	\$1,893,749	\$1,906,217	\$1,918,767	\$1,931,400	\$1,944,116
Total Costs	\$2,003,375	\$2,098,554	\$2,182,250	\$2,266,788	\$2,361,410
Shortfall	(\$109,627)	(\$192,338)	(\$263,483)	(\$335,389)	(\$417,294)
FTE Equivalent	(1.54)	(2.58)	(3.40)	(4.15)	(4.96)

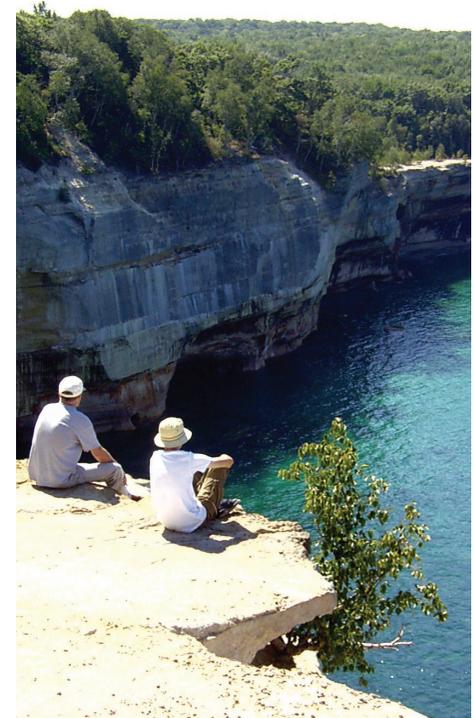
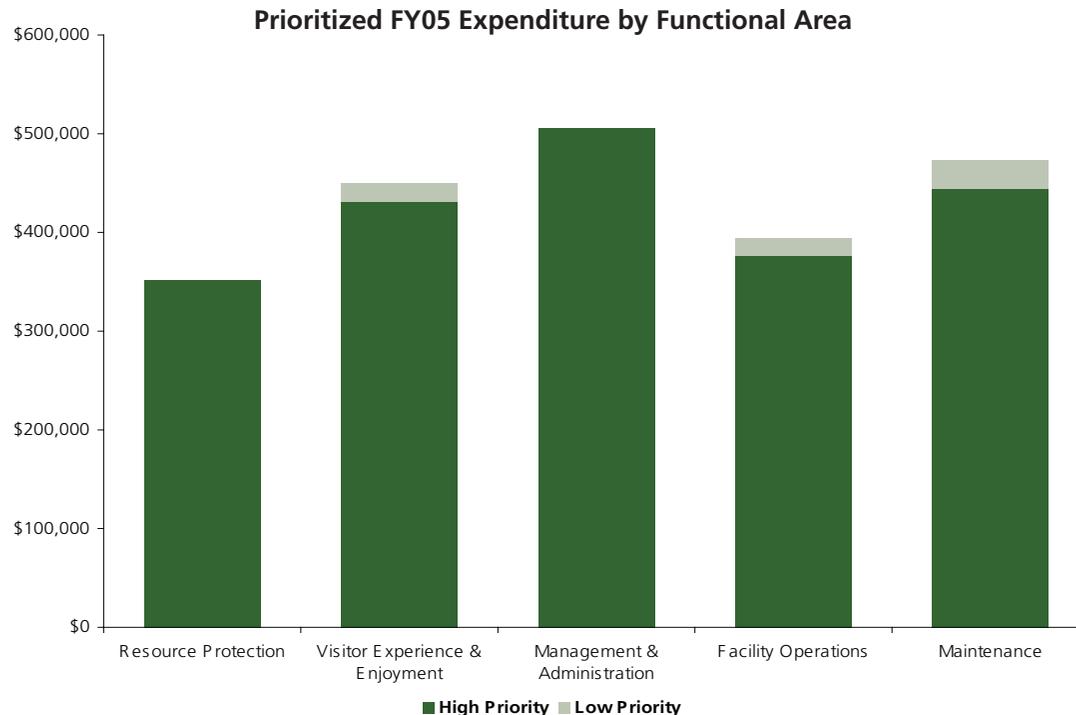
1. Allocation: Represents projected base funds grown over the next five years at a rate equal to the average growth since FY03.
2. Total Costs: All operating expenditures predicted to incur for each fiscal year not including projects or one-time investments.
3. Shortfall: Allocation minus total costs.
4. FTE Equivalent: Calculated as the shortfall divided by the average salary for a Pictured Rocks NL employee.

Core Operations

In April 2006, the staff of Pictured Rocks NL participated in a three-day Core Operations workshop intended to assist Lakeshore management in making decisions on appropriate levels for future staffing required to perform the Lakeshore's core activities. Facilitators asked the participating staff, representing all the Lakeshore's divisions, to define core activities that must be performed in order to meet the Lakeshore's legislated mission. Staff then identified the number of FTE required to complete each activity. After defining the FTEs devoted to those core tasks, the staff brainstormed efficiencies (i.e., duty sharing between divisions, on-line data sharing) and corresponding impacts that those efficiencies might have on the Lakeshore's workload.

One component of the business plan development process asked employees to rank activities as either high or low priority. High priority activities are those that are essential or core to Pictured Rocks NL's purpose and mission. Low priority activities are defined as tasks that may be above what is considered to be a core activity.

As seen in the graph below, the Lakeshore is currently allocating nearly all of its FTEs and funds to high priority, core activities. Considering the bleak outlook of the BCP as mentioned on page 28 and the fact that the Lakeshore staff is primarily devoted to high priority activities, management has little flexibility when considering how to react to the BCP's predicted shortfall. Thus, unless the Lakeshore receives a base funding increase or implements new or different strategies, it will be forced to cut some core operations or services.



Park visitors enjoy the view from atop Indianhead

NPS Scorecard

"The Scorecard provides an overarching snapshot of each park's current situation by offering a way to analyze individual park needs and to understand how parks are faring relative to one another, specifically emphasizing the parks' efficiency and performance."

Bruce Schaeffer
NPS Comptroller

The NPS Scorecard is designed as a diagnostic tool to evaluate Servicewide performance and efficiency. Adapted from private sector balanced scorecards, the newly developed tool is a consolidation of data from the existing NPS databases and is used to measure efficiency and performance for all units of the National Park Service. The Scorecard has been developed over the last two years in response to the need for the NPS to have a more analytical and transparent approach to budgeting.

The measures in the Scorecard compare a park's Scorecard results with regional and national averages. While the Washington and regional leadership can utilize these results to focus Servicewide initiatives and prioritize Servicewide park operational needs, the greater value of the Scorecard results rests in the interpretation of the results at the park level.

Scorecard as a Lakeshore Management Tool

Pictured Rocks NL sees the Scorecard as a management tool that will help ensure that available funds are used in the most efficient manner. Furthermore, it will ensure that the Lakeshore has positioned itself for professional and safe park operations. To that end, the Scorecard provides Pictured Rocks managers with new tools.

- Scorecard results synthesize data from a variety of NPS accounting systems into one set of measures.
- Scorecard results are provided as financial, organizational, and strategic performance measures.
- Uniform calculations and criteria allow Pictured Rocks NL to compare their results relative to regional and national averages.

Confirming Management Concerns

While still in development, initial Scorecard results have provided the Lakeshore's staff interesting insights into their operational efficiency and performance. Scorecard results for FY05 have confirmed many of management's concerns.

- Five-year base funding change is less than both regional and national averages.
- Fixed labor costs as a percentage of base-funded expenditures are relatively high, leaving the Lakeshore with little financial flexibility.
- Lakeshore employees are on average higher graded and, thus, more expensive to employ when compared to other NPS units both regionally and nationally.

As the data that drives the Scorecard comes from self-reported numbers, management is striving to ensure that the most accurate record keeping and accounting is performed. Only when this administrative standard is reached will the Scorecard accurately reflect the operational efficiency and performance of Pictured Rocks NL.



Kayakers at the annual Great Lakes Kayak Symposium in Grand Marais

Government Performance and Results Act

In 1993, Congress enacted the Government Performance and Results Act (GPRA) in order to enforce a greater degree of accountability for meeting management goals as well as to stimulate efficient, effective practices in federal agencies. Under this Act, Pictured Rocks NL management is required to define performance goals and track their ability to meet those goals. By focusing on the outcomes rather than the efforts, GPRA provides a tool for tracking the effectiveness of spending within particular programs. This, in turn, allows the Lakeshore's management to allocate funding as effectively as possible.

GPRA Mission Goal I

In FY05, Pictured Rocks NL devoted more than 35% of its resources to GPRA Mission Goal I, preserving park resources. Though a large percentage of available funds were dedicated to functions and tasks that preserve park resources, there remains a significant shortfall.

GPRA Mission Goal II

In FY05, the Lakeshore dedicated 45% of its budget to ensuring that visitors have a rewarding and safe experience when visiting Pictured Rocks NL. As these functions are essential to the fulfillment of the mission of Pictured Rocks NL, a shortfall has also been identified for this Mission Goal.

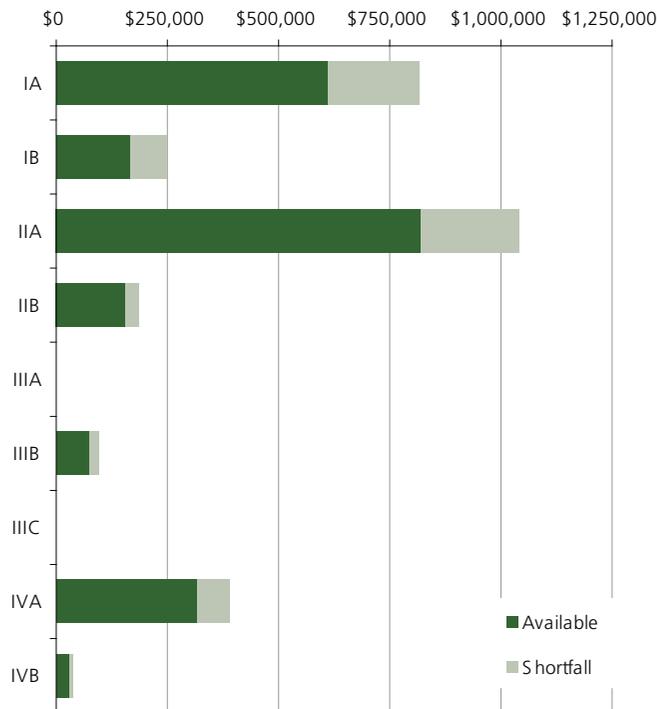
GPRA Mission Goal III

Resource preservation and partnerships are areas the Lakeshore management values greatly. Due to budget constraints, however, they have been unable to dedicate a large amount of operating funds to these GPRA Mission Goals.

GPRA Mission Goal IV

Pictured Rocks NL's financial situation requires consistent improvement in operational efficiency. The Lakeshore devoted 16% of its budget to improving day-to-day operations though most of that was towards improving currently utilized practices, systems, and technologies rather than developing new ones.

FY05 Expenditure by GPRA Mission Goal



GPRA Mission Goals

I. Preserve Park Resources

- A. Natural and cultural resources and associated values are protected, restored, and maintained in good condition and managed within their broader ecosystem and cultural context.
- B. The National Park Service contributes to knowledge about natural and cultural resources and associated values; management decisions about resources and visitors are based on adequate scholarly and scientific information.

II. Provide for the Public Enjoyment and Visitor Experience of Parks

- A. Visitors safely enjoy and are satisfied with the availability, accessibility, diversity, and quality of park facilities, services, and appropriate recreational opportunities.
- B. Park visitors and the general public understand and appreciate the preservation of parks and their resources for this and future generations.

III. Strengthen and Preserve Natural and Cultural Resources and Enhance Recreational Opportunities Managed by Partners

- A. Natural and cultural resources are conserved through formal partnership programs.
- B. Through partnerships with other federal, state, and local agencies and nonprofit organizations, a nationwide system of parks, open space, rivers and trails provides educational, recreational, and conservation benefits for the American people.
- C. Assisted through federal funds and programs, the protection of recreational opportunities is achieved through formal mechanisms to ensure continued access for public recreational use.

IV. Ensure Organizational Effectiveness

- A. The National Park Service uses current management practices, systems, and technologies to accomplish its mission.
- B. The National Park Service increases its managerial resources through initiatives and support from other agencies, organizations, and individuals.

Strategies

Introduction

Strategies proactively address Pictured Rocks National Lakeshore's projected financial future.

To address the Lakeshore's projected budgetary shortfall and increasing fixed costs, this section outlines three types of strategies. These three options expand upon the core operations analysis through:

- Identifying operational efficiencies that reduce costs.
- Increasing revenue to supplement appropriated base funds.
- Developing a strengthened Lakeshore constituency by creating and maintaining new partnerships.

An analysis of current operations revealed that the Lakeshore's FY05 expenditures were used both efficiently and effectively. This analysis identified no significant operational inefficiencies. Implementation of on-line systems for data management will contribute toward a small gain in day-to-day operational efficiency. Access to accurate data will increase the Lakeshore's ability to perform annual cost/benefit analyses of major operations.

Future sustainable financial management will require the Lakeshore to consider methods to increase revenue through the implementation of new fees or through the provision of expanded services. If the Lakeshore does not receive an increase in base funds or implement other strategies, managers will have no choice but to consider raising existing fees and implement new fees to cover the cost of providing services.

Finally, the Lakeshore must continue to maintain existing partnerships as well as create new ones. Although partners will not fund operational activities, special projects including historical restoration and educational programming seek to benefit from donor dollars.

The following strategies provides managers with a range of options intended to help meet projected funding shortages.



Grand Portal

Strategic Priorities

Operational Efficiencies

Strategy	Details
Improve fleet management	<p><i>Description:</i> Re-assess the process by which vehicle usage data is gathered and analyzed, divest high mileage/high operating cost vehicles, and potentially shift high usage vehicles to GSA leases.</p> <p><i>Estimated Costs:</i></p> <ul style="list-style-type: none"> • Initial increase in administrative workload as new process developed. • Increase in planning as fewer vehicles available. • Short-term cost increase due to potential GSA leases. <p><i>Implementation:</i></p> <ul style="list-style-type: none"> • Managers will utilize new usage metrics (total operating cost/miles driven, miles/gallon per vehicle) to determine which vehicles are the most expensive to operate. • Vehicles will either be divested or, if the vehicle is needed, replaced with a DOI owned or GSA leased vehicle. <p><i>Total Estimated Benefits:</i> From October 2005 to May 2006, Pictured Rocks NL spent \$46,400 maintaining and operating its fleet of 29 passenger vehicles (maintenance labor and supply costs plus fuel costs). This value does not include the costs associated with operating the vehicles during high visitation months or any opportunity costs. These costs could be reduced by about 10-15% in the first year should efficiency measures be implemented.</p>
Evaluate alternatives for seasonal housing	<p><i>Description:</i> Close select housing units used by the Lakeshore to house seasonal or temporary staff.</p> <p><i>Estimated Costs:</i></p> <ul style="list-style-type: none"> • Potential inability to hire seasonal employees that require housing. <p><i>Implementation:</i></p> <ul style="list-style-type: none"> • Using housing utilization analysis, determine which housing units can be closed. • Research and locate potential housing alternatives for seasonal employees. <p><i>Total Estimated Benefits:</i> In FY05, the Lakeshore spent \$21,760 maintaining and operating their housing facilities. These values do not consider the opportunity costs of the maintenance time invested in the facilities or the administrative costs associated with managing the housing. As the rent from the housing units for FY05 only totaled \$5,667, closing the under-utilized facilities would minimize the Lakeshore's operating deficit.</p>



The Lakeshore operates a fleet of 29 passenger vehicles across all divisions



The Grand Marais Farmhouse (Quarters 57) is one of the Lakeshore's housing structures

Operational Efficiencies (continued)



The Munising Front Range Light and Auxiliary Station

Strategy

Evaluate benefits of historic leasing

Details

Description:

Consider leasing of historic structures such as the Munising Range Lights or those in Grand Marais.

Estimated Costs:

- Initial administrative costs high to prepare leasing feasibility study.
- Negligible long-term administrative costs to maintain leaser-tenant relationship.
- Repercussions of moving Science and Natural Resources staff to another facility.

Implementation:

- Research and locate potential tenants that could use Range Light facilities.
- Once initial agreement with tenant reached, perform leasing feasibility study.
- Upon study's approval, Pictured Rocks NL would receive monthly rent in exchange for full use of facilities.

Total Estimated Benefits:

The Range Light facilities, utilities, and maintenance costs were estimated to be more than \$12,000 in FY05. Leasing this structure would, at the least, cover these operating costs. Additional benefits could be realized should the Lakeshore lease additional facilities.



Annually, 15,000 people camp in the Pictured Rocks NL front-country campgrounds

New Sources of Revenue

Increase the number of donation boxes

Description:

Utilize indoor donation boxes at all visitor contact facilities and install tamper-proof outdoor boxes at high visitation areas such as the Miners Castle viewing platform, the Log Slide, Sand Point Beach., and Lakeshore ski trails. Create different styles of indoor boxes to increase visitor donation. Improve interpretive placards placed on donation boxes to better describe intended use for donations.

Estimated Costs:

- Three tamper-proof outdoor donation boxes estimated to cost \$3,000 each plus additional installation costs.
- Moderate increase in time spent on fee collection and accounting.
- Negligible administrative costs associated with bank fee processing.

Implementation:

- Three indoor boxes should be placed at visitor facilities by FY07.
- Outdoor donation boxes should be purchased and installed over the next five years.

Total Estimated Benefits:

In FY05, the Lakeshore installed two indoor donation boxes, which collected \$2507. When analyzed over a five-year time frame with conservative donation and visitor statistics, six donation boxes (three indoor and three outdoor) would generate an estimated collection of \$13,000 to \$17,000 per year.

New Sources of Revenue (continued)

Strategy	Details
Increase campground fees	<p><i>Description:</i> Increase front-country and backcountry campground fees beginning in FY08.</p> <p><i>Estimated Costs:</i></p> <ul style="list-style-type: none"> • Additional time spent on fee collection, accounting, patrol, and compliance. • Initially, minor supply and administrative costs for new envelopes and price publication. <p><i>Implementation:</i></p> <ul style="list-style-type: none"> • Conduct annual comparability study per NPS policy. • Conduct appropriate civic engagement. • All proposals to increase fees must receive approval from the Midwest Regional Office and comply with relevant federal legislation. <p><i>Total Estimated Benefits:</i> In FY05, the maintenance and labor costs associated with the operation of the three front-country campgrounds totaled \$52,432. The Lakeshore charged a \$12 per night fee and realized a net financial gain of \$4153. Assuming that raising fees will decrease visitation by 10-15% and that costs do not change significantly, a fee of \$14-15 per night would generate a net gain of \$13,000 to \$18,000. Between FY03 and FY05, the Lakeshore received an average of 11,812 backcountry visitors per year. Assuming a negligible decrease in users with any price increase, a \$5 per backcountry visitor per night will generate an additional \$11,812 in revenue per year.</p>
Increase interpretive fees at the Au Sable Light Station	<p><i>Description:</i> Increase tours of the light station from 30 minutes to one hour and raise tour prices.</p> <p><i>Estimated Costs:</i></p> <ul style="list-style-type: none"> • Highly trained seasonal interpreter. • Modest increase in fee collection and accounting. <p><i>Implementation:</i></p> <ul style="list-style-type: none"> • Hire a three-month seasonal interpreter to lead tours from June 1 through September 1. • Advertise tours through the park website, the park newspaper, and the dissemination of news releases. • Continue to offer special monthly bus tours for visitors with limited mobility. • All proposals to increase fees must receive approval from the Midwest Regional Office and comply with relevant federal legislation. <p><i>Total Estimated Benefits:</i> In FY05, 1,715 visitors paid for a tour of the lighthouse, generating revenue of \$3430. FY05 maintenance costs for the 15 historic structures at the Au Sable Light Station totaled \$21,523, while interpretation costs were \$12,929. Based on the FY05 visitation, increasing interpretive fees to \$3 can generate \$5100 to \$6900 per year, decreasing the operational deficit to \$24,000 - \$26,000 per year.</p>



Interpretive tours at the Au Sable Light Station generated \$3430 in FY05



Each year, over 3000 students participate in curriculum-based education programs



New Partnerships

The National Parks of Lake Superior Foundation is a recently organized and privately supported effort that aims to fund special projects above the appropriated base funds in the four U.S. national parks on Lake Superior: Pictured Rocks National Lakeshore, Apostle Islands National Lakeshore, Isle Royale National Park, and Grand Portage National Monument.

The Foundation aims to support projects that contribute toward historic preservation, improved visitor services and facilities, and enhanced environmental education programs. Private donations received by the foundation will be split evenly among the four member parks, unless the donation is targeted toward a specific park or project.

Trustees contributed \$2000 to each member park in FY06 and hope to concentrate on external fundraising in the future. Currently, the foundation is seeking partners to assist in the development of the organization and contact major donors.

New Source of Revenue (continued)

Strategy	Details
<p>Implement a Lakeshore entrance fee</p>	<p><i>Description:</i> Consider a Lakeshore-wide entrance fee.</p> <p><i>Estimated Costs:</i></p> <ul style="list-style-type: none"> • Purchase and install six automated fee machines (\$35,000/each). • Additional time spent on fee collection, accounting, and compliance. <p><i>Implementation:</i></p> <ul style="list-style-type: none"> • Establish six fee stations at primary entrances to Lakeshore. <p><i>Total Estimated Benefits:</i> Pictured Rocks NL has no general entrance fee and is losing a significant opportunity to generate the revenue necessary to sustain and enhance its current operations. In the absence of increased base funding, the Lakeshore will have to consider such a fee. Using FY05 visitation numbers and specific visitor use assumptions, a typical NPS \$10 entrance fee (valid for 7 days) would generate more than \$1.5 million per year. As many users of the Lakeshore are local, annual passes would also be offered.</p>
<p>Implement vending options</p>	<p><i>Description:</i> Consider installation of viewing telescopes and drink vending machines.</p> <p><i>Estimated Costs:</i></p> <ul style="list-style-type: none"> • Viewing telescope: approximately \$3,500 per unit, including a three-year warranty but not shipping and handling. • Vending machine: only electricity costs per unit. • Administrative costs for both machines are negligible. <p><i>Implementation:</i></p> <ul style="list-style-type: none"> • Four viewing scopes to be installed at locations throughout the park (Sand Point, Log Slide, two at Miners Castle overlook). Scopes emptied as needed. • Vending machines installed at three high visitation points throughout the Lakeshore (Munising Falls, Miners Castle, Grand Sable Visitor Center). <p><i>Total Estimated Benefits:</i> When analyzed over a five year time frame, both the viewing telescopes and drink vending machines have the potential to create a positive return for the Lakeshore. Based on FY05 visitation statistics and conservative usage assumptions, four viewing telescopes could generate a full year profit of more than \$30,000 while three vending machines could generate more than \$11,000. Net to the Lakeshore would be dependent on how offering these services to the public are structured.</p>

New Sources of Revenue (continued)

Strategy	Details
Implement fees for education programs	<p><i>Description:</i> Consider charging a standardized program fee of approximately \$2-\$3 per participant for each on-site and off-site curriculum-based education program.</p> <p><i>Estimated Costs:</i></p> <ul style="list-style-type: none"> • Minor additional accounting and administrative costs. • Initial costs associated with publicizing new fee. <p><i>Implementation:</i></p> <ul style="list-style-type: none"> • Use existing mailing lists to contact previous participants and notify them of new education fee; use park website to publicize new fee structure. • Distribute news release announcing change. • All proposals to increase fees must receive approval from the Midwest Regional Office and comply with relevant federal legislation. <p><i>Total Estimated Benefits:</i> In FY05, the Lakeshore offered 100 curriculum-based education programs. Labor and supplies cost the Lakeshore \$383 per program. Based on these FY05 numbers, education fees would generate between \$5,000 and \$7,600 helping to offset a portion of the significant program costs.</p>



The overlooks at Miners Castle would provide an optimal location for a viewing telescope

Partnerships

Seek new partnerships	<p><i>Description:</i> Maintain and enhance partnerships which sustain Lakeshore operations.</p> <p><i>Estimated Costs:</i></p> <ul style="list-style-type: none"> • Increased time spent on outreach activities and external correspondence. <p><i>Implementation:</i></p> <ul style="list-style-type: none"> • Continue to actively seek new partnerships with local, regional, and national groups. • Continue Community Partner program which connects local businesses to the Lakeshore • Continue Adopt-a-Trail and Adopt-a-Campsite programs which place volunteer trail and campground stewards throughout the Lakeshore. <p><i>Total Estimated Benefits:</i> New partnerships aim to build greater financial and community support for the Lakeshore. Benefits include the strengthening of the Lakeshore's constituency, and increased opportunities for new stakeholders to contribute toward the Lakeshore's operations. In some cases, partners can greatly enhance revenue generation opportunities. (See sidebar for discussion of the National Parks of Lake Superior Foundation.)</p>
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The Community Partner Program reaches out to over 30 local businesses in the Lakeshore's gateway communities

Investment Priorities

Like any organization, units of the National Park Service must make periodic capital investments in order to meet current and future operations. To that end, Pictured Rocks National Lakeshore has identified investment priorities as non-base funds are acquired.

1. Employee and Visitor Safety

Investment	Description	Funds Needed
Narrow band land and mobile radio system	<ul style="list-style-type: none"> Current system is inadequate, a major safety liability, and is not sufficient for emergency services and Lakeshore staff. Upgrade current radio system to narrowband digital equipment to comply with Department of the Interior directive and Congressional mandate. Transition to narrowband digital equipment would allow for the use of more channels, ensure non-congested access, and allow for improved communication with local public safety entities. 	\$319,000

2. Natural and Cultural Resource Protection

Investment	Description	Funds Needed
Backcountry campground restoration	<ul style="list-style-type: none"> Campsite relocation away from sensitive natural features and remediation of highly impacted backcountry campgrounds. Stabilize eroded stream banks and seed with native species. 	\$31,000
Au Sable Light Station restoration	<ul style="list-style-type: none"> Repair, prime, and paint plaster interior surfaces and exterior light tower surface, replace roofs on two structures, and purchase appropriate period furnishings and appointments. As a primary Lakeshore attraction, it is necessary to restore this facility to a condition appropriate for visitor touring. Protects the integrity of the historic buildings and improves visitor experience. 	\$197,500



Pictured Rocks NL uses a 1933 Coast Guard station as its administrative headquarters



A new radio system would ensure reliable communication within and outside the Lakeshore

3. Visitor Services

Investment	Description	Funds Needed
Implement Key Visitor Service Components of the 2004 General Management Plan	Design and engineer three new facilities, complete environmental compliance, and oversee facility construction. <ul style="list-style-type: none"> Hurricane River Campground redesign Grand Sable Lake Access Area Campground in Miners Area 	\$413,000
Pictured Rocks Environmental Education and Stewardship Center	Consistent with the enabling legislation, lakeshore managers are interested in using part of the inland buffer zone as a demonstration forest. As the only NPS unit with a legislated buffer zone, Pictured Rocks NL has a unique opportunity to partner with outside organizations in order to explain the importance of sustainable timber practices, the logging industry in the Upper Peninsula, and its connection to the National Lakeshore. <ul style="list-style-type: none"> Develop and construct a facility that conveys understanding of forest ecosystems and sustainable forestry practices. Would offer public research, education, and recreational opportunities on a 960 acre tract of land in the Lakeshore's Inland Buffer Zone. Facility would include 3,500 square foot residential education and research center, rest rooms, parking, and utilities as well as a demonstration forest. 	\$2,550,000



Many stream banks are eroded and trails are in need of stabilization

4. Park Operations

Investment	Description	Funds Needed
Grand Marais Maintenance Facility	<ul style="list-style-type: none"> Build 6,700 square foot maintenance building for Grand Marais area of Lakeshore, providing work space for carpentry, painting, small engine and vehicle repair, and sign fabrication. Provide meeting rooms and other administrative facilities. Current facility is inadequate to handle the increased facility operations and maintenance demands in the Grand Marais area of the Lakeshore. 	\$397,000
Administration and Public Use Building	<ul style="list-style-type: none"> Construct a 20,000 square foot low energy, multi-use park administration and public use building. Would provide space for park management and administrative staff as well as meeting space. Would include rest room facilities for Munising Ski Trails. Current facility is a historic structure that is threatened by Lake Superior shoreline erosion and presents compliance challenges. 	\$1,978,000



The Grand Marais maintenance facility is inadequate to handle the demands in the Grand Marais area the Lakeshore

Future Challenges

Managing a dynamic natural and social landscape



An Alger County dump truck works to repair unpaved sections of County Road H-58



RV visitation is expected to increase following the paving of County Road H-58

Future management of Pictured Rocks NL will demand innovative and creative solutions. Over the next five years many challenges will likely occur. The volume of visitation is expected to increase, management will have to address the dynamic nature of the Lakeshore's many ecosystems, and Lakeshore management will continue to strive to meet the goals set forth in the 2004 General Management Plan.

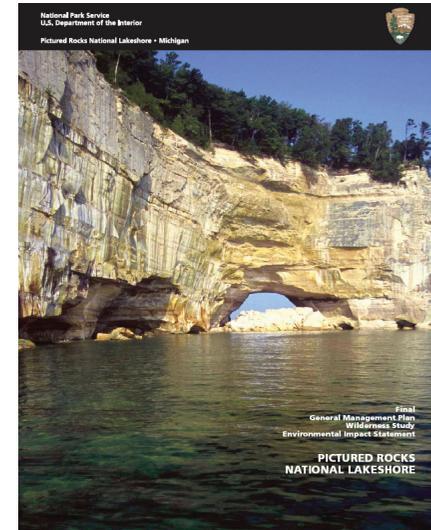
Paving of Alger County Road H-58

By 2008, Alger County plans to complete the paving of County Road H-58, the primary Lakeshore thoroughfare. Previously, the eastern half of this road had been maintained as a gravel road while, over the past several years, small segments on the western half had been paved. The paving of the road will provide easier access to primary Lakeshore features and will accommodate all vehicle types including cars, large recreational vehicles (RVs), snowmobiles, and bicycles. With increased RV access, there will be a higher expectation for facilities and services. More generally, increased visitation will place greater demand on all existing visitor facilities and infrastructure. The paving is expected to greatly increase summer visitation, but have only a modest effect on winter visitation. An additional significant impact of the paving will be greater external development along the Lakeshore's boundaries.

A 2002 visitor survey found that 50% of the Lakeshore's visitors spend less than 24 hours in the park. At that time, the most frequently visited sites were the Miners Castle overlook and beach, Munising Falls, and the Interagency Visitor Center in Munising, all of which have paved vehicular access. As other areas become more accessible, it is predicted that visitation to less frequented areas of the Lakeshore will increase. The Lakeshore will therefore need to consider how to meet increased demand for visitor services including information, comfort stations, and safety.

Implementation of the General Management Plan

In 2004 the Lakeshore completed a new General Management Plan. Based on nearly five years of work that included extensive public involvement, the plan defines major management goals for the next 20 years. The plan identifies a variety of goals that require planning and funding. Key elements of the General Management Plan include improved access to Lakeshore features at the east and west ends of the park while preserving the central portion of the Lakeshore in a pristine, relatively undisturbed state.



The 2004 General Management Plan is a long-term planning document

Examples of components that will require additional funding include: (1) re-design of the Hurricane River Campground, (2) construction of a rustic 25-35 site campground in the Miners area, and (3) paving of Grand Sable Lake Road and the Log Slide Road. (For more information about these projects see pages 36-37.) The General Management Plan is the Lakeshore's commitment to ensure that the decisions made will carry out its mission as effectively and efficiently as possible.

Managing a changing natural landscape

Management of the Lakeshore's natural features demands careful monitoring and inventory of all plants and animals. In the next five years, the two primary challenges will be to limit and respond to the arrival of exotic plants and animals as well as to manage visitor use to ensure ecological integrity and the preservation of natural resources. Currently, the Lakeshore is working to eradicate populations of spotted knapweed and purple loosestrife, two exotic invaders. In addition to exotic plant removal, the Lakeshore is carefully monitoring the movement of exotic pests into this area. Pests such as the emerald ash borer pose a threat to the native ash trees, but have not yet been verified in the Lakeshore.

Preservation and public enjoyment of cultural resources

Within the last 25 years, Pictured Rocks NL has accepted the responsibility for two additional Coast Guard facilities: the Munising Range Lights and the Grand Marais Coast Guard Station. In addition to the Au Sable Light Station, these three facilities pose a significant management challenge. The Lakeshore must work to fulfill its legal mandate to preserve and protect these aging historic resources while also protecting them for visitor enjoyment.



Kingston Lake is located in the inland buffer zone

Cultivating new partnerships

The Lakeshore will have to continue to seek new and creative partnerships in order to sustain and enhance critical operations. Additionally, the Lakeshore will need to be more proactive in terms of building and maintaining a core constituency.

A legislated buffer zone

Pictured Rocks NL enabling legislation created two zones within the lakeshore: the shoreline zone, owned by the National Park Service, and the inland buffer zone (IBZ), a mixture of federal, state, and private ownership. Pictured Rocks NL is the only unit of the National Park System with a legislated buffer zone which allows "...sustained yield timber management ...". The legislation is open to multiple interpretations.

Monitoring and research in the IBZ

The Pictured Rocks NL ranger staff monitor land use practices in the IBZ and assists the townships and the city in education and enforcement of local zoning ordinances. Annually, rangers spend 120 hours per year monitoring land use to achieve the intent of the U.S. Congress in managing the IBZ. Although rangers report infractions, the Lakeshore holds no direct jurisdictional authority within the IBZ; only Burt Township, Munising Township, and the City of Munising can enforce zoning ordinances within the Lakeshore.

Concluding Remarks

As the Lakeshore plans for the future, managers must address both the dynamic nature of the natural ecosystem and an increase in visitation and visitor requests. Proactive, creative, and innovative planning will ensure that visitors to this Lakeshore will continue to experience the high level of visitor satisfaction and this increase in visitation will not negatively effect the Lakeshore's stunning shoreline. Adequate levels of base funding and use of non-base funding will be essential to meeting these needs.



A stand of young American Beech



This dead tree provides habitat for animals and is an important part of a healthy forest



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