

## **Legislative Oversight Committee**

### **Meeting Minutes, March 31, 2022**

**Call to order:** A meeting of the Legislative Oversight Committee convened on March 31, 2022 at the Oklahoma State Capitol, Senate Room 535, Oklahoma City, OK. Written notice was provided four days in advance, in compliance with Open Meeting Laws. The meeting was called to order at 2:08 p.m., upon which time quorum was established in accordance with Joint Rule 10.5.

**Members Present:** Chairman Kevin Wallace, Rep. Meloyde Blancett, Rep. Jeff Boatman, Rep. Ryan Martinez, Rep. Cyndi Munson, Rep. Osburn.

Chairman Roger Thompson, Sen. Chuck Hall, Sen. Dewayne Pemberton, Sen. Julia Kirt, Sen. Frank Simpson, Sen. Michael Brooks.

**Others:** From LOFT: Executive Director Mike Jackson, staff members Regina Birchum, Bradley Ward, Frank Magness, Andrew Welch, and Mike Davis. Legislative staff: House fiscal director Mark Tygret and Senate fiscal director Anthony Sammons. From the Oklahoma Department of Tourism: Executive Director Jerry Winchester, staff members Ben Davis, Katherine Nichols, David White, and James Timberlake.

**Approval of Minutes:** Chairman Wallace presented the minutes from the February 10, 2022 meeting for approval. A motion to adopt the minutes was made by Sen. Hall. The motion was seconded by Rep. Martinez. The motion was adopted unanimously in accordance with Joint Rule 10.6, voting as follows:

Chairman Thompson, Aye; Sen. Brooks, Aye; Sen. Hall, Aye; Sen. Kirt, Aye; Sen. Pemberton, Aye; Sen. Simpson, Aye.

Chairman Wallace, Aye; Rep. Blancett, Aye; Rep. Boatman, Aye; Rep. Martinez, Aye; Rep. Munson, Aye; Rep. Osburn, Aye.

#### **LOFT Presentation of Draft Report: State Parks**

Chairman Thompson provided opening remarks. Chairman Wallace recognized LOFT Director Mike Jackson to introduce his staff and then Director Winchester for introduction of staff present. After introductions, Chairman Wallace recognized Director Jackson for presentation of the Rapid Response Evaluation of State Parks.

Director Jackson provided some introductory comments regarding the evaluation's scope and noted the agency's cooperation. Director Jackson then provided an overview of the report's objectives and findings, as well as some background information about the State's system of parks and the agency's organizational structure. Director Jackson requested the chairmen recognize Deputy Director Birchum for presentation of the report's first finding of the report. Deputy Director Birchum presented key components of the report's first finding and then yielded for questions.

Chairman Wallace asked the Department of Tourism and Recreation (OTRD) for a response to the finding presented. Director Winchester thanked the Committee for the opportunity to work with LOFT and said he agreed with the finding that good data is important. Director Winchester explained actions taken by the Department since his appointment as Executive Director. He also explained the agency's property valuations and said a full assessment would cost around one million dollars and take over a year to complete. OTRD made additional comments regarding using best practices from the National Parks Service.

Rep. Boatman was recognized for questions about OTRD's definitions for system improvements and operational efficiency and the level of savings compared to investments. There was additional discussion between Rep. Boatman and Director Winchester about the revenues generated by parking pass revenues compared to projections and the likelihood that OTRD could realize projected operational cost savings year over year.

Rep. Martinez was recognized for questions about OTRD's assets and the Department spending more than six times the estimated renovation costs on restaurants. Director Winchester explained the condition that assets were found in and the extensive renovations that some turned into and said some had to be taken down to the slab. Additionally, he said the pandemic resulted in price increases.

Rep. Martinez asked Director Winchester about the decision process for spending on kitchens as opposed to camp sites, RV sites and hiking trails. Director Winchester stated the agency has an obligation to keep up parks six lodges, which include restaurants.

Rep. Blancett was recognized for a question about OTRD's replacement cost estimates for lodges. Director Winchester said OTRD averaged the size of the lodges. Chairman Wallace asked for clarification about the accuracy of OTRD's assessments. Director Winchester described the assessment and stated it could be off by about 10 percent.

Rep. Osburn was recognized for a question about whether OTRD considered at some point to abandon renovation plans due to the costs. Director Winchester said those decisions were looked at.

Sen. Kirt was recognized for a question about how OTRD determined the 4 percent maintenance cost as appropriate. Director Winchester explained he had used that percentage in the private sector.

Chairman Thompson recognized Director Jackson, who asked that Mr. Andrew Welch be recognized for presentation of the report's second finding. Mr. Welch presented key aspects of Finding 2. Director Jackson yielded to the Chairmen for any questions on the finding.

Chairman Thompson recognized Director Winchester for a response to the report's second finding. Director Winchester said he did not agree with the finding.

Chairman Thompson asked Director Winchester about whose decision it was to amend the restaurant contract and retroactively pay additional operational losses. Director Winchester

said the decision ends with him, but he felt some of the information presented was misleading. There was additional discussion about the contract and the costs.

Rep. Martinez was recognized for questions about how the restaurant vendor contract compared to other state contracts. Director Jackson said LOFT we examined other contracts and could not find anything similar to the contract that was signed by OTRD. There were additional questions by Rep. Martinez about whether the contract encouraged the restaurant vendor to lose money and whether there were any controls in place to ensure the State was being charged a fair rate. Deputy Director Davis said OTRD is in the process of conducting an audit of invoices and items purchased to make sure the charges were appropriate.

Rep. Boatman was recognized for questions about OTRD's decision-making for abandoning assets in place. Rep. Boatman requested some additional information from OTRD regarding the expense chart provided by the agency.

Rep. Martinez was recognized for questions about the process for seeking vendors for the renovations or to operate the restaurant. Director Winchester said 25 vendors were contacted. There was additional discussion from the Committee about the roles of the vendor and OTRD in decision-making about costs. Rep. Martinez requested a copy of the contract sent to vendors and a list of the vendors who received it. Director Winchester said that would be provided.

There was additional conversation and questions from the committee about the restaurant renovations, the subcontracting process, and whether OTRD confirmed the State got what they paid for and if the services were provided at fair market value. Deputy Director Davis explained OTRD is currently performing an audit. Rep. Martinez asked for clarification regarding whether a vendor was paid before OTRD checked the work and make sure the State received what was paid for. Director Winchester said OTRD knows the equipment and furniture is there, and the audit is more along the lines to make sure OTRD was billed properly.

Sen. Simpson was recognized for a question regarding capital costs related to the restaurants, and requested an itemized report of what was purchased. Director Winchester agreed that OTRD could get that for the Committee.

Rep. Blancett was recognized for questions about how customer survey data aligned with OTRD's decision to make investments in restaurants. Director Winchester said there is a public assumption that lodges would have restaurants. There was additional discussion by the Committee about decision-making regarding recent expenditures by OTRD, the role customer data played in those decisions, and the prioritization of investments in restaurants. Director Winchester said OTRD also upgraded cabins and RV spots.

Chairman Wallace provided a point of information regarding the legislative directive to use \$3 million in bond funds for Quartz Mountain, noting the Legislature was given a presentation that included the figure.

Rep. Martinez was recognized for questions about the restaurant vendor's reimbursement for losses and asked Director Jackson if LOFT had concerns about legal violations. Director Jackson explained LOFT's policy on notifying the proper authorities of any potential criminal activity.

Chairman Thompson recognized Director Jackson for a brief overview of the report's third finding. Director Jackson asked that Mr. Bradley Ward be recognized for presentation of Finding 3. Mr. Ward presented an overview of the report's third finding and yielded for questions.

Director Winchester was recognized for a response to the last finding. He said OTRD doesn't agree with the assessment that OTRD is not aligned with customer needs or wants. He said the agency's focus is its 2037 plan, which will mark the park system reaching 100 years of age. He also said the agency is wisely investing in assets.

There were additional questions and discussion about OTRD's strategic plan and the agency's philosophy on user revenue.

Chairman Wallace informed the Committee that the policy considerations were in the report and recognized Director Jackson for closing remarks.

Director Winchester was recognized for closing remarks, thanked the Legislature for being helpful and supportive, and said he is excited for the future of the State Park system.

Chairman Thompson thanked LOFT and OTRD.

Chairman Wallace announced the next meeting date of the Committee is June 16<sup>th</sup> at a time to be determined. He also informed members that the scoping memo for the upcoming reports for the Department of Corrections and K-12 are on the LOFT website.

Meeting adjourned 4:15 pm.