

Historical Context

Fund Source Analysis

The Seashore's funding from all sources has grown from \$3.3 million in FY96 to \$5.6 million in FY04. Approximately half of this overall funding increase was due to increased Appropriated Non-base (non-base) funding, and almost one-third was due to increased Appropriated Base (base) funding. The remainder of the Seashore's funding comes from Revenue and Reimbursable funds.

Appropriated Base

Set by Congress each year to fund permanent staff and recurring operating expenses, base funds are the best indicator of financial stability. Base funding as a portion of the Seashore's total funding has gone from an average of 89% in FY96 - FY99 to 66% in FY00 - FY04, showing increasing dependence on less stable funding sources.

Appropriated Non-base

Each year Congress awards non-base funding on a competitive basis for projects. Over the past 9 years, the Seashore's reliance on one-time funds has increased substantially from a low of 7% in FY98 to a high of 41% in FY02, which was mostly for a \$2 million line-item construction project to rehabilitate Barrett Beach Marina. Non-base funds have been used in the last five years for a wide range of projects, including deferred maintenance, natural resource management, interpretive exhibits, and planning. Hidden costs of projects include hiring and training short-term employees who leave after project completion, and permanent staff time to supervise and monitor seasonal labor. Projects that result in new and rehabilitated facilities also lead to expanded operational requirements which put additional strain on the Seashore's base budget.

Reimbursable

The Seashore's reimbursable funds are mostly derived from driving permits, and have represented 4% of overall funding since FY99. Expenses from administering the driving permit

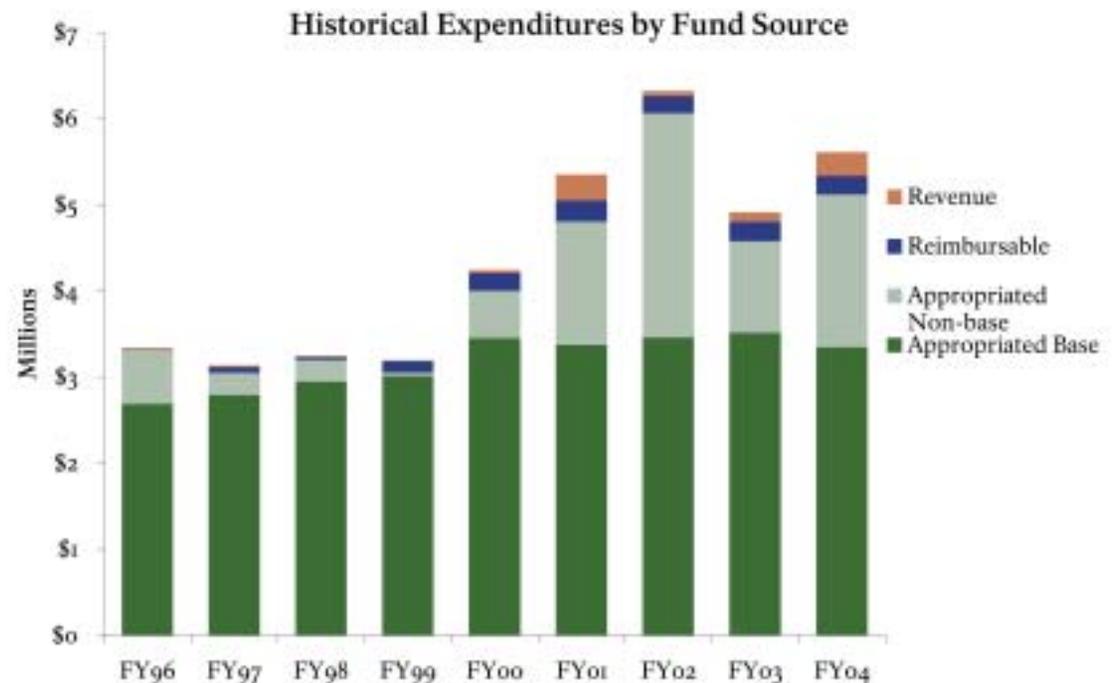
program, have averaged over \$180,000 since FY99, and reached \$193,000 in FY04. Income from the driving permit program has traditionally been used for law enforcement personnel costs.

Revenue

Revenue funds, generated by donations and concession fees, typically represent less than 1% of the Seashore's overall funding. Revenue funds have also been received for projects funded through the Federal Recreation Fee Demonstration program, including funding for the Seashore's operation of the Watch Hill marina in the absence of a concessions contract in FY01 and for narrowband radio equipment in FY04.



Recreational driving and fishing permit fees contribute a small amount to reimbursable funds.



Adjusted Base Budget

Appropriated base budget funds are intended to cover the cost of permanent personnel and non-labor expenses required for the Seashore's daily operations. Although the Seashore's base budget has grown from \$1.7 million in FY85 to \$3.5 million in FY04, this growth does not take into account 20 years of inflation that have eroded the purchasing power of the Seashore's base dollars.

Inflation-adjusted Base Budget

As the graph below indicates, the inflation adjusted base budget actually remained relatively flat over this time period, with an average growth rate of only 0.8% per year.

A base budget increase of about \$400,000 in FY92 was for maintenance, natural resource management, and New York locality pay. The Seashore did not receive another major base

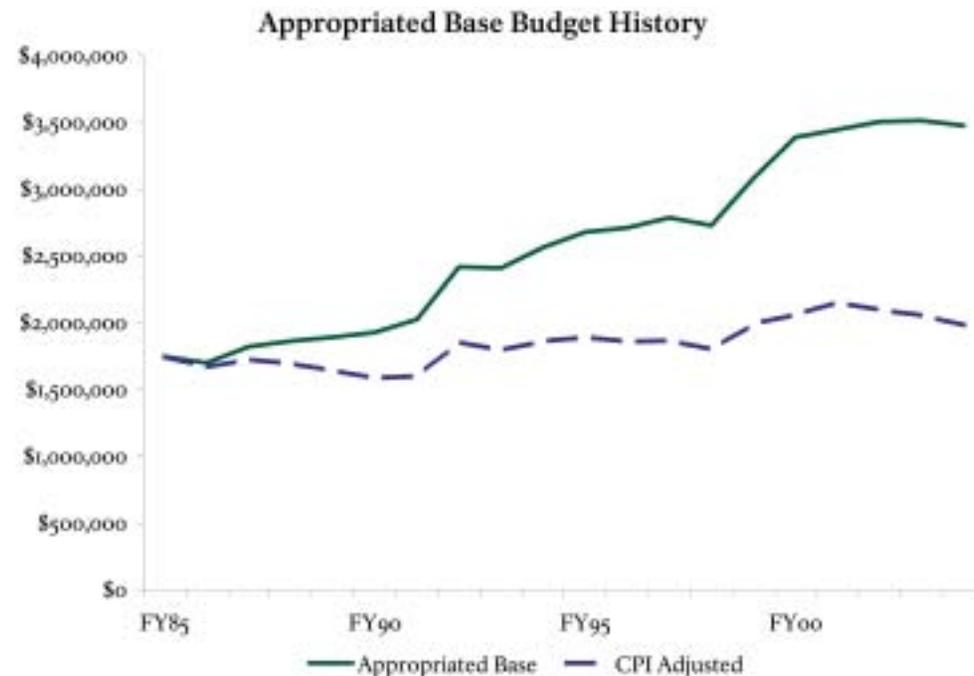
budget increase until FY99 and FY00, when it was awarded \$250,000 for operating and maintaining park facilities and \$230,000 for increasing capabilities in natural resource management. In the past 3 years, the inflation adjusted base budget actually declined 8%, indicating that increases in the base budget have not been able to keep up with the rate of inflation.

FY05 Base Budget Increase

Fortunately, a \$336,000 base budget increase for backlog maintenance was just awarded to the Seashore in FY05; two-thirds was used for new permanent subject to furlough maintenance positions, and one-third helped to cover park wide cost of living increases. In order to offset its reduced purchasing power, the Seashore continues to seek funding alternatives through project funding and partnerships.



Dune near Sailors Haven.



Analysis of Real Growth

The chart below illustrates a decline in the number of base-funded staff in the last nine years, as well as increases in inflation adjusted labor and non-labor expenditures from base funding over the same time period.

Decreased Staff

The Seashore's base-funded staff was reduced by 20% from 56 Full Time Equivalents (FTE) in FY96 to only 45 FTE in FY04, affecting the Seashore across the board. FTE cuts lowered total labor costs by \$668,000, but these savings were offset by average salary and benefit increases, resulting in a net cost increase of \$46,000 over inflation adjusted FY96 levels.

Increased Average Labor Costs

By FY04, the net cost increase in average salary at the Seashore was 24% above inflation adjusted FY96 levels. Much of this growth can be attributed to increased professionalization of the Seashore's staff. As staff numbers have decreased over time, existing employees have had to take on more responsibilities, and have therefore earned higher grades on average.

Furthermore, reorganizations have led to higher grade positions, such as the creation of the deputy superintendent position in 1998.

Average benefits of base-funded employees increased 39% over the same period, due to rising health insurance and retirement benefit costs. Much of this increase is driven by the switch in benefit plans from the Civil Servant Retirement System (CSRS) to the Federal Employee Retirement System (FERS) with a corresponding increase in average benefits from 16% to 35% of base salary.

Growing Non-labor Expenses

In FY04, the Seashore spent \$623,000 of its base dollars on non-labor expenditures such as fuel, supplies, utilities, and contracted services. The Seashore's non-labor expenses have risen \$62,000 in the past nine years, an 11% increase over inflation adjusted FY96 levels. Rising fuel costs are the main driver behind this increase, as well as a beginning trend to use contracted services.



Seashore staff face increasing responsibilities due to the loss of 11 FTE in the past 9 years.



Complex logistics on Fire Island require efficient use of vehicles, equipment, and facilities.

Operational Costs: Appropriated Base Funding

	FY 1996 Actual Costs		FY 1996 Inflation Adjusted		FY 2004 Actual Costs		Net Cost Increase		
	FTE	Average	Total	Average	Total	Average	Total	Average	Total
FY1996 Staff	55.77								
Salary		\$32,995	\$1,840,104	\$39,745	\$2,216,569	\$49,325	\$2,750,857	\$9,580	\$534,288
Benefits		\$6,868	\$383,003	\$8,273	\$461,362	\$11,502	\$641,464	\$3,229	\$180,102
Subtotal		\$39,862	\$2,223,107	\$48,017	\$2,677,930	\$60,827	\$3,392,321	\$12,810	\$714,390
New Staff	-10.99								
Salary					\$49,325	(\$542,082)	\$49,325	(\$542,082)	
Benefits					\$11,502	(\$126,406)	\$11,502	(\$126,406)	
Subtotal					\$60,827	(\$668,489)	\$60,827	(\$668,489)	
Total Labor	44.78		\$2,223,107		\$2,677,930		\$2,723,832		\$45,902
Non-Labor			\$465,678		\$560,950		\$623,085		\$62,135
Total			\$2,688,785		\$3,238,881		\$3,346,917		\$108,036

Fixed Cost Analysis

Fixed costs, defined as costs that are outside the park's control such as personnel, benefits and utility expenses, accounted for 85% of base funded expenditures in FY04, leaving only 15% for discretionary spending. As these fixed costs increase over time, this allows the park less expenditure potential in other categories.

Major Cost Drivers

In FY04, the Seashore spent 81% of its appropriated base budget on personnel costs. Although this is 3% higher than the FY96-FY03 average, the Seashore has kept total yearly personnel costs relatively constant since FY00 despite rising per-employee personnel costs (see Analysis of Real Growth section). The Seashore has achieved this cost stability by leaving positions vacant, thus limiting its ability to achieve its mission. The last significant addition of new staff occurred in FY00 when a base budget increase allowed the Seashore to increase personnel expenditures by 18%.



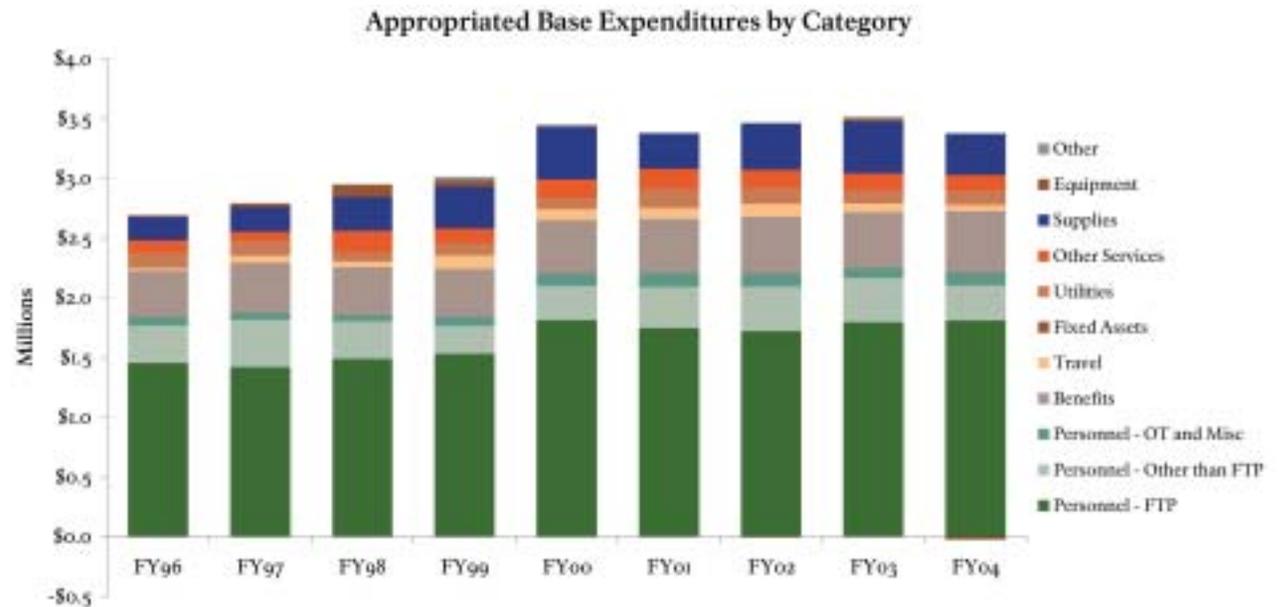
Dune in the wilderness area.

Changing Labor Force

Without appropriated base budget increases, the Seashore will likely continue to offset rising labor costs by allowing permanent full-time positions to lapse or by replacing them with less expensive, subject-to-furlough or seasonal, employees. To compensate for vacant positions, existing Seashore personnel must increasingly work overtime hours: a less cost effective way to ensure necessary duties are fulfilled.

Decreased Travel & Training Opportunities

In FY04, the Seashore experienced a nearly 5% decrease in appropriated base fund expenditures, further limiting its discretionary spending flexibility. This decrease was most noticeable in the travel and transportation category where an inability to provide travel funds hurt the Seashore's ability to train employees, establish much needed partnerships, and reach out to its constituents.



Analysis of Expenditures

This analysis summarizes total Seashore expenditures over the past nine years from all available fund sources. Due in large part to the Seashore’s success in securing project money, starting in FY00, total Seashore expenditures vary greatly from year to year.

Supply Costs

The supplies category includes office, field and building supplies and materials as well as fuel for the entire fleet. This category of expenditures has been increasing over the nine year time period charted below. Rising fuel costs contribute significantly to the increase in this category. Demand for fuel at the Seashore is high and consistent due to the diverse fleet, consisting in large part of watercraft, and the need to transport most personnel and supplies to the island by watercraft. Additional projects also increase supply expenditures as new materials have to be purchased for construction projects and

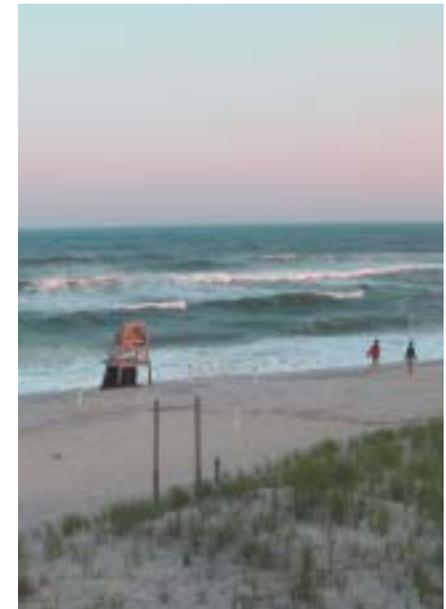
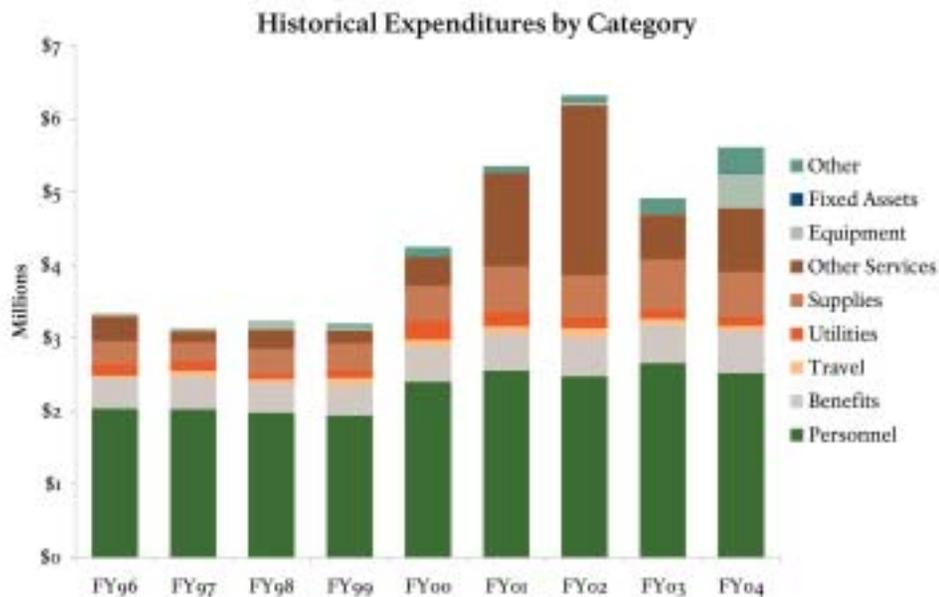
fuel has to be expended to transport these supplies.

Other Services

The “other services” category, the most variable during this same nine-year time period, consists mostly of contracts with external vendors. In FY00 and FY01, the large expenditures are largely due to a rehabilitation project of the Barrett Beach dock. These expenditures vary depending on the amount of project money the Seashore is able to secure.

Equipment & Fixed Assets

The Seashore has rarely been able to make large equipment expenditures, with the exception of FY04, when nearly \$450,000 in radio equipment was purchased in preparation for upgrading to narrow-band technology. The fixed assets expenditure for FY04 was used to purchase storage units which house fuel spill containment equipment.



Watch Hill beach at sunset.

Visitation

It is estimated that 2.2 million visitors spent time within the boundary of the Seashore in FY04, yet only 819,161 of these visits were officially recorded on NPS owned and operated land. Approximately 72% of the visitors to Seashore facilities came in the summer season (June-September). Recreational visitation peaks in August, with 208,748 recorded visitors in 2004, when beachgoers flock to the island to escape the heat of the mainland.

Measurement Complications

The porous nature of the Seashore's boundary, with virtually limitless points of entry, makes it difficult to accurately measure visitation. In addition to NPS owned lands, the Seashore's boundary encompasses a county park, 17 communities, and nearly 17,000 acres of bay and ocean waters. Current visitation tracking, on which the Seashore staff spends significant effort, does not fully account for visitor use in these areas.

Use Patterns

Due to the dynamic nature of barrier islands and the fact that the Seashore is near the largest population center in the country, visitation often changes dramatically from year to year. In general, visitation patterns reflect those of a local park rather than a National Park, with day and weekend trips dominating visitation.

The large decrease in visitation between 1994-1996 is due to a confluence of many factors, including major storm damage to both beaches and property, and the TWA Flight 800 crash. Since the majority of visits are day or weekend beach use, weather has a significant effect on visitation, as evidenced by a decrease in 2003 due to excessive rain. The William Floyd Estate has more consistent visitation with an average of 6,000 visitors per year.



Lifeguard services are provided at many beaches within the Seashore's boundary.



Park visitors flock to the Seashore in the summer to enjoy the beach.

