

Performance Audit of **Colossal Cave Mountain Park**

Pima County, Arizona



Audit Committee Members:

Jon Baker - Committee Chair,

**Wally Armer, Dr. Deborah Colodner, Dr. Randy Gimblett,
Shela McFarlin, Tim Vimmerstedt, Joe Yarchin, Gale Bundrick**

November 18, 2014



Executive Summary of the Colossal Cave Mountain Park Performance Audit



for the
Government of Pima County, Arizona

Audit Committee Members

Jon Baker - *Committee Chair*, Wally Armer, Dr. Deborah Colodner,
Dr. Randy Gimblett, Shela McFarlin, Joe Yarchin, Gale Bundrick, Tim Vimmerstedt

November 18th 2014

Performance Audit Committee's Conclusion

“Colossal Cave Mountain Park is at a crossroads but we find it has tremendous potential. Realizing that potential will take significant investment to stabilize and repair its infrastructure, find an operator with vision and backing, and publicize the new approach and features to the public. We believe the investment is worthwhile and that it will produce significant long term benefits for both the park and Pima County. However, if we defer investing in Colossal Cave Mountain Park now, the costs to re-open or repair will only increase over time.”



*All images in this report are from the “Wild Cave Tour” at Colossal Cave Mountain Park –
Courtesy of Pima County Communications Office & Colossal Cave Mountain Park Staff*



Executive Summary
of the
Colossal Cave Mountain Park Performance Audit

I. Background, Purpose, and Process.

On the 23rd of August 2013, Pima County Administrator C. H. Huckelberry tasked the Department of Economic Development and Tourism (ED&T) to prepare a plan for a citizen-led performance audit of Colossal Cave Mountain Park (CCMP) and the park's current operator, Escabrosa Inc. (Escabrosa)^{1, 2} The scope of the committee was to:

- Generate specific recommendations to support continuous improvement and accountability
- Establish specific objectives and priorities for park management
- Implement a comprehensive plan of action to manage both the cultural and natural heritage areas as well as the program's activities (NOTE: This objective was later amended by the committee to developing a range of options for the park that would then set the conditions necessary to develop specific plans for the future)

This plan was approved by the County Board of Supervisors (BOS) on September 9th, 2013.³

The resulting Colossal Cave Mountain Park Audit Committee (Committee) met between December, 2013 and September, 2014. This included an intensive, week-long on-site visit in March 2014 with two consultants, Ed Stone, a marketing and management expert, and Bruce Herschend, a Show Cave expert.⁴ The consultants, county staff and various Committee members conducted multiple site visits, staff interviews, inspections and comparisons with other caves and parks for performance and best management practices. During the same time period, Escabrosa submitted to an independent financial audit of its business records for the 2012 fiscal year which was completed and submitted to the Committee on 1st August, 2014.

II. Findings.

These visits, followed by months of deliberation during which each Committee member and the consultants provided input from their various areas of expertise,⁵ and a review of Escabrosa's completed financial audit, resulted in the following findings:

¹ Pima County Administrator, Memorandum, dtd 23rd Aug, 2013, re: Colossal Cave Mountain Park (Appendix 1)

² Land Ownership Map of Colossal Cave Mountain Park and Surrounding Properties (Appendix 12)

³ Pima County Administrator, Memorandum, dtd 9th Sept, 2013, re: Colossal Cave Mountain Park (Appendix 2)

⁴ Consultant Resumes (Appendix 16)

⁵ Ibid

A. Financial. The independent auditor's report for the year ending December 31, 2012, shows a deficit of \$207,213, including advances from the Director of \$162,120.

However, 2013 financial statement indicates a \$4,716 profit for Escabrosa/CCMP and the first three months of 2014 posts an \$18,924 net profit for Escabrosa, not including advances. There was no evidence of illegal activity or malfeasance.⁶

1. The net outstanding balance of the advances at December 31, 2012 was \$162,120.⁷
2. Cash flows from financing activities for 2012 show that the Director provided \$41,000 from her own finances to keep the park operating.⁸
3. "The Director permits Escabrosa to utilize a cash account that is owned by the Director for its operations. As such, all disbursements into the account are considered as advances from the Director and all deposits to the account are considered to be repayments to the Director."⁹
4. Director allows Escabrosa to utilize credit cards that are in the name of the Director for operational expenses. The outstanding balance on the credit cards at December 31, 2012 of \$33,002 is included in Director advances.¹⁰
5. "The operational deficits of the Park have been funded by advances from the Director. Without the continued advances by the Director it would be unlikely that Escabrosa could continue its daily operation of the Park."¹¹

Except for 2013, CCMP has lost money every year since 2004. Major changes must take place for Escabrosa to sustain its position at CCMP.

We recommend that Pima County develop a contingency operational plan to cover any interruptions in management or leadership at CCMP and that Pima County should have a clear understanding of the current Director's succession plan, financial obligations, property inventory and be prepared to go out for bid to select a long-term management group for CCMP.

B. Business and Marketing Plan. The overall decline in business and attendance at CCMP is a result of many factors, including the national and local economic recession; poorly timed historical restorations at a time of tourism recovery which resulted in an estimated \$400,000 in sales in 2003-2005, the sickness and death of Joe Maierhauser, followed by a string of unsuccessful business decisions which shifted resources from the

⁶ Addington & Associates, PLLC, Independent Auditors Report of CCMP for 2012 (Appendix 3)

⁷ Ibid

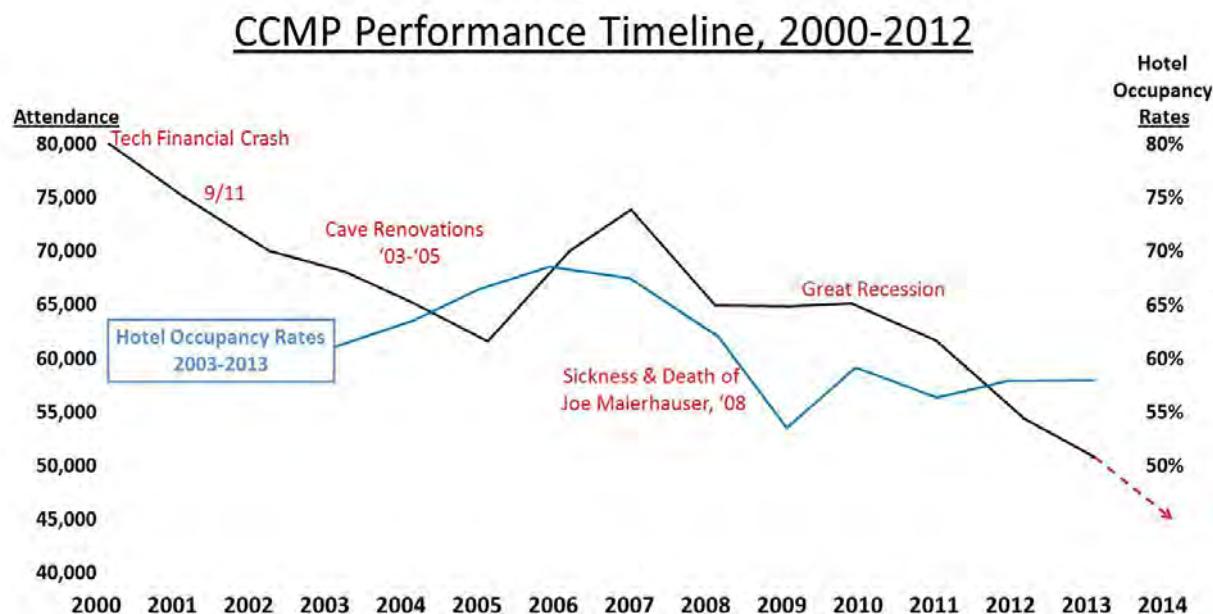
⁸ Ibid

⁹ Ibid

¹⁰ Ibid

¹¹ Ibid

profitable cave portion of the park to the un-profitable Posta Quemada Ranch; the County-inspired imposition of a fee station and road realignment which may have deterred and deflected visitors; and deferred infrastructure maintenance which has impacted the appearance and functionality of the park. Our analysis of Escabrosa's "Strategic Plan" reveals a document that is long on aspiration and short on implementation and measurable objectives. Only a few of the strategic goals have been accomplished. In addition, the marketing for CCMP has not kept up with current trends and practices and is significantly underfunded compared to other show caves. The website is dense and needs updating and the social media strategy has been neglected. These factors were aggravated by incomplete financial record keeping and physical property accountability, and high staff turnover which contributed to irregular execution within the organization.



A brief analysis of the timelines above show that until 2010, CCMP's attendance generally tracked the Hotel Bed Occupancy trends (our best indicator of the number of out of town visitors available). After the extended period of cave renovations in 2003-2005, the park's attendance rebounded to near pre-financial crash numbers through 2006-2007, only to fall sharply in 2008, again keeping pace with the overall tourism trend for the rest of Pima County. However, in 2010, we see a distinct point of departure with overall tourism to Pima County stabilizing, while attendance at CCMP has continually dropped for the past three years by 23%, and continues downward in 2014.

- 1. Competitive Analysis.** Since 2000, the number of visitors touring CCMP dropped from 77,290 to 41,541 in 2013, a 46.25 percent decrease. CCMP's attendance for the past five years has declined -7.59 percent annually. CCMP's attendance drop places it in the bottom third of publicly owned caves in the southwest. Perhaps more

troubling is CCMP's continued decline since 2010. When compared to other attractions in Southeast Arizona from 2010 to 2013, CCMP records a loss in attendance of 14 percent compared to gains of 1.7 percent for Kartchner Caverns, and 1.1 percent for Saguaro National Park.¹²

2. **Other Economic Productivity Variables.** The economic recession negatively impacted all of the attractions in Southeast Arizona equally with significant drops in attendance in the first several years of the economic downturn. However, while other attractions have rebounded and in many cases have grown their attendance above pre-recession levels CCMP has not.¹³ The conclusion of this committee is that CCMP has been unable to recover for a number of reasons:
 - a. Lack of an executable strategic vision or plan to effectively market CCMP
 - b. Outdated marketing tools and strategy
 - c. Underfunded marketing
 - d. Broken or unsightly infrastructure
 - e. Poorly organized staff and operational structure
 - f. \$5 fee to enter the park with no clear value in return
 - g. Realignment of Colossal Cave Road to Pistol Hill Road
 - h. Limited community and stakeholder outreach

III. Operations.

The three components comprising the major value of CCMP to the citizens and government of Pima County are: the cave; the diverse and vital environment of the park; its biodiversity and the abundant cultural artifacts and archaeological sites found throughout the park, which are considered ancestral sites to the Tohono O'odham and other native peoples. Despite the recent decline in business operations, each of these components remains intact and apparently healthy.

- A. **Colossal Cave.** From a business perspective, the cave is clearly the center of gravity for the attraction portion of the park and draws a majority of the visitors each year. While the cave electronics, lighting and communications systems need updating and the cave itself needs spot cleaning, the cave is in good shape and continues to provide a home to a small population of bats and other naturally occurring cave denizens. The bulk of visitors

¹² Ed Stone & Bruce Herschend, Analysis, Colossal Cave Mountain Park: Overview and Recommendations of Committee and Consultants, pp 44-49 (Appendix 4)

¹³ Ibid, pp 15-19

experience a half-mile long walking tour through the easily accessible “front” portions of the cave that were developed by the Civilian Conservation Corps (CCC) in 1933/1934. However, there are an additional three miles of mapped cave passages accessible to fit and adventurous visitors which have not yet been utilized to their full capacity.¹⁴ Pima County Department of Finance & Risk Management conducted a survey of these “back areas”, which included oxygen samples, staff interviews and physical assessments, and concluded that with a few minor adjustments the area was suitable for tours.¹⁵ The majority of Colossal Cave remains a largely unrealized “Adventure Tourism” asset.

- B. Park Environment and Natural Resources.** The environment and diversity of the park plant and animal life has not been studied in depth since 1998. However, the initial impressions resulting from this audit are that CCMP wildlife and plant population are abundant and located throughout the park. A more complete monitoring of the park wildlife needs to be conducted, and a comprehensive Park Management Plan developed to better conserve and promote CCMP’s natural resources.¹⁶
- C. Cultural, Historical and Archaeological.** Broadly speaking, the cultural, historical, and archaeological aspects of the park are: the prehistoric and native people’s archaeological and sacred sites; the CCC structures and camps; and the Posta Quemada Ranch (PQR). The entire park is listed in the National Register of Historic Places.
 - 1. The prehistoric and native people’s sites have not been fully inventoried. The Agua Verde canyon and wash has drawn human habitation for thousands of years and there is physical evidence of multiple cultures and peoples across the park. Over the parks recorded history numerous groups of people, from the CCC to the Boy Scouts, have used the camping areas and picnic grounds for recreation and living areas. Many of the cultural artifacts have been removed and lost over time, but there are unknown quantities that remain and need to be surveyed so they can be preserved. This should be a priority.
 - 2. The CCC structures and camps are well utilized and functional. The most obvious examples are the cave house and the pathways and stairs inside the cave which still function as intended. Nonetheless, these structures are eighty years old and in some cases the earth beneath them is subsiding. Cracks are appearing in the southern retaining wall at the cave house, and the original adobe post office for the camp needs stabilizing. Additionally, the wiring in the cave house poses a potential safety hazard and needs to be updated. The plumbing in all structures is old and needs

¹⁴ Colossal Cave Map (Complete) (Appendix 5)

¹⁵ Pima County Department of Finance & Risk Management, Colossal Cave Mountain Park Report, dtd 28th May, 2014 (Appendix 6)

¹⁶ Randy Gimblett & Kerry Baldwin, Colossal Cave Management Plan Assessment and Recommendations, May 2014 (Appendix 7)

replacing. Many of the historic buildings do not allow compliance with ADA standards for park settings.

3. The historic buildings at PQR were lost to a fire in 1965. The replacement buildings are not historical but remain serviceable and could be used or repurposed to add value to the visitors' experience. Themes related the ranch's history can be represented in exhibits and other multi-media presentations. Most of these structures are almost fifty years old and need significant plumbing and electrical work, as well as HVAC and environmental systems to make them useful for year-round visitation.

D. Capital Improvements and Maintenance to the Park. Since 2001, Escabrosa has invested \$163,954 in non-reimbursable capital improvements and maintenance, ranging from picnic tables to replacing roofs, to rebuilding restrooms and septic systems. Additionally, Martie Maierhauser estimates she and her late husband Joe invested in excess of \$1.5 million on La Posta Quemada Ranch improvements between 1992 and 2000. Pima County has invested over \$996,812 to renovate historical structures, rebuild the entrance ramada roof and water crossings, well maintenance, and repair storm damage.¹⁷ An additional \$5 million has been spent purchasing surrounding properties to provide a development buffer and create wildlife corridors and environmental mitigation areas.¹⁸

E. Transportation improvements to the Park and Pistol Hill Road. In 1992 Pima County closed the portion of Colossal Cave Road located within CCMP boundaries and redirected traffic to the newly aligned Pistol Hill Road. The intent was to improve safety, reduce vandalism, control traffic through the park and create a single entry point so that an entry fee could be collected. Construction of the new road was delayed and CCMP management incurred additional costs for operating and maintaining the newly acquired ranch property without access to the entry fee. By rerouting traffic away from the park and collecting an entry fee, people began to forget the park existed and were not able to drive through and view it on their daily commute. Additionally, County road maintenance was diverted from the road leading to the Park and it fell into disrepair. The result is that to visit CCMP today one has to make a conscious decision to turn down a mile-long stretch of badly pitted, washed-out and uninviting county road and then pay a \$5 fee to enter a park with no clear idea of what they will encounter on the other side of the gate.¹⁹

F. Training and supervision of CCMP employees and contractors. Escabrosa provided the outline of an established training program and guidelines for all employees and contractors at CCMP. However, during numerous staff interviews some employees seemed confused about their job roles and responsibilities and an understanding of

¹⁷ Ed Stone & Bruce Herschend, Analysis, Colossal Cave Mountain Park: Overview and Recommendations of Committee and Consultants, pp. 54-56 (Appendix 4)

¹⁸ Colossal Cave Mountain Park Past Expenditures by Pima County (Appendix 17)

¹⁹ Ed Stone & Bruce Herschend, Analysis, Colossal Cave Mountain Park: Overview and Recommendations of Committee and Consultants, pp 31-33 (Appendix 4)

operational objectives for the park seemed lacking. The committee and consultants were unable to verify that broad training has actually taken place on a consistent basis.²⁰

G. Maintenance plan for CCMP. There is currently no effective or proactive maintenance plan in place at CCMP. While maintenance did improve slightly from 2011 to 2013 as indicated by annual inspections conducted by Economic Development & Tourism, lack of operational funds limit maintenance to replacing or repairing items of immediate need or safety or as directed by Pima County.²¹ Maintenance workers often volunteer their own equipment and vehicles to make necessary repairs and on some occasions buy the necessary repair materials out of pocket.²²

IV. Sustainability.

Under current conditions and management practices, CCMP is not sustainable as a business operation or a county attraction. It has only been kept operating through the personal loans of Escabrosa's President and current Park Director, Martie Maierhauser. At the behest of Pima County Economic Development and Tourism Office, Pima County staff from several agencies including the PC DOT, Facilities, Capital Projects Group, and NRPR surveyed CCMP infrastructure and buildings to determine what repairs are necessary to bring the park up to an acceptable operating standard. The resulting estimate of \$1.56 million is more than Escabrosa can invest. The reality is that without a significant part of this investment, the park will not be able to operate safely or present an appearance that will attract new tourists and increase attendance.

A. Proposed three-year business and marketing plan. The Committee and consultants considered and reviewed several options for the sustainability of CCMP. In accordance with the recommendations in the section below, we recommend that Pima County conduct an open bid process, with national reach, to find a park operator that will create a strategy and re-imagine the potential of CCMP and be able to take over operation of the Park by August 2015 (the conclusion of the current contract period). This process should be open to any and all parties meeting the minimum conditions of the RFP and the consensus of this committee is that Escabrosa should be permitted to participate in the bid. The committee also encourages Pima County to invest the necessary funds to rehabilitate the park's infrastructure to a safe and acceptable standard.

B. Recreational opportunities that could be utilized at CCMP. The committee feels that any other opportunities contemplated for CCMP must respect, highlight and preserve the environment and cultural legacy of the park and the region. Nonetheless, there are a number of activities that might easily be accomplished, provided these are appropriately sited and do not impact the natural and historic values of CCMP:

²⁰ Ed Stone & Bruce Herschend, Analysis, Colossal Cave Mountain Park: Overview and Recommendations of Committee and Consultants, pp. 17-18, 101-105 (Appendix 4)

²¹ Gale Bundrick, Colossal Cave Mountain Park Inventory Report – 2014 (Appendix 8)

²² Ed Stone & Bruce Herschend, Analysis, Colossal Cave Mountain Park: Overview and Recommendations of Committee and Consultants, pp. 17, 113 (Appendix 4)

1. Increase the number of “Wild Cave” and adventure tours within the park (<https://www.youtube.com/watch?v=wofh2uQwCgg&list=PL925988EFA69C913C>)
2. Restore and develop new camping areas to attract visitors from outside the region
3. Install zip lines to transport visitors from one area of the park to another to visit cultural and wildlife interpretive displays and exhibits similar to the “Predator Zip Line” attraction at the “Out of Africa Wildlife Park” in Camp Verde, Arizona (<http://predatorzipline.com/>)
4. Install a “ropes course” similar to the “Flagstaff Extreme Adventure Course” attraction currently operating in the Coconino Fairgrounds (<http://www.flagstaffextreme.com/>)
5. Install a gravity-driven alpine coaster, similar to the one at “Glenwood Caverns Adventure Park”, in Glenwood Springs, Colorado (<http://glenwoodcaverns.com/thrill-rides.html>) (<https://www.youtube.com/watch?v=TeEWu4XJSb4>)
6. Add an “Adventure Playground” for children and young families²³
7. Increase the trail network to cultural and wildlife sites within the park and enhance with interpretive displays and exhibits
8. Remodel the PQR Ranch House into a bed and breakfast facility for tourists
9. Build an expanded museum to properly interpret the CCC contributions to the area as well as properly house and exhibit materials.
10. Develop and offer “Cowboy Cookouts” and guided horse camping
11. Build an upscale café concession at the cave to celebrate the experience of the “Wild Cave” tours and take advantage of the views from the heights overlooking the park
12. Recreate the pond above the PQR picnic area

C. Management Performance Matrix. In coordination with our consultants, this committee has developed a proposed Management Performance Matrix for the current conditions at the park. However, we recognize that if we put the management of the park up for a public bid in 2015, the new management may develop other structures and needs. This performance matrix may be found on page 44 of this report.

²³ Penny Wilson, The Playwork Primer, 2010 (Appendix 15)

V. Recommendations.

- A. Pima County should develop a contingency operational plan to cover any interruptions in management or leadership at CCMP.** We need a clear understanding of the current Director's succession plan, financial obligations, and property inventory, and should request proposals for sustainable, long-term management of CCMP.
- B. Increase County oversight and participation in operational management of CCMP and its natural resources.** The operators of CCMP need closer supervision in managing this asset for the citizens of Pima County. Economic Development & Tourism and Natural Resources Parks & Recreation should develop a plan to cooperatively oversee the park operator to ensure best management. The park operator should be focused on developing and running a profitable attraction that will draw tourism from outside the region while remaining accessible to Pima County residents.
- C. Develop a plan for CCMP, including its cave resources, to ensure that its conservation values are defined, and a strategy to capitalize on the natural resources, cultural resources, and “Adventure Tourism” aspects of the park.** The undeveloped regions of the cave itself and the desert canyon topography of the park lend themselves to attracting tourists looking for adventures and experiences they cannot find elsewhere. Arizona's personal liability laws allow us to operate the cave in ways that are not possible in other states, and yet still run a safe and responsible operation. Combining high net profit “Wild Cave Tours” with other attractions, such as zip lines, nature tours, citizen scientist opportunities and ropes challenges courses would magnify the adventure aspects of the park and create a unique set of related attractions. This new focus would not exclude the current audience or use of the park; it would only add a more profitable layer to CCMP.
- D. Place the park operating agreement up for a competitive bid process and conduct a national search for a park operator.** The current management agreement for CCMP is up for renewal in August 2015. CCMP has been managed by the same operator since 1956. Even though the park needs significant repairs and maintenance, the underlying assets of cave, natural resources and location make it an attractive property. A national search for an operator capable and willing to invest in and develop the park into a geo-tourism and adventure attraction that highlights and uses the natural and cultural resources to attract visitors from outside the region could breathe new life into the park and develop added economic impact for Pima County. This process should be open to any and all parties meeting the minimum conditions of the RFP.
- E. Invest in repairing and replacing damaged or inadequate park infrastructure.** If Pima County desires to attract qualified park operators it should present a property that is ready to develop and will not need prohibitive initial repairs or upgrades before it can open for business. Pima County has been entrusted with assets in this park that must be repaired in order to be preserved and used for the good of the people. If Pima County

makes these initial investments wisely and can attract an operator willing to invest in the funding necessary to develop a world class nature and adventure based attraction, then the initial investment could pay substantial dividends in the long-term life of CCMP.

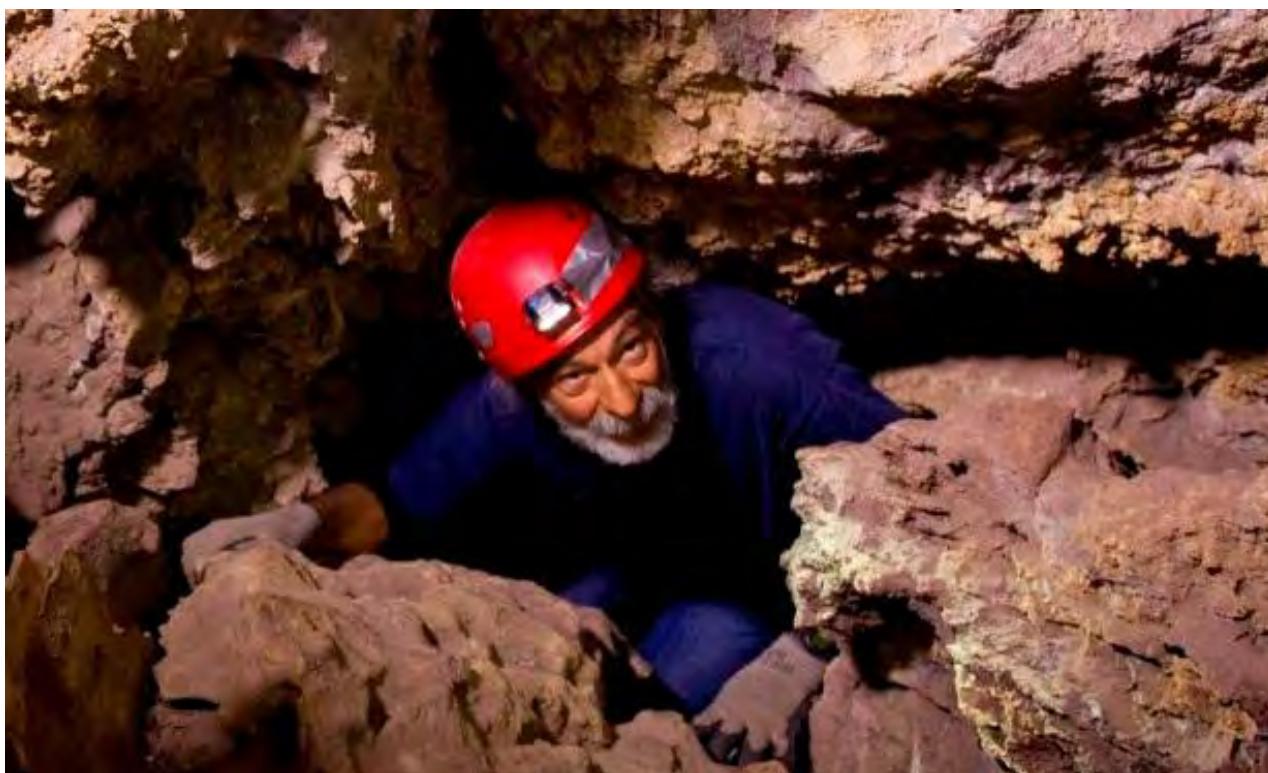
Key areas of focus

- 1. Park Roads/Parking Lots. Estimated Subtotal = \$887,510**
- 2. Buildings. Estimated Subtotal = \$189,200**
- 3. Other park features. Estimated Subtotal = \$459,800**

Summary of Colossal Cave Infrastructure. Based on the review of the team, we estimate that over **\$1,566,510** should be invested in the initial repair and enhancement of Colossal Cave Mountain Park to bring it back to a more user friendly condition.

Performance Audit Committee's Conclusion

Colossal Cave Mountain Park is at a crossroads but we find it has tremendous potential. Realizing that potential will take significant investment to stabilize and repair its infrastructure, find an operator with vision and backing, and publicize the new approach and features to the public. We believe the investment is worthwhile and that it will produce significant long term benefits for both the park and Pima County. However, if we defer investing in Colossal Cave Mountain Park now, the costs to re-open or repair will only increase over time.



Colossal Cave Mountain Park Performance Audit

Prepared and Submitted by

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Full Performance Audit Report

Colossal Cave Mountain Park

18th November, 2014

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Colossal Cave Mountain Park Performance Audit Scope

- *Generate specific recommendations to support continuous improvement and accountability*
 - *Establish specific objectives and priorities for park management*
 - *Develop a range of options for the park that would then set the conditions necessary to develop specific plans for the future*



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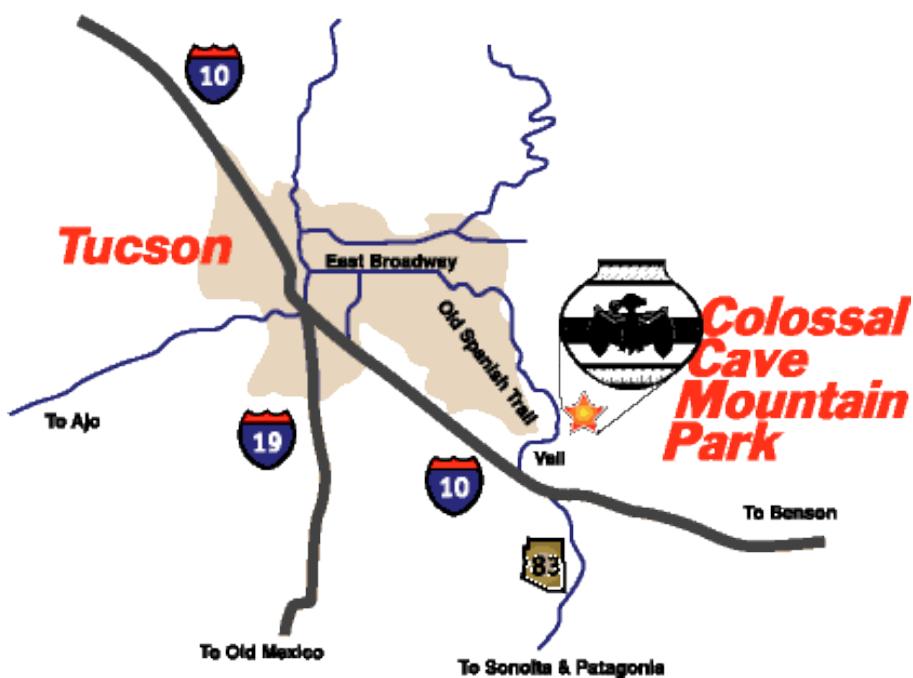


I. Business & Financial

A. History of CCMP.¹

Colossal Cave had been used for centuries by native peoples before being reportedly “discovered” by cattle rancher Solomon Lick in 1879. Prior to 1917, Colossal Cave was known by an assortment of names: Arizona Catacombs, 5-mile Cave and the Mountain Springs Cave, according to a publication by Sharon E. Hunt (“Vail and Colossal Cave Mountain Park.”)

The cave itself extends approximately 600-feet into the mountain side and descends 40- feet below the entrance. Colossal Cave is believed to be the largest known “dry” cave in the United States.



Colossal Cave and its surrounding property were actually State Trust Land up until 1992. Although public tours were occurring as early as 1918, it wasn't until Frank “Pop” Schmidt acquired the lease in 1922 that a more business-like approach was taken.

Schmidt constructed a ticket office and residence at the entrance of the cave and ran a successful operation up until 1934. In 1934 Frank Schmidt released his rights to the lease so that the cave could be designated as a State Park and become eligible as a “CCC Public Park Improvement Project”. Schmidt stayed on and worked as a member of the CCC technical staff until the completion of the project(s) in 1937.

Pima County acquired the lease from the State of Arizona in 1944 in order to operate the site as a county park. Under the direction of the Board of Supervisors, Frank Schmidt would continue operating the cave (for the county) up until 1956.

In 1956 Pima County sublet the operation of the cave to the private partnership of Joe Maierhauser and Earl Bockelsby, both renowned cave experts. In January of 1965 Joe Maierhauser became sole proprietor for the operation of Colossal Cave. Rather than enter into an agreement with Joe Maierhauser as a concessionaire, the County elected to enter into a “management agreement” for the entire 495-acres. Included within the 495-acres were the El Bosquecito picnic grounds, La Sevilla picnic grounds and the hand dug well that serves the cave and campgrounds portion of the facilities today.

¹ Gale Bundrick, A Brief History of the Park, May 2014 (Appendix 9)

Pursuant to the agreement with Joe Maierhauser, Pima County paid for the state lease. All other expenses were borne by the lessee. Due to the increasing cost of the annual lease, Pima County negotiated a sale with the State Land Department for the outright purchase of the lease in 1992. Shortly before the purchase of Colossal Cave, the Pima County Flood Control District had purchased the La Posta Quemada Ranch as a flood control project. Being that Posta Quemada was adjacent to Colossal Cave and was used as the staging area for the CCC, it only made sense that the two properties be combined into one larger mountain park, thus the name Colossal Cave Mountain Park.

Through an agreement with the Pima County Board of Supervisors, management of the newly formed Colossal Cave Mountain Park was turned over to the Pima County Parklands Foundation, a non-profit corporation, in September of 1992. The Foundation, in turn, entered into an "Agreement for Operation and Administration of Colossal Cave Mountain Park" with Joe Maierhauser in November of 1992.

The management plan in 1992 was to close that portion of Colossal Cave Road located within the boundary of the park and improve Pistol Hill Road, a dirt road at the time, as an alternate route. By making these improvements, the Foundation would be able to charge an admission fee into the park and increase the revenue stream that had slowly began to erode due to the downturn in tourism. At the time of the management change, it was generally felt that the new plan would work and would optimistically generate enough revenue to not only manage Colossal Cave Mountain Park but help subsidize other needs of the Parks and Recreation Department. Unfortunately, the improvements to Pistol Hill Road were delayed due to the lack of County bond funds. As a result of the delay, management costs associated with the increased size of the park soared and the additional income from the road closure would not happen for another 8-years.

The Foundation and the Maierhausers (Martie and Joe) continue to operate the park but were unable to recover from the tourism downturn and the lost income from not having the entry gate in place when the Colossal Cave Mountain Park was expanded. The Maierhausers had personally invested their own money in changes made at the Posta Quemada Ranch in anticipation that they would be reimbursed from funds being paid to the Parklands Foundation. Although the Maierhausers were reimbursed for many of the improvements, the Foundation could not fully reimbursement the Maierhausers for all of their expenses.

Joseph G. Maierhauser passed away on March 7, 2007 just a few days before his 80th birthday. Joe had been instrumental in managing Colossal Cave for over 50-years - the longest continuous management lease to a sole proprietor in Pima County history.

Shortly after Joe Maierhauser's death, the president of the Parklands Foundation, Gene Issac, had a stroke and was unable to continue with his responsibilities. Due to the uncertainty of the Foundation's future, the Foundation officially released all of its obligations with respect to Colossal Cave Mountain Park. In addition, most of the monetary assets the Foundation had on hand were transferred to Pima County for repairs to the electrical system within Colossal Cave. On August 21, 2010; Martie Maierhauser was granted the management agreement by the Pima County Board of Supervisors under the name of Escabrosa, Inc., an Arizona non-profit organization, for a five (5) year term with the option of two 5-year renewals.

On September 10, 2013 Board of Supervisors requested a performance audit on the operation and contract deliverables of Colossal Cave Mountain Park.

B. Business Overview.

Escabrosa, Inc. is an Arizona non-profit that was not fully established as such in the four years it has controlled CCMP. It has no board of directors and operates under the sole control of its executive director, Martie Maierhauser, who is also the CCMP Park Director. The Financial Audit determined its accounting procedures never fully transitioned from a “for profit” model to a “non- profit” model. Escabrosa operates much the same way its predecessors have since 1956.

The overall decline in business and attendance at CCMP is a result of many factors, including the national and local economic recession; poorly timed historical restorations at a time of tourism recovery which resulted in an estimated \$400,000 in sales in 2003-2005, the sickness and death of Joe Maierhauser, followed by a string of unsuccessful business decisions which shifted resources from the profitable cave portion of the park to the un-profitable Posta Quemada Ranch; the County-inspired imposition of a fee station and road realignment which may have deterred and deflected visitors; and deferred infrastructure maintenance which has impacted the appearance and functionality of the park. As the physical appearance and functionality of the park declined, it precipitated a “cycle of failure” that discouraged tourists from visiting which in turn resulted in less revenue, which meant even less cash available to make the necessary repairs, which then led to even more decline.

The 1992 decision to re-route Colossal Cave Road to Pistol Hill and emplace a fee station at the park entrance had unintended consequences of setting up value expectations in many of the park visitors that were then unmet by their experience on the far side of the gate. Before the road was rerouted, anyone travelling along Old Spanish Trail to Vail or Tucson passed along the southwest boundary of the park and were able to see it. Travelers were constantly reminded the park was there. Currently, Pistol Hill road takes travelers on a route away from the park and CCMP is hidden behind a large hill – not open to view. To reach CCMP, visitors must make a conscious decision to do so and then travel along a badly pitted and rutted road to reach the fee station. Once at the fee station, visitors are asked to pay \$5 per car to enter the park, where they are then directed to either the Ranch or the Cave. At the Cave, they are then asked to pay an additional fee for that experience. At the Ranch, they pay an additional fee to ride the horses. The “attractions” that remain are in poor repair or need additional interpretation. Over time, the repeat attendance dropped and locals “forgot” the park was there.

Our analysis of Escabrosa’s “Strategic Plan” reveals a document that is long on aspiration and short on implementation and measurable objectives. It presents a “Vision” for the park, but offers little detail on how that vision might be achieved. The strategic goals listed are tactical in nature with little connection to the strategic vision. There are few measurable performance measures outlined in the document. Few of those strategic goals have been accomplished.²

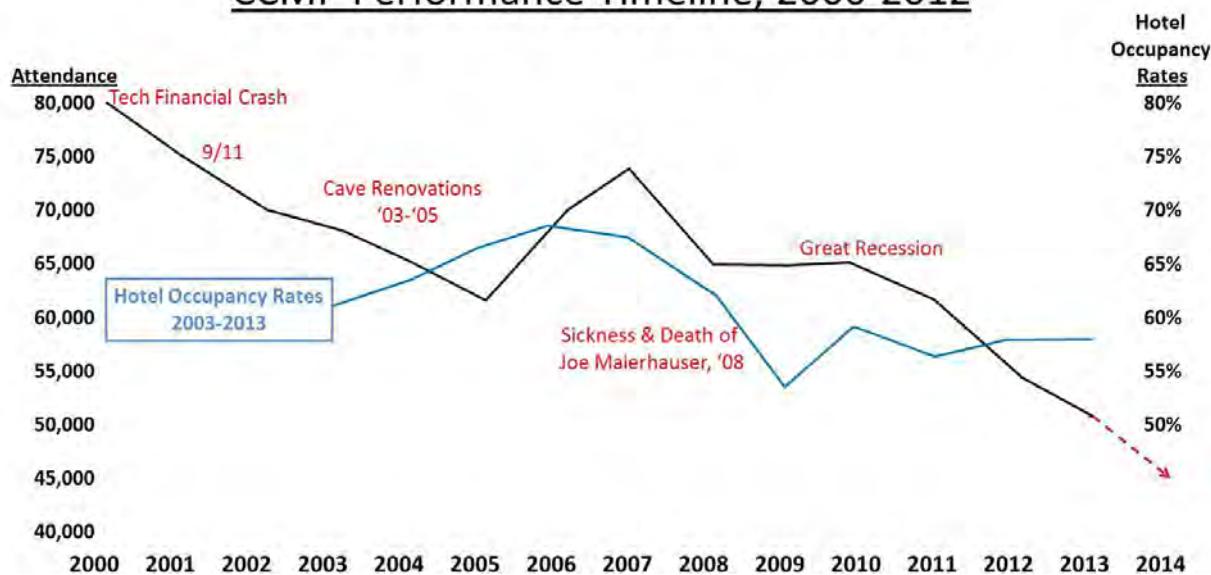
The marketing for CCMP has not kept up with current trends and practices and is significantly underfunded compared to other show caves. The website is dense and needs updating and the social media strategy has been neglected. There are no Twitter or Yelp! accounts established to

² Martha K. Maierhauser, Colossal Cave Mountain Park Strategic Plan, 2011-2014 (Appendix 10)

take advantage of visitor experiences, nor is there Wi-Fi on the property, and weak cellular phone signal discourages visitors from posting photos to social media accounts.

These factors were aggravated by incomplete financial record keeping and physical property accountability, and high junior staff turnover which contributed to organization execution irregularities.

CCMP Performance Timeline, 2000-2012



A brief analysis of the timelines above show that until 2010, CCMP's attendance generally tracked the Hotel Bed Occupancy trends (our best indicator of the number of out of town visitors available). After the extended period of cave renovations in 2003-2005, the park's attendance rebounded to near pre-financial crash numbers through 2006-2007, only to fall sharply in 2008, again keeping pace with the overall tourism trend for the rest of Pima County. However, in 2010, we see a distinct point of departure with overall tourism to Pima County stabilizing, while attendance at CCMP has continually dropped for the past three years by 23%, and continues downward in 2014.

C. Analysis of Financial Statements from 2002-2012.

The external financial audit conducted by Addington & Associates, PLLC determined that Escabrosa has lost money every year from 2004 to 2013.³ The independent auditor's report for the year ending December 31, 2012 shows a deficit of \$207,213 for the time period, including unsecured personal advances from the Director (Martie Maierhauser) of \$162,120. The unaudited 2013 financial statement indicates an annual profit of \$4,716 for Escabrosa and the

³ Note: The 2010 Management agreement stipulated that Escabrosa undergo an external audit every two years and develop a business plan starting with the first year. However, due to the financial constraints of the Parklands Foundation, the sudden illness of its director and its possible dissolution, Escabrosa was allowed to provide unaudited financial records and a strategic business plan. An analysis of these unaudited records concurs with the finding of the external auditors report. MDH

first quarter of 2014 shows an \$18,924 net profit. There was no evidence of illegal activity or malfeasance.⁴

The balance sheet for Colossal Cave Mountain Park for the past nine years reflects a declining tourist attraction. There appears to be a reduction of losses in the past four years even with a \$43,271 loss in 2012 and a net deficit of \$207,213, including Director's advances.⁵

1. The auditors were unable to obtain sufficient appropriate audit evidence on inventory quantities and values by other auditing procedures. Therefore, sufficient audit evidence was unavailable on the balance of net assets or advances from the Director at January 1, 2012.
2. For the year 2012, Escabrosa, Inc. received \$648,799 in total revenues and had \$692,016 in total expenses. The decrease in unrestricted assets is a deficit of \$43,217. At the beginning of the year there was a deficit of \$163,996, making a \$207,213 deficit for the end of the year.
3. The net outstanding balance of the advances at December 31, 2012 was \$162,120.
4. Cash flows from financing activities for 2012 show that the Director provided \$41,000.
5. The Director permits Escabrosa to utilize a cash account that is owned by the Director for its operations. As such, all disbursements into the account are considered as advances from the Director and all deposits to the account are considered to be repayments to the Director.
6. Director allows Escabrosa to utilize credit cards that are in the name of the Director for operational expenses. The outstanding balance on the credit cards at December 31, 2012 of \$33,002 is included in Director Advances.
7. There is no written agreement between the Director and Escabrosa related to any of the advances from the Director. In addition, there is no interest charged by the Director on the outstanding balance of the advances. The advances are considered to be due on demand as there is no formal repayment agreement and are reflected as a current liability in the accompanying financial statements.
8. The operational deficits of the Park have been funded by advances from the Director. Without the continued advances by the Director it would be unlikely that Escabrosa could continue its daily operation of the Park.

(See Figure 1 on foldout following this page for financial spreadsheet)

⁴ Addington & Associates, PLLC, Independent Auditors Report for 2012 (Appendix 3)

⁵ Ed Stone & Bruce Herschend, Analysis, Colossal Cave Mountain Park: Overview and Recommendations of Committee and Consultants, pp. 50-53 (Appendix 4)

Colossal Cave Mountain Park – Financial Statement - January 2004 through June 2014

	Jan 04 - Dec 04	Jan 05 - Dec 05	Jan 06 - Dec 06	Jan 07 - Dec 07	Jan 08 - Dec 08	Jan 09 - Dec 09	Jan 10 - Dec 10	Jan 11 - Dec 11	Jan 12 - Dec 12	Jan 13 - Dec 13	Jan 14 - Mar 14
Income	665,076	759,205	830,882	842,561	788,411	852,487	746,505	690,621	685,610	636,555	204,361
Less Refunds	2,036	2,058	2,830	-	-	-	148	-	-	-	-
Gross Income	663,040	757,147	828,052	842,561	788,411	852,487	746,357	690,621	685,610	636,555	204,361
Cost of Sales											
Inventory	161,387	146,330	140,155	201,007	100,579	91,433	59,856	39,368	16,397	17,530	28,226
Purchases	79,044	104,745	104,817	98,329	81,792	55,978	25,733	27,573	27,462	34,091	
Total	240,431	251,075	244,972	299,336	182,371	147,411	85,589	66,941	43,859	51,621	28,226
Less End Inventory	146,330	140,155	99,007	(202,579)	(91,433)	(59,856)	(39,368)	16,397	17,530	28,226	28,226
Total Cost of Sales	94,101	110,920	145,965	96,757	90,938	87,555	46,221	50,544	26,329	23,395	10,945
Gross Profit	568,939	646,227	682,087	745,804	697,473	764,932	700,136	640,077	659,281	613,160	193,416
Expense											
Wages & Salaries	371,497	362,203	329,842	350,988	351,902	333,049	387,088	371,453	377,175	369,873	88,209
Advertising	50,017	65,669	54,310	55,867	47,718	18,334	22,670	37,831	17,012	13,668	1,938
Accounting	6,000	6,800	-	-	-	-	6,600	7,800	4,038	2,805	
Auto Expense	3,122	2,347	2,070	1,995	2,339	5,455	21,502	24,122	28,610	8,391	1,389
Banking	4,308	5,259	5,192	7,481	7,893	7,488	3,029	1,806	632	969	414
Contribution	-	-	-	-	-	-	-	-	-	-	
Credit Card Fees	-	-	-	-	-	-	6,340	4,551	6,710	6,430	4,320
Dues & Subscriptions	3,859	3,757	3,461	3,255	2,880	3,062	4,474	4,468	3,149	2,126	1,096
Equipment Rental	9,406	11,180	8,210	11,878	10,118	11,173	6,703	5,783	7,756	7,258	-20
Freight	1,208	1,680	1,483	1,570	1,333	1,527	1,464	1,765	1,037	572	
Grazing	2,603	2,279	2,939	2,799	-	-	-	-	-	-	
Insurance - Regular & W/C	54,444	58,450	55,984	39,167	29,869	50,098	46,630	56,826	46,260	33,475	24,720
Insurance - Medical	28,951	26,726	22,484	20,115	19,478	17,165	27,790	31,236	17,527	23,035	4,155
Interest Expense							-	868	3,525	4,933	923
Licenses & Permits	-	-	-	-	-	-	-	-	-	-	
Office Expense	3,334	3,621	3,409	3,416	2,912	4,240	9,124	11,469	6,129	1,909	1,224
Payroll-Expenses	-	-	-	-	-	-	-	-	-	-	529
Phone	13,673	13,330	9,463	9,710	10,986	9,337	8,878	8,207	9,862	6,741	725
Pension & Profit Sharing	-	-	-	-	-	-	572	11			
Postage	-	-	-	-	-	-	2,046	3,084	1,194	1,885	402
Professional Fees	1,390	1,440	8,525	7,200	11,160	11,896	-				505
Repairs & Maint	48,166	57,711	51,534	46,864	54,514	88,559	45,312	44,035	24,765	20,462	6,013
Rent	62,790	65,376	73,423	82,104	65,417	79,866	18,058				
Security System						4,382	6,067	8,151	2,953	2,987	
Seminars & Conventions						-	196		879	460	
Supplies	18,557	32,620	36,563	29,229	26,837	41,236	16,063	10,271	5,730	6,530	2,435
Taxes - Sales	25,834	29,359	34,381	36,191	30,960	34,290	46,471	46,238	45,716	37,362	
Taxes - Regular	947	1,426	1,060	633	751	309	326				
Taxes - Payroll	24,165	32,548	24,912	30,551	45,165	28,482	39,553	36,471	32,039	28,790	7,854
Taxes - Other	6,947	7,131	9,170	9,392	6,355	9,532	2,242				14,962
Travel	1,933	1,880	1,834	1,399	2,083	2,368	2,730	1,428	1,358	966	665
Utilities	37,284	48,271	44,892	44,768	46,199	37,573	27,456	24,317	30,034	18,427	7,542
Website & Technology	-	-	-	-	-	-	2,156	2,972	3,401	2,315	
Welfare	1,565	2,036	1,856	4,941	4,881	712	-	-			
Other (Income) Expense	-	889	1,798	94	-	1,863	(2,070)	7,720	4,538	5,570	-829
Amortization	1,800	1,800	-	-	-	-	445	-			
Depreciation	6,378	6,674	8,829	15,150	8,115	6,560	1,170	-	80	120	
Total Expense	790,178	852,462	797,624	816,757	789,865	804,174	759,204	750,995	686,428	608,444	173,664
Net Income (Loss)	(221,239)	(206,235)	(115,537)	(70,953)	(92,392)	(39,242)	(59,068)	(110,918)	(27,147)	4,716	18,924

* April 1, 2010 new non-profit corporate organization was started. The 2010 figures shown here are for all 12 months of 2010, the Escabrosa, Inc. financial statements only cover April to December of 2010. The entity did not exist prior to April 2010.

Source: CCMP unedited annual financial statement

D. Analysis of the Current Business and Marketing Plans.

Revenues and marketing are the lifeblood of any organization and marketing drives revenues. The Committee believes there is a branding opportunity for CCMP. It's extremely difficult to communicate the concept of Colossal Cave Mountain Park. Is it a cave attraction, a ranch, a wildlife/natural resource area or all of the above? "Conservation Adventure with a purpose" was a phrase from one of the Committee's meetings. The diversity and totally different types of businesses at CCMP make it a challenge to market. Under the current offerings of CCMP, consideration should be given to focus on the Cave and develop a separate strategy for the operations of the Ranch. Whenever possible, cross selling the two products before the visitor arrives and while on property is strongly recommended. Marketing demographics for Pima County show 3.5 million residents live within 100 miles and the county receives four million visitors annually.⁶

Type of Audience	Estimated Number	Largest Age Groups	Median Income	Notes
Local/Residents	1,020,200 – Metropolitan Area	0 to 14 yrs. – 20.5% 15 to 44 yrs. – 41.3% 45 to 64 yrs. – 23.6%	Tucson - \$30,334 Pima County - \$34,932 Tucson MSA - \$34,932	<ul style="list-style-type: none"> Pima County has a population of 980,263. Tucson has a population of 520,116. A metropolitan area population of 1,020,200.
University of Arizona Students	38,767	18 – 22	N/A	<ul style="list-style-type: none"> As of Fall of 2009 The total enrollment in all area colleges is 73,436.
Seasonal Residents		<ul style="list-style-type: none"> November through April account for some 7,200 motorhomes and RV space rentals bringing some 15,800 people to the area. Estimated they spend some \$1,600 per month, per household. Does not include seasonal residents who own second homes in the area. 		<ul style="list-style-type: none"> This audience visits from November through April. Somewhat upscale and older.
Meetings/Conventions	400,000			<ul style="list-style-type: none"> These numbers are for the year 2006/07
Est. Overnight Visitors to the Tucson Area	4,032,052			<ul style="list-style-type: none"> 2010 figures from Cochrane Consulting
Est. Hispanic/Mexican Visitors to Pima County (16% of total to State)	2,701,912 annually			<ul style="list-style-type: none"> AZ. Dept. of Tourism 2007/08 Visiting to shop, casinos, family, friends & attractions.
Hispanic/Mexican Visitors to State of Arizona (98.9% are from Sonora.)	24.02 million Mexican visitors came to Arizona	1.8 persons per party		<ul style="list-style-type: none"> AZ. Dept. of Tourism 2007/08

⁶ Ed Stone & Bruce Herschend, Analysis, Colossal Cave Mountain Park: Overview and Recommendations of Committee and Consultants, pp 19-21, 41-53 (Appendix 4)

Est. Overnight Visitors to the Tucson Area, as of 2010:

Description	Calculation
Hotel/Motel Count in Pima County	16,700
Available Room Nights (x 365)	6,095,500
Percent Occupancy	56%
Occupied Room Nights	3,413,480
Persons Per Room	2.49
Total Person Nights	8,499,565
Nights Stayed	3.40
Individual Visitors	2,499,872
Percent Staying in Hotels/Motels	62%
Estimated Total Overnight Visitors	4,032,052
Purpose of Visit (rounded)	
Pleasure	90% 3,600,000
Business	10% 400,000

- Arizona Office of Tourism, Metropolitan Tourism Convention & Visitors Bureau



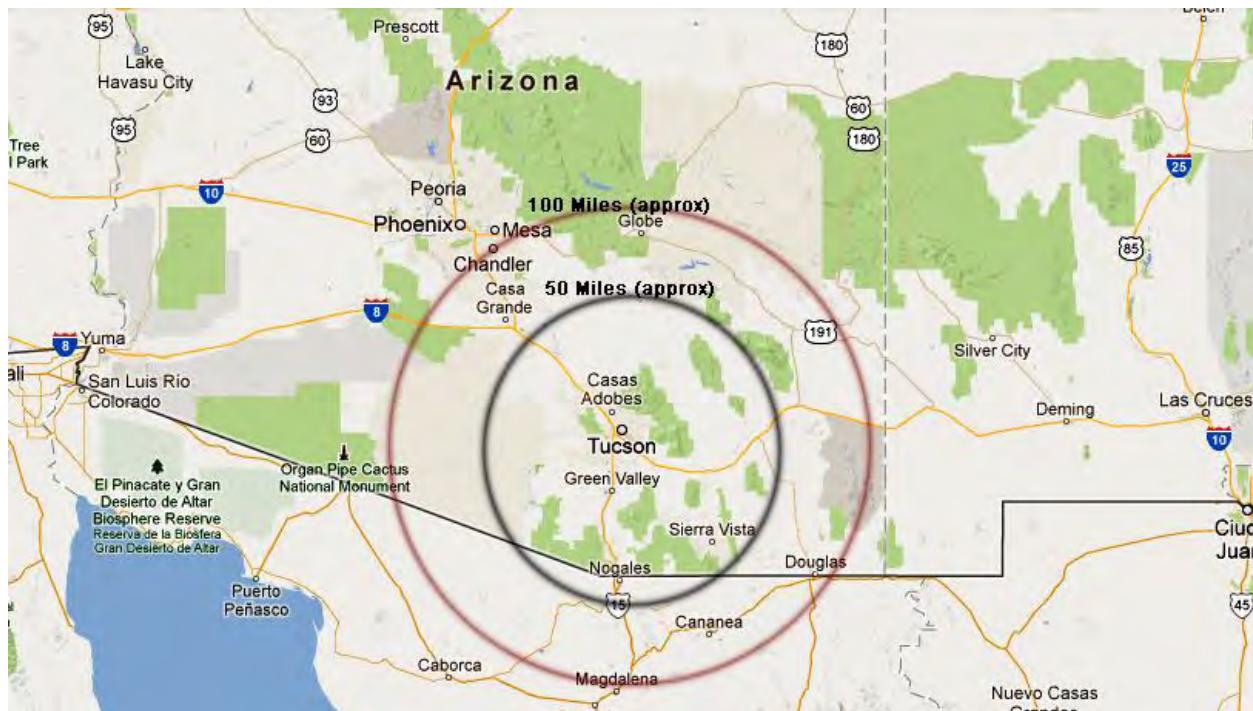
Tucson/Pima County Demographics:

Radius Band Year	0-50 Miles Radius Band			50-100 Miles Radius Band			Total 0-100 Mile Radius Band		
	2000	2010	2015	2000	2010	2015	2000	2010	2015
Population (000)	873	1,065	1,153	1,581	2,187	2,465	2,454	3,252	
Households (000)	342	415	450	570	769	864	913	1,184	1,315
Avg. Household Size	2.48	2.51	2.51	2.71	2.79	2.81	2.69	2.75	2.75
Median Household Income	\$36,958	\$49,809	\$58,436	\$43,181	\$58,452	\$66,188	\$40,850	\$55,422	\$63,532
Per Capita Income	\$19,793	\$25,220	\$29,365	\$19,841	\$25,518	\$28,937	\$19,824	\$25,420	\$29,073
Median Age	35.7	37.7	38.1	32.3	33.8	34.3	33.5	35.1	35.5
Households by Income									
< \$24,999	33%	22%	17%	26%	18%	14%	29%	19%	15%
25,000 - \$49,999	32%	28%	22%	31%	24%	19%	32%	26%	20%
\$50,000 - \$74,999	18%	22%	25%	21%	22%	24%	20%	22%	24%
> \$75,000	17%	28%	36%	22%	36%	44%	20%	33%	41%
Population by Age									
< 14	21%	19%	19%	23%	23%	23%	22%	22%	22%

Radius Band Year	0-50 Miles Radius Band			50-100 Miles Radius Band			Total 0-100 Mile Radius Band		
15 – 24	15%	14%	18%	15%	14%	13%	15%	14%	13%
25 – 44	28%	26%	26%	31%	29%	28%	30%	28%	27%
45 – 64	22%	26%	25%	19%	23%	22%	20%	24%	23%
> 65	14%	16%	17%	12%	12%	13%	12%	13%	14%
Race & Ethnicity									
White	75%	72%	70%	76%	70%	69%	75%	71%	69%
Black	3%	4%	4%	4%	5%	5%	4%	4%	5%

- 2000 Census of Population and Housing RSRI and Cochrane Consulting

Regional Map Showing Distances from Tucson:



The following are considerations and points of marketing/communications currently in place along with suggestions for the future. The Committee realizes the limited marketing budget of \$25,000 is inadequate. Most show caves with attendance similar to CCMP spend an average of 11 percent to 15 percent of gross revenues on marketing. CCMP spends an average of only 5 percent.

- 1. Personnel.** The ranch operations manager, an employee of Escabrosa, is responsible for the ranch operation and for all activities that occur on ranch property, whether by employees or guests. This manager oversees the ranch gift shop, merchandise buyer and oversees food service, together with the management team and Park Director handles advertising. The responsibility for marketing should be moved to an individual focusing on marketing the CCMP. The manager of information systems is in charge of computers, on-line ticketing, information systems, social media and oversees and manages online reviews, Google alerts, computer equipment, networking, phone systems, copy machines, information systems, Groupon and LivingSocial deals, etc. We suggest moving all marketing aspects to the manager of information systems and changing the title to marketing manager.
- 2. Website hosting/updating and social media etc.** The CCMP website is outdated and has little appeal to the Internet visitor. The Committee recommends a new site be designed to bring the attraction into the year 2014. The website should be constantly updated and provide current information about pricing, ticket ordering, special events, etc. This may be expensive upfront but in the long-term it will be the way most visitors

will discover CCMP and maintain their connection. Social media, i.e., Facebook and other sites, are important to current and potential guests. CCMP should consider using University of Arizona or other IT experts needing an internship. Mobile media (smartphone, iPad, etc.) is the way younger audiences are viewing e-mail and on-line information. A mobile application needs to be developed as part of the new website.

3. **Advertising design, production & printing.** A quick review of caves in the southwest United States shows most have some form of a rack brochure available for regional distribution. While CCMP does have a rack brochure, it needs immediate updating.
4. **Media buys/placements.** The Director creates camera-ready art and the ranch operations manager deals with the placement/insertion orders, contract and terms. Marketing monitors where guests heard about or discovered CCMP. A steady 20 percent visitation came from California via Sunset magazine advertising, (which is no longer used to advertise with due to ad cost). Largest percentage of visitors learned/heard about CCMP from website and rack card/brochure distributions. CCMP currently advertises with Visit Tucson through Madden Media, co-op marketing through the Southern Arizona Attractions Alliance and other in-room publications such as the Southern Arizona Guide. There are a few smaller media outlets sometimes considered, but nothing on a contract. CCMP uses spot media, print/advertising for special events, especially Ha:san Bak and Halloween Howl, the largest/annual events. Monthly advertising is via the website/in-house newsletter, e-mail blasts, and flyer distribution.
5. **Brochure distribution.** CCMP has used Certified Folder since the 80's. Annual distribution costs have increased steadily for the last 5 years. Rack/brochure cards are distributed to Tucson hotels and motels and the Green Valley, Sierra Vista, Benson, Wilcox, Bisbee, Casa Grande areas. Current/annual distribution cost is \$5,564.70.
6. **In-house printing for group, educational, special events, etc.** The Director compiles and updates all necessary information and transfers it to existing template flyer formats. Monthly and seasonal events flyers are handled by manager of information systems and/or Cave office staff who print out what's necessary for the park's local distribution.
7. **Publicity covering regional news media/publications.** Appearing on local and regional television and radio programs can be most effective in covering the markets within 100 miles. It is also suggested travel journalists be invited to attend special events or whenever visiting the area. Publications serving niche audiences, i.e., bird watchers, hiking, geology, etc. should be cultivated to generate news and information about CCMP. New products at CCMP will reach a broader audience and wider area for publicity. The Director's e-blasts invite a lot of local and regional media/travel agents, whenever there's a special event scheduled.
8. **Group sales.** This is a combined effort within the management staff. The educational coordinator schedules and sells educational events. The cave operations manager

schedules and sells all of the Adventure Tours and Special Cave events. The ranch operations manager schedules and sells CCMP and the ranch, special or reserved events. The stables handle their own events and pay CCMP 11 percent. We believe coordination of all park group sales efforts are paramount and should be closely integrated with marketing efforts. The current organization may lead to an unorganized and fragmented approach.

9. **Educational groups.** Looking at the current programs being conducted by the educational department, most areas are being covered but need both financial and personnel support to present quality programs needed to represent the Park. From all indications, elementary school groups represent the majority of this audience. These programs should be expanded to other audiences in the region.
10. **Specialty groups, i.e., hiking, bird watchers, etc.** These niche audiences can bring large numbers to CCMP. They may not be counted with the Cave attendance, but they will represent large groups who will use the La Posta Quemada Ranch facilities or more importantly spread the news about this unique attraction. Evaluate the value of Phoenix-based marketing for both groups and individual visitors to CCMP.
11. **Ladder tours.** The Park offers Ladder Tours sales, both daytime and nighttime, as well as their regular tours on-line through Zerve (<http://www.zerve.com/ColossalCave>). On November 22, 2013, CCMP went live with Zerve to sell tickets. As of August 12, 2014, a total of 97 Ladder Tours were offered, of those 37 were sold through Zerve.
12. **Co-op marketing programs & projects.** Under the educational section this marketing strategy is recognized and recommended. Whether a company wants to be identified as a supporter of education or affiliated with the historic attraction, generating dollars and support from local and regional companies can mean the difference in a successful or not-so successful program. Throughout this report, there are several times a cooperative partnership is suggested. A program to involve a cross marketing program with Kartchner Cave is a natural for increasing sales for Colossal Cave, i.e. exchange used ticket for admission or merchandise discount to each other's attractions. Create a cross promotion for Arizona Gem Shows. This may or may not be on a discounted ticket or merchandise item(s).
13. **Marketing research.** There are no visitor surveys or advertising tracking codes conducted at CCMP other than at special events. A guest book is available for visitors to sign at the cave and ranch house indicating their place of residence and hometown. Most visitors come from Arizona, California, Colorado, Washington, Oregon and Idaho. We recommend a tracking method that shows where visitors come from, which parts of the park they visit, what attracted them to the park and how they learned of the park.
14. **Advanced Cave Tours.** Develop and implement more focused marketing of advanced cave tours. CCMP has been conducting "Wild Cave" tours into the undeveloped areas of

the cave which offer a way to maximize the amount of profit from each visitor and enhance the reputation and stature of the cave as an adventure destination. Currently the “Sidewalk Tour” through the half mile of CCC passages and walkways lasts 45 minutes and grosses \$13 per guest. “Wild Cave” tours through the back areas of the cave last four hours. Increase the price from \$75 to \$125 per guest. The added attraction of these tours is it will attract a different kind of visitor to the cave and have an appeal outside the Tucson area to create a bigger economic impact. “Wild Cave” and “Sidewalk Tours” can be conducted simultaneously, because they reach different areas of the cave – nothing is sacrificed to add this new element.

15. Strategic Plan. The Strategic Plan developed by director and staff lacks measurable success criteria. We recommend a new plan that develops strategies including the cave and the ranch, and incorporate quarterly updates for promoting CCMP. The plan needs to include more information as to “how and when” these strategies will be achieved.

16. Marketing. The exposure and marketing of the Park comes from its own efforts. Visit Tucson includes CCMP in the myriad of messages they present but should not be considered major support. There appears to not be a marketing plan, per se, but rather continued use of what was done or used last year. The Committee recommends a comprehensive marketing plan be written outside of the Strategic Plan (mentioned above) to help guide the CCMP marketing and communications efforts.

With investment in new products, events and programs, along with additional budgeted marketing dollars (11 percent to 15 percent of gross), attendance and publicity should increase.

E. Competitive analysis of other Pima County/southern Arizona attractions.

Since 2000, the number of visitors touring CCMP dropped from 77,290 to 41,541 in 2013, a 46.25 percent decrease. CCMP’s attendance for the past five years has averaged a decline of -7.59 percent. In comparison with other publicly owned show caves in the American Southwest, CCMP’s attendance drop places it in the bottom third. The only caves with larger drops in attendance were located in remote regions of South Dakota and Utah. Perhaps more troubling is CCMP’s lack of a recovery since 2010. When compared to other attractions in Southeast Arizona from 2010 to 2013, CCMP records a loss in attendance of 14 percent, compared to gains of 1 percent for Kartchner Caverns and Saguaro National Park.⁷

1. CCMP Attendance Analysis. Since 2000, visitors touring Colossal Cave declined from 77,290 to 41,541 in 2013, a 46.25 percent decrease. Tourism showed moderate growth through 2011, however the economy in Arizona declined throughout 2012 which caused the attendance to slip to where the park is today. Even Kartchner Caverns had a 8.56 percent decrease in 2012 over 2011. The Arizona-Sonora Desert Museum had decreases in 2011 over 2010 and 2012 over 2011 (-4.75 and -3.39 respectively). Hotels saw similar decreases, indicating an overall downturn in the economy. The charts below show that for the four years

⁷ Ed Stone & Bruce Herschend, Analysis, Colossal Cave Mountain Park: Overview and Recommendations of Committee and Consultants, pp 44-49 (Appendix 4)

of 2010-2013 the visitors to the Cave dropped nearly 7,000 from 2010 to 2013 and people entering the toll booth dropped some 14,612. Even when we look at the number of guests taking horseback rides, we see an average 26 percent drop over the four years.

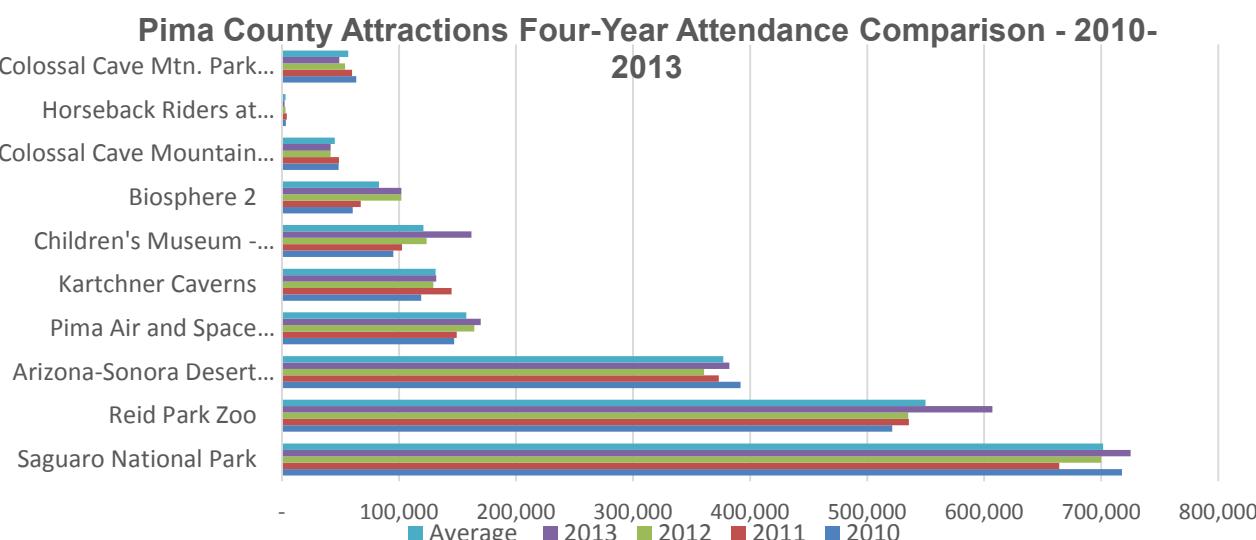
Colossal Cave Mountain Park Admissions/Attendance 2000 through 2013

Year	Through Cave*	Percent +/- from previous year	Through Toll Booth†	Percent +/- from previous year
2000	77,290		79,562	
2001	70,498	-8.79%	74,647	50.61%
2002	68,842	-2.35%	67,479	-9.60%
2003	63,431	-7.86%	65,669	-2.68%
2004	59,664	-5.94%	63,075	-3.95%
2005	60,880	2.04%	59,752	-5.27%
2006	61,555	1.11%	68,572	14.76%
2007	63,245	2.75%	73,458	7.13%
2008	59,271	-6.28%	63,406	-13.68%
2009	55,096	-7.04%	63,379	-0.04%
2010	48,488	-11.99%	63,461	0.13%
2011	48,660	0.35%	59,939	-5.55%
2012	41,722	-14.26%	53,911	-10.06%
2013	41,541	-0.43%	48,869	-9.35%
Average	58,585	-4.52%	62,513	0.96%

*Through Cave includes everyone through the Cave or on any kind of tour--Regular Tours, Special Tours (e.g., school tours), Adventure Tours, and children under 5.

†Through Toll Booth includes everyone coming into the Park during business hours; this does not necessarily reflect nighttime business (before-hours Trail Rides, after-hours Cave Tours, Sunset Rides, special events, and the like)

2. CCMP performance compared to other Pima County attractions. From 2010 to 2013, CCMP attendance dropped 9.35 percent, compared to an average gain of 7.23 percent for the other attractions. This speaks to a marketing plan that has not affected its target.



Pima County Attractions Four-Year Attendance Comparison - 2010-2013								
Attraction	2010	2011	% Change	2012	% Change	2013	% Change	4 Yr. Avg
Saguaro National Park	717,614	664,179	-7.45%	700,000	5.39%	725,000	3.57%	701,698
Reid Park Zoo	521,335	535,688	2.75%	535,000	-0.13%	606,884	13.44%	549,727
Arizona-Sonora Desert Museum	391,734	373,111	-4.75%	360,604	-3.35%	382,208	5.99%	376,914
Pima Air and Space Museum	147,034	149,248	1.51%	164,426	10.17%	169,854	3.30%	157,641
Kartchner Caverns	139,086	119,157	14.33%	129,361	8.56%	131,904	1.93%	129,877
Children's Museum - Tucson	95,204	102,578	7.75%	123,507	20.40%	162,000	31.17%	120,822
Biosphere 2	60,534	67,209	11.03%	102,000	51.77%	102,000	0.00%	82,936
Colossal Cave Mountain Park	48,488	48,660	0.35%	41,722	-14.26%	41,541	-0.43%	45,103
Colossal Cave Mtn. Park Toll Booth	63,461	59,939	-5.55%	53,911	-10.06%	48,869	-9.35%	56,545
Horseback Rides at CCMP	3,445	4,041	17.30%	2,989	-26.03%	2,208	-26.13%	3,171
TOTAL ALL	2,164,404	2,145,612	-0.87%	2,210,531	3.03%	2,370,260	7.23%	2,222,702

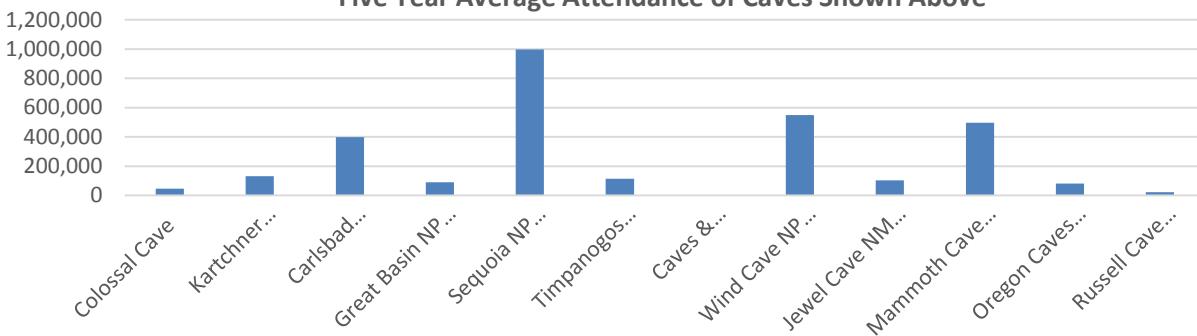


3. When compared with 10 other publicly-owned caves, CCMP's performance lies third from the bottom, outperforming only Timpanogos Cave in Utah and Jewel Cave in South Dakota. However, all but one of the caves compared has suffered declining attendance, which speaks to a need to rethink how caves are experienced, interpreted and marketed to a new audience of tourists who are looking for adventure and something outside the ordinary.

Attendance at other Publicly-owned Caves and Caverns:

Southwestern Caves & Caverns	2009	2010	%Diff +/-	2011	%Diff +/-	2012	%Diff +/-	2013	%Diff +/-	Avg. Attn.	Avg% Diff +/-
Colossal Cave	55,097	48,488	-13.6%	48,660	0.4%	41,722	-16.6%	41,541	-0.4%	47,102	-7.6%
Kartchner Caverns	143,390	139,086	-3.00%	119,157	-14.33%	129,361	8.56%	131,904	1.93%	131,969	-1.52%
Carlsbad Caverns NP (New Mexico)	432,639	428,524	-1%	365,000	-17.4%	381,058	4.2%	388,566	1.9%	399,157	-3.0%
Great Basin NP (Nevada)	84,974	88,870	4.4%	91,451	2.8%	94,850	3.6%	92,893	-2.1%	90,608	2.2%
Sequoia NP (California)	965,170	1.01 M	3.8%	1.01 M	0.4%	1,1M	9.0%	0.9 M	-21.7%	0.99 M	-2.1%
Timpanogos Cave NM (Utah)	138,571	120,241	-15.2%	96,965	-24.0%	118,764	18.4%	91,269	-30.1%	113,162	-12.8%
Caves & Caverns Outside the Southwest											
Wind Cave NP (South Dakota)	587,868	577,141	-1.9%	538,394	-7.2%	529,083	-1.8%	516,142	-2.5%	549,726	-3.3%
Jewel Cave NM (South Dakota)	129,595	103,462	-25.3%	77,146	-34.1%	109,300	29.4%	98,259	-11.2%	103,552	-10.3%
Mammoth Cave NP (Kentucky)	503,856	497,225	-1.3%	483,319	-2.9%	508,054	4.9%	494,541	-2.7%	497,399	-0.5%
Oregon Caves NM (Oregon)	88,496	86,335	-2.5%	76,194	-13.3%	78,164	2.5%	72,717	-7.5%	80,381	-5.2%
Russell Cave NM (Alabama)	24,087	23,374	-3.1%	20,717	-12.8%	20,954	1.1%	20,456	-2.4%	21,918	-4.3%

Five Year Average Attendance of Caves Shown Above



- Charts and Data Prepared and submitted by Audit Committee Consultant, Ed Stone

F. Analysis of other economic productivity variables.

The recent economic recession negatively impacted all of the attractions in Southeast Arizona equally at first, with significant drops in attendance in the first several years. However, while other attractions have rebounded and in many cases have grown their attendance above pre-recession levels, CCMP has not.⁸ There are a number of reasons for this, but most of them could have been overcome, or ameliorated, with better planning, an aggressive marketing strategy and better allocation of the available resources.

- 1. Lack of an executable strategic vision or plan to effectively market CCMP.** As previously discussed, CCMP's strategic plan document was long on vision and short on a plan to make the vision a reality. There are a number of very tactical goals laid out in the document, but they are not tied to an overall strategy and very few of them were fully realized. CCMP has been operating without a clear or unified purpose and little perspective on where the park fits in with other regional attractions or other commercial cave operations. Another factor is the missing linkage between the cave and the ranch portions of the park. A lot of energy and resources were expended to attempt linking both portions of the park, but it is still not clear to this committee or the consultants what that linkage is. In retrospect, the money that was spent from cave profits to update or keep the ranch open, staffed, and operational might have been better spent elsewhere or in maintaining the cave, which remains the truly viable portion of the operation. A strategic plan that addressed this issue and others, and which clearly targeted a market segment would have gone a long way towards ensuring that the diminishing resources were spent more efficiently and with greater effect.
- 2. Outdated marketing tools and strategy.** For the past several decades, CCMP marketing has relied upon flyers, brochures, and newspaper ads for the bulk of its marketing. Although some attempts were made towards developing an internet and social media presence, it was not done professionally or knowledgeably, and without a strategic plan to guide the marketing strategy. As a result, there have been many missed opportunities along the way. For instance, the travel website Trip Advisor consistently rates the CCMP Cave Tours very highly, but there are very few mentions of this or links to the information from their website or Facebook page. The same situation exists with Yelp!, which rates CCMP at four stars (out of five). There are people who really like the park, but the park has been unable to take advantage of those reviews and publicize them. Enabling visitors to post their experiences on the web is another area that could have been inexpensively exploited but was not. Because of its geography, CCMP gets very poor cellular signal in most of the park. Visitors are unable to access the internet and tell others about their experience or post photos that amount to free publicity for the park. Setting up a Wi-Fi hotspot at the cave house would have been relatively simple and inexpensive. Allowing a communications company to set up a cellular repeater or a tower on the hilltop above the cave house would have taken more effort, but is something that should have been explored. Another missed opportunity has been the inability to effectively market outside of the Tucson region. Visit Tucson has been

⁸ Ed Stone & Bruce Herschend, Analysis, Colossal Cave Mountain Park: Overview and Recommendations of Committee and Consultants, pp 15-22 (Appendix 4)

more willing to promote Kartchner Cavern than aggressively market CCMP, most likely because of its degrading appearance. Reflecting on the points made above, if resources had been spent in keeping up the appearance and functionality of the cave instead of spent on the ranch, this might have been different.

3. **Underfunded marketing.** Annually, Escabrosa spends \$25,000 or approximately 5 percent of its overall budget on marketing and advertising. The average for the show cave industry is 15 percent.⁹ The result has been a loss of awareness in the local community that the cave is in business and its various features. On a series of weekends in March and April, ED&T staff casually polled shoppers at the Fry's Grocery Supermarket at the intersection of South Houghton and Rita Ranch roads. This is the closest grocery store to Vail and a likely center for local residents to frequent. Although most of the respondents were aware of the park's presence, most had not visited in many years and few of them were aware that there was any activity at the Park other than the cave. None were aware that there were additional adventure oriented tours available at the cave. Many people in the Tucson region have forgotten about CCMP, and although their memories of the park are usually favorable, they are not current. An effective marketing strategy and plan could have prevented this loss of awareness.
4. **Broken or unsightly infrastructure.** From the time a visitor makes the decision to turn off Pistol Hill Road they are greeted with every evidence of disrepair and deferred maintenance. The mile-long county maintained road to the ranch has not been a priority and is rutted and potholed for its entire length. The entrance station to the park is faded and run down. The flagpole sags. The verges of the road from the entrance to the cave are precipitous as it climbs up the hillside, but made even more ominous by chunks of pavement eroding and crumbling from its sides. At the top of that road, where one enters the walkway to the cave, there sits a decrepit and sagging mobile home that houses one of the staff. The retaining wall to the CCC-constructed cave house and gift shop is settling and starting to crack. The bathrooms are clearly outdated and the plumbing both to and from the toilets and sinks is badly calcified with poor flow. If one decides to visit the Posta Quemada Ranch, the road conditions are even worse, with one particular low water crossing where the pavement has been entirely scoured away. The picnic areas are clean, but mostly overgrown with mesquite and undergrowth. The parking lots either need resurfacing or conversion to gravel. The riding stable horses look to be in good shape, as do all the animals, but the facilities are sagging. The ranch house is in good structural repair, but there is no air conditioning, and the gas line has collapsed so there is no hot water or heating either. The restroom facilities in the park are not compliant with current ADA standards and the camping areas are not compliant at all. The park looks exactly as one might expect an operation with diminished funds to look – loved perhaps, but sadly neglected.¹⁰
5. **Disorganized staff and operational structure.** No organization is perfect and there is always some friction between employees, management and customers. Nonetheless, in the

⁹ Ed Stone & Bruce Herschend, Analysis, Colossal Cave Mountain Park: Overview and Recommendations of Committee and Consultants, pg. 19 (Appendix 4)

¹⁰ Gale Bundrick, Colossal Cave Mountain Park Inventory Report – 2014 (Appendix 8)

staff interviews with consultants and audit committee members, it was evident that there are a lot of frustrations with micromanagement and the lack of budget accountability or decision making.¹¹ HR principles, hiring practices, training, and standards are not clear or are neglected, and scheduling is often last minute. As a result, the staff has seen significant turnover resulting in a shortage of trained tour guides and reliable workers.¹² There does not appear to be much communication between the staff at the ranch and the staff at the cave. Customers' questions about other areas of the park are often unanswered resulting in missed marketing opportunities. Of note is the difficulty one encounters booking special cave tours. These highly profitable tours are prominently mentioned on the CCMP website, which features the "Wild Cave Tour" video which Pima County recently produced. However, booking these tours is not easy. One tourist that ED&T staff spoke with attested he had had to call several times and speak with numerous people to book a tour for his family. Another tourist group was forced to combine their booked tour with the Pima County film crew during the video's production because staff had double booked that day. There do not seem to be set procedures to ensure that guests who book tours get what they are expecting. Guest expectations need to be met if repeat customers are to be cultivated and social media used to market the park.

6. **\$5 fee to enter the park, with no clear value proposition.** As discussed on page 2, the 1992 decisions to reroute Colossal Cave Road to create a single point of entry and begin charging an entry fee were initially suggested by Pima County and instituted to help defray the added costs associated with maintaining and operating the added property that came with the Posta Quemada Ranch. From the operational, safety and financial perspective, this decision had merit. Unfortunately, it was not followed with a marketing strategy or plan to effectively explain to the public what the entry fee actually purchased. There was little explanation of the value the fee provided. For patrons who already knew the features of CCMP, the five dollar fee was not a barrier. But potential customers, new to the area or visiting for the first time, were faced with a fee plus the prospect of additional fees to access the cave or to camp overnight. We may never know the total number of visitors who have turned around at the gate and left before entering the park, but Escabrosa records show that in 2013 14,399 cars entered the park, while 1,233 turned around at the gate and did not enter. If 8.6 percent of visitors each year are deterred by the \$5 entry fee then it is time to reconsider trying to recapture that revenue in other ways. Waiving the park entrance fee altogether, as Kartchner Caverns did many years ago, and making up the difference with incremental increases for cave tours and camping, might be a better alternative if we are to re-engage the local community and reach a new generation of CCMP visitors.
7. **Limited community and stakeholder outreach.** Under the current management agreement, Escabrosa was meant to incorporate as a tax exempt, non-profit organization. This action was never completed. Had Escabrosa developed a knowledgeable and supportive board of directors, its ability to reach into the community for financial and material

¹¹ Jon Baker, Colossal Cave Staff Interviews, 19th March, 2014 (Appendix 11)

¹² Ed Stone & Bruce Herschend, Analysis, Colossal Cave Mountain Park: Overview and Recommendations of Committee and Consultants, pg. 17 (Appendix 4)

support might have helped prevent the long economic slide of the past decade. A well-constructed and active board might have provided access to organizations and experience, and visibility in the community as well as better outreach. Not forming a board of directors was a missed opportunity. Escabrosa and its predecessor management companies used volunteer support to varying degrees throughout their history. However, as revenue and visitors dwindled, so did volunteer support. The result was that when the park needed community support the most, it was not there. There are and have been multiple opportunities for motivated volunteers to participate in rehabilitating and refurbishing the park. In the past six months of this audit, several volunteer groups have come forward expressing interest in volunteering their time and expertise. Notably, a citizens group has recently formed to establish and maintain an “adventure playground” for children somewhere on the property.¹³ Several members of the local National Speleological Society have also expressed interest in possibly providing a core of “Wild Cave” tour guides, which would provide a reserve pool of talent available for increased number of tours. The trails have long been maintained by volunteers, and it is reasonable to expect that there may be some interest in the community in renovating and expanding the ailing trail system and make other areas of the park accessible.



¹³ Penny Wilson, The Playwork Primer, 2010 (Appendix 15)

II. Operations: Past & Current

A. Operations overview.¹⁴

Colossal Cave Mountain Park, a National Historic District listed on the National Register of Historic Places, is a Pima County Park managed under an administrative agreement with the non-profit corporation Escabrosa, Inc., currently managed by Martie Maierhauser, the Park Director. The Park encompasses 2,037.8 acres of the Rincon Mountains in eastern Pima County. Located approximately 22 miles southeast of the Tucson city center, CCMP is a unique setting for both Colossal Cave visitors and for outdoor enthusiasts seeking a unique desert experience within the lands surrounding the Cave and inside the parks boundaries.

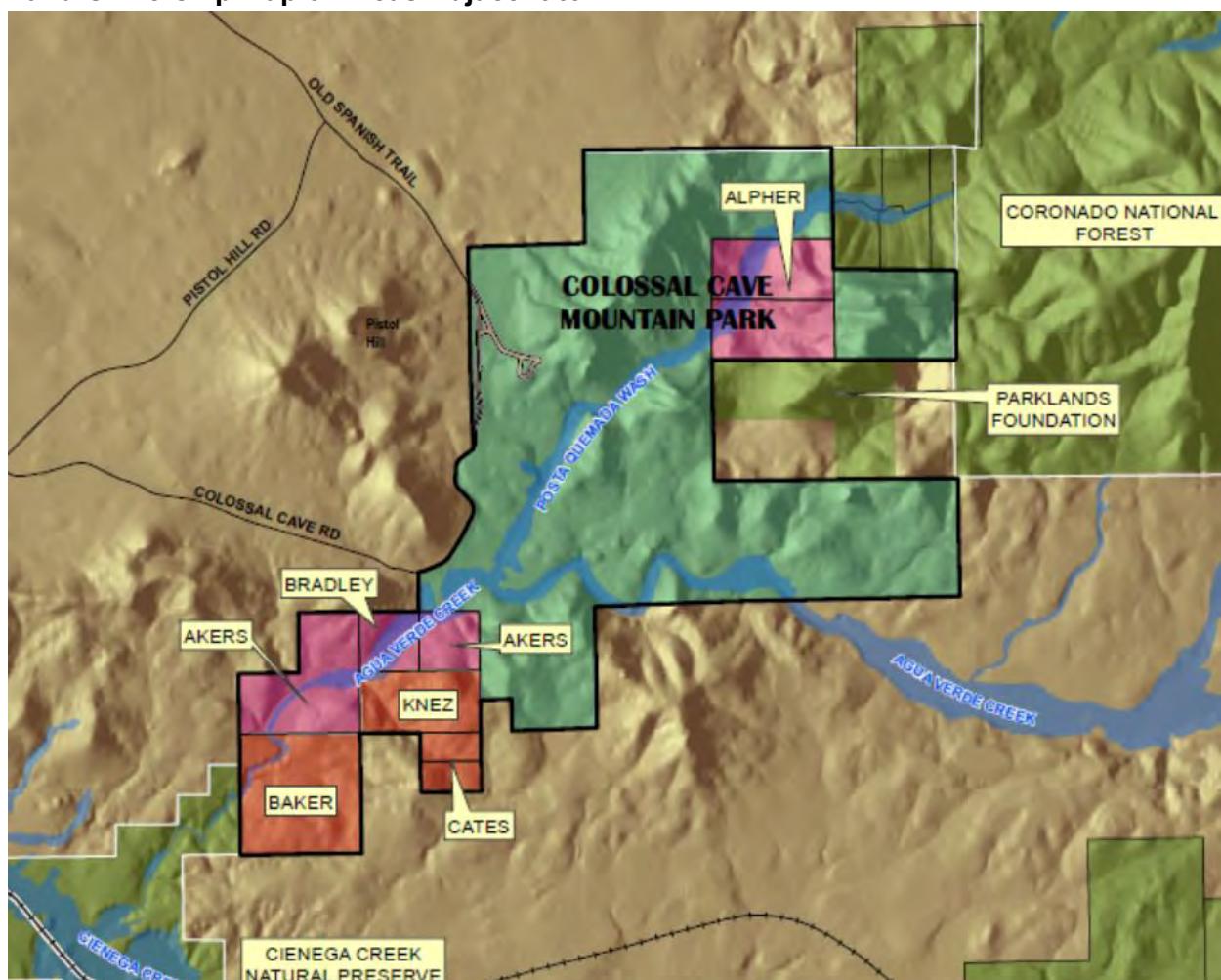
In March 1998, Pima County Natural Resources, Parks and Recreation and Pima County Parklands Foundation worked with Colossal Cave Mountain Park staff to develop the CCMP Master Plan background report. The report was to be the basis for a full management master plan. This inventory was intended to provide the necessary background for future development and management decisions at the time was written. The master planning process was to provide interested private citizens, relevant organizations and government agencies with a voice in the planning and management of the park. There was no public process undertaken as part of the planning effort nor have there been any on-going efforts to engage park constituents.

The CCMP master plan background report developed in 1998 is a comprehensive inventory of existing conditions at the time, but is now outdated, lacks a solid master plan of facility development, and most importantly lacks an integrated financial and marketing strategy for current and future use of the park. In addition, aside from encroaching development close to the parks boundaries, there have been three major changes to CCMP since 1998. First, Colossal Cave road was closed to through traffic at the point where it intersects with Pistol Hill Road, and traffic was diverted across Pistol Hill Road to Old Spanish Trail, ensuring access to the Park only from Old Spanish Trail. Second, the Eastern Pima County Trails System Master Plan was approved by the Pima County Board of Supervisors in September 1989 and described a plan for a regional trail system, namely the Arizona Trail, that brings visitors from various locations into the park. The Arizona trail has become an attraction for mountain biking and hikers and boasts an annual trail running event, the Fleet Feet Arizona Trail Race. Under the 2004 Open Space Bond program, additional properties were acquired around the perimeter of CCMP that are not currently considered part of the park footprint. These changes have and will continue to impact park operations.

There is no funded strategic marketing plan for increased revenue support and generation. The current financial and marketing objectives and strategic plan were never associated with the master plan, particularly with respect to the land encompassed in CCMP beyond the cave footprint. The lack of a detailed master plan inhibits CCMP from properly managing the facility and developing an integrated financial plan.

¹⁴ Randy Gimblett & Kerry Baldwin, Colossal Cave Management Plan Assessment and Recommendations, May 2014 (Appendix 7)

Land Ownership Map of Areas Adjacent to CCMP¹⁵



B. Natural resources inventory.

The 1998 CCMP Background Report is simply an inventory of existing natural resources that needs to be updated (it lacks a current natural resource assessment) and does not respond to changes to the park structure since 1998 as outlined above. Essentially the 1998 report needs to be translated into a comprehensive Management Plan for CCMP in the future.¹⁶

C. Capital improvements and maintenance to the park.

1. Since 2001, Escabrosa has invested \$163,954 in non-reimbursable capital improvements and maintenance, ranging from picnic tables to replacing roofs, to rebuilding restrooms and septic systems. Additionally, Martie Maierhauser estimates she and her late husband Joe invested in excess of \$1.5 million on La Posta Quemada Ranch improvements between 1992 and 2000. Pima County has invested over

¹⁵ Land Ownership Map of Areas Adjacent to CCMP (Appendix 12)

¹⁶ Randy Gimblett and Kerry Baldwin, Colossal Cave Management Plan Assessment and Recommendations, May 2014 (Appendix 7)

\$996,812 to renovate historical structures, rebuild the entrance ramada roof and water crossings, well maintenance, and repair storm damage. An additional \$5 million has been spent purchasing surrounding properties to provide a development buffer and create wildlife corridors and environmental mitigation areas.

Escabrosa funded Capital Improvements/Major Maintenance Projects for Past Thirteen (13) Years at CCMP:

2001-06	\$7,700	Exhibits for CCC Museum
2001-06	\$2,200	Air conditioning for CCC Museum
2001-06	\$7,100	Exhibits for Ranch Museum
2001-06	\$1,500	Exhibit building for 1933 World's Fair Mirror
2001-06	\$2,000	Exhibit for antique safe
2001-06	\$3,400	Butterfly garden plantings and installation
2001-06	\$1,400	Custom copper fountain for Butterfly Garden
2001-06	\$1,900	Landscaping
2001-06	\$8,600	Analemmatic Sundial and interpretive sign
2001-06	\$2,700	Lighting on the Bundrick Trail
2001-06	\$18,500	Lighting in the barbecue area
2001-06	\$10,000	Lighting in the arena
2001-06	\$1,500	Two storage buildings
2001-06	\$2,000	Tack room and stables office
2001-06	\$1,500	Six horse shade structures
2001-06	\$2,000	Foreman's house roofing
2001-06	\$4,000	Barn reconstruction
2001-06	\$1,450	Pond and dam renovation
2001-06	\$8,000	Employee Restroom renovation for ADA compliance
2001-06	\$1,386	Additional picnic tables
2001-06	\$4,000	Utility yard
2001-06	\$1,625	Bleachers
2001-06	\$2,867	New pump, liner pipe, electrical for picnic area well
2001-06	\$12,000	Two new telephone systems (Ranch and Cave)
2001-06	\$30,000	Road work
2007-08	\$800	Installed brick floor in barbecue area
2007-08	\$1,700	Installed additional lights in Cave gift shop
2007-08	\$1,550	Installed new picnic table tops and benches
2007-08	\$3,776	Duplex renovation
2012	\$6,000	Rebuilt Ranch restrooms (two buildings)
2012	\$2,500	Replaced the roof on the Foreman's House
2012	\$2,000	Replaced the Cave ladies room roof
2013	\$1,300	Rebuilt the main Cave septic system.
2013	<u>\$2,000</u>	Repainted the Ranch library and office area

Total Escabrosa funded capital improvements / major maintenance = \$163,954

2. Pima County funded capital improvements/major maintenance projects for past thirteen (13) years at CCMP¹⁷:

2005	\$434,000	Renovation of historical structures; ADA improvements; rest room improvements; sidewalks, drinking fountains; picnic tables & benches; security lighting; remodeled headquarters, Ramadas, repaired adobe snack bar, and construction of new restrooms
2005	\$400,000	Rehabilitation of historic park buildings and landscape features; replace damaged beams & window lintels; a new roof on the headquarters; termite treatment; stone masonry repairs; paint and refinish building interiors; repair windows & doors; new electrical, heating & cooling throughout; replace picnic ramada roofs, stabilize the adobe pump house; drainage and site improvements.
2007	\$2,557	Road to the Cave developed a sinkhole, which proved to be a CCC culvert that had collapsed; the DOT and cultural resources rebuilt it to conform to its historic provenance, reinforced it.
2011	\$158,674	Dam on the Ranch washed out and the County replaced it
2012-13	\$1,581	Three times from 2012-2013, CCMP front gates were rammed and Facilities came out and repaired them.

Total Pima County funded Capital Improvements / Major Maintenance = \$1,160,766

Pima County Land Purchases for Buffer Zones and Species Mitigation = \$5 million

D. Transportation Improvements to the Park and Pistol Hill Road.

In 1992 Pima County, in conjunction with CCMP management closed the portion of Colossal Cave Road that was located within CCMP boundaries and redirected traffic to the newly aligned Pistol Hill Road. The intent was to reduce traffic through the park and create a single entry point so that an entry fee could be collected. For a variety of reasons, construction of the new road was delayed and the CCMP management incurred additional costs as they implemented the entry fee strategy. While developing a controlled access into the park improved security, rerouting traffic away from the park and forcing people to pay an entry fee prevented them from passing the park on their daily commutes. People began to forget the Park existed. Additionally, by creating Pistol Hill Road County road maintenance funds were allocated away from the old Colossal Cave alignment, and the road leading to and through the Park fell into disrepair. Today, for a person to visit CCMP, they have to make a conscious decision to turn down a mile-

¹⁷ Colossal Cave Mountain Park Past Expenditures by Pima County (Appendix 17)

long stretch of badly pitted, washed out, and uninviting road and then pay a \$5 fee to enter a park with no clear idea of what they will encounter on the other side of the gate.¹⁸

E. Training and supervision of CCMP employees and contractors.

Escabrosa provided the outline of an established training program and guidelines for all employees and contractors at CCMP. However, during numerous staff interviews confusion on job roles and responsibilities, and understanding of operational objectives for the park seemed lacking. The committee and consultants were unable to verify that training is taking place on a consistent basis.¹⁹ The training as developed by the Park Director is located in Appendix 13.²⁰

F. Maintenance plan for the park and its facilities.

There is no proactive maintenance plan at CCMP. Maintenance improved from 2011 to 2013 though a lack of funds limited maintenance to replacing or repairing items of immediate need or safety or as directed by Pima County.²¹ Maintenance workers often volunteer their own equipment and vehicles to make necessary repairs and on occasion buy the necessary repair materials out of pocket.²²

Pima County's review estimated that conservatively over \$1,566,510 could be invested in the initial repair and enhancement of the current state of Colossal Cave Mountain Park to bring it back to a more user friendly condition.²³ Additionally, Pima County Risk Management made a list of recommendations relating to safety that are listed in Appendix 6.²⁴

1. Review of Colossal Cave Infrastructure.

On the 13th of January 2014 a team from Facilities Management, Department of Transportation, Capital Improvement Projects and Natural Resources, Parks and Recreation conducted an inspection of the park to review the condition of infrastructure. The inspection was not intended to be a detailed review or a compliance level review, but a professional look to identify major issues that the county would need or want to address if they were managing the facility directly under the county requirements. The inspection would also provide EDT a cost estimate for review as part of the current Bond program development process.

Key areas of focus

- a. **Park Roads/Parking Lots.** Most of the park roads and parking lots are in poor condition and need extensive repairs. The cave parking lot needs redesign and better bus access. PC DOT already developed recommendations for the projects as a package.
 - i. Entry roads
 - ii. Loop and parking area at cave entry

¹⁸ Ed Stone & Bruce Herschend, Analysis, Colossal Cave Mountain Park: Overview and Recommendations of Committee and Consultants, pp 31-33 (Appendix 4)

¹⁹ Ibid, pp. 17-18, 101-105 (Appendix 4)

²⁰ CCMP Park Stewardship Training (Appendix 13)

²¹ Gale Bundrick, Colossal Cave Mountain Park Inventory Report – 2014 (Appendix 8)

²² Ed Stone & Bruce Herschend, Analysis, Colossal Cave Mountain Park: Overview and Recommendations of Committee and Consultants, pg. 23 (Appendix 4)

²³ Ibid, pp. 39-41 (Appendix 4)

²⁴ Pima County Department of Finance & Risk Management, Colossal Cave Mountain Park Report, dtd 28th May, 2014 (Appendix 6)

- iii. Campground road
- iv. Parking at special use area
- v. Road to parking lot at Posta Quemada Ranch

Estimated Subtotal = \$887,510

- b. **Buildings.** The major public access buildings were inspected. The residences located on property were not. It is generally agreed that most of the residences are in poor condition and should be thoroughly inspected to determine their future status for possible use. Because of the historic designation of many of the public buildings and site, repairs and compliance with ADA standards as well as electrical and plumbing upgrades will be difficult and cost more than other construction.
 - i. Entry Station
 - ii. Cave entry ramada, Registration/Gift shop room
 - iii. Public restrooms
 - iv. Concession stand
 - v. Laundry shed
 - vi. Other residences on property
 - vii. CCC Museum
 - viii. Special events area and barbecue ramada
 - ix. Ride Office and Stables

Estimated Subtotal = \$189,200

- c. **Other park features**
 - i. Campground sites
 - ii. Repair, paint and expand ramadas tables/benches/fireplaces
 - iii. New post and cable barrier
 - iv. Campground host site development
 - v. Bosquecito campground restroom
 - vi. La Sevilla campground restroom
 - vii. Regulatory signage
 - viii. Posta Quemada museum exhibits
 - ix. Well and water system
 - x. Trails
 - xi. CCMP Master Plan Update

Estimated Subtotal = \$459,800

Summary of Colossal Cave Infrastructure. Based on the review of the team, it is estimated that conservatively over **\$1,566,510** should be invested in the initial repair and enhancement of the current state of Colossal Cave Mountain Park to bring it back to a more user friendly condition following best management and maintenance standards.

III. Sustainability

A. Sustainability Overview.

This report takes the approach of suggesting a short and long term sustainability plan for new products and programs. Due to financial constraints and the fact that Escabrosa has supplemented the daily expenses of CCMP, no new products are being developed at this time.

The short term (1-4 years) approach takes into account that certain supplemental funds will be available through the Pima County Bond initiative in 2015. If the bond election passes, then these funds most likely will become available in 2017. After those funds become available, we recognize this would be the beginning of a long term (4-10 years) sustainability program for CCMP.

In early 2015 we recommend Pima County issue a request for proposal (RFP) to any individual or organization that might be interested in taking on the obligation and responsibility for managing the park. Bringing additional improvements and new products to CCMP should be a major criterion during the selection process. The RFP should be advertised to the public and open to all who are qualified. The selected operator will understand the current situation at CCMP and that Pima County will invest funds needed in the infrastructure, but also realize that up-front dollars are needed to sustain the attraction.

Under current conditions and management practices, CCMP is not sustainable as a business operation or a county attraction. It has only been kept operating through the personal loans of Escabrosa's President and Park Manager Martie Maierhauser. To bring the park up to an acceptable operating standard the resulting estimate of over \$1.5 million is more than Escabrosa can invest. But the reality is that without this investment, the park will not be able to operate safely or present an appearance that will attract tourists and increase attendance.

A considerable amount of time was spent discussing and developing key strategies, programs, ideas, product development and ensuring the sustainability of CCMP. Some of those ideas are discussed and reviewed below.

1. CCMP has an abundance of flora and fauna within the 2,000-plus acres. The Committee feels this is an area that needs to be expanded and added to the educational programs and experiences of visitors. Adding new conservation adventure elements will certainly attract more and new visitors to CCMP. As these new attractions are added, they should include as much educational features as possible to let the visitor know more about the Park. This might be the naming, theming and integration to the conservation adventure experience (i.e., signage, video presentations, birds, plants and animals indigenous to the area, etc.)
2. As part of the natural resource plan, the proposed reception area beneath the gift shop should allow visitors to have access to interactive videos/devices that further entertain and educated the guests. This is a place to cross promote all of Pima County's natural resources, parks and attractions.

3. There is an abundance of natural resources not only found outside the Cave, but also inside the Cave. Here we find many geological resources, different types of bats and other creatures yet to be discovered. From all indications, the educational programs are covering many of the suggested programs outlined in this section of the audit report.
4. Both existing trails and new trails should be reviewed for upgrading with better signage, audio tours, and applications that can be downloaded onto smartphones.
5. In the final marketing plan for CCMP the following points taken from the Arizona Fish & Game Department's Watchable Wildlife Program should be included as part of the natural resources plan.²⁵

B. Proposed three-year business and marketing plan.

As mentioned previously in this report, we recommend that Pima County conduct an open bid process with national reach to find a park operator that will create a new strategy and re-imagine the potential of CCMP and be able to take over operation of the Park by August 2015 (the conclusion of the current contract period). A multi-year business and marketing plan will be critical to the success of a revitalized Colossal Cave Mountain Park. Contingent upon this process should be a commitment by Pima County to invest the necessary funds to rehabilitate the parks infrastructure to a safe and acceptable standard.

The overall objectives should be to increase attendance and revenues, offering growth to the future needs of the attraction so as to present an improved attraction to a broader audience. CCMP should continue to create and develop partner collaborations and community support.

The audit committee and consultants considered and reviewed several options for the sustainability of CCMP. Those options were narrowed to the following four listed below in order of preference by the committee. A complete list of the options considered with more detail, including the Pros and Cons of each option and the associated costs are located in Appendix 4.

Option 1: Invest in cave, ranch and campground (RECOMMENDED OPTION).

- Bring all safety and operational standards up-to-date for all areas including cave, ranch and campgrounds.
- Invest in the ranch making it more sustainable as a stand-alone attraction.
- Build the conservation adventure elements and market them as a stand-alone activity.
- The conservation adventure park is the focus of marketing with the cave and ranch gaining attendance from a new audience of visitors.
- Increase management oversight from Pima County.
- Place more focus on natural resources and cultural/historical aspects of the park using the conservation adventure component to market and entice new visitors to the park.
- This is the best option for the long term.

Estimated costs: \$3,500,000

²⁵ Joe Yarchin, Watchable Wildlife Marketing Recommendations (Appendix 14)

Option 2: Keep cave and campground open, close the ranch (SECOND CHOICE).

- Ranch is closed or operation is modified to a limited operation until a profitable and self-sustaining model is identified.
- Shrink cave attendance to be sustainable at the current level or drop another 5,000 customers a year to search for the best low volume sustainable level.
- This is a safe choice and most predictable outcome but not the committee's preferred choice.
- Increase management oversight from Pima County.

Estimated costs: \$1,500,000

Option 3: Keep Colossal Cave and ranch open with minimal investment.

- Move forward with the short- and long-term proposals recommended in this report after thoroughly evaluating whether to keep the cave and ranch under one or two contracts.
- County investment in infrastructure for safety and operational support.
- Investment is to sustain park and attract more visitors.
- County will have a sustainable operating model.
- Increase management oversight from Pima County.

Estimated costs: \$2,000,000

Option 4: Close entire park (LEAST DESIRABLE / MOST COSTLY)

The following are identified necessary costs even if temporarily shut down.

1. Site security/24-hour patrols
2. New gates/fences/boarding up buildings
3. Alarm systems
4. Resource/cultural site protection
5. Increased vandalism
6. Rodent proofing of buildings
7. Basic utility service requirements
8. Temperature controls in buildings- heat related impacts
9. Cost of transport and storage of interpretive materials and valuable equipment off site
10. Necessary monitoring schedule
11. Exercising wells, water systems, plumbing
12. Loss of landscape elements
13. Costs to reactivate the site
14. Loss of knowledgeable staff- especially part time help
15. Loss of public connection to site
16. Increased safety risks/liability
17. Requirements of historic National Register sites
18. Potential to require early termination of contracts and agreements
19. Requirements to curate collections, potentially off-site.

Estimated costs: \$250,000 annually

C. CCMP recreational opportunities.

1. Increase the number of “Wild Cave” and adventure tours within the park (<https://www.youtube.com/watch?v=wofh2uQwCgg&list=PL925988EFA69C913C>)
2. Restore and develop new camping areas to attract visitors from outside the region
3. Install zip lines to transport visitors from one area of the park to another to visit cultural and wildlife interpretive displays and exhibits similar to the “Predator Zip Line” attraction at the “Out of Africa Wildlife Park” in Camp Verde, Arizona (<http://predatorzipline.com/>)
4. Install a “ropes course” similar to the “Flagstaff Extreme Adventure Course” attraction currently operating in the Coconino Fairgrounds (<http://www.flagstaffextreme.com/>)
5. Install a gravity-driven alpine coaster, similar to the one at “Glenwood Caverns Adventure Park”, in Glenwood Springs, Colorado (<http://glenwoodcaverns.com/thrill-rides.html>) (<https://www.youtube.com/watch?v=TeEWu4XJSb4>)
6. Add an “Adventure Playground” for children and young families
7. Increase the trail network to cultural and wildlife sites within the park and enhance with interpretive displays and exhibits
8. Remodel the PQR Ranch House into a bed and breakfast facility for tourists
9. Build an expanded museum to properly interpret the CCC contributions to the area as well as properly house and display the artifacts found in the area
10. Develop and offer “Cowboy Cookouts” and guided horse camping
11. Build an upscale café concession at the cave to celebrate the experience of the “Wild Cave” tours and take advantage of the views from the heights overlooking the park
12. Recreate the pond above the PQR picnic area

D. Management performance matrix.

In coordination with our consultant, this committee has developed a proposed Management Performance Matrix for the current conditions at the park. However, we recognize that if we put the management of the park up for a public bid in 2015 the new management may develop other structures and needs.

Proposed management performance chart

Name:	Title:	Date Employed:	Date Began In Current Position:	No. of Years With CCMP:
Job Description Duties/Tasks <i>(Example below is for Educational Coordinator)</i>	Rate Performance of Tasks Based On a Scale of 1 to 10 with 10 being highest.	Provide Example of Positive Performance(s) Related to This Task.	Provide area(s) of improvement(s) for this area of performance	Any Follow-Up Needed for This Area of Performance?
Coordinating all aspects of the park's educational outreach.				
Working with teachers who bring school groups to the park or those we provide outreach for; providing education packets they can work into their curriculum and make the visits valuable and enjoyable.				
Arranging for and scheduling off-site visits to libraries, schools and other organizations and events.				
Arranging for, scheduling and hosting special tours.				
Arranging for the park's Sunday in The Park series and other educational events.				
Giving educational talks, demonstrations and tours, both in-house and off-site, to classes and groups.				
Arranging for and supervising birthday parties.				



IV. Conclusions and recommendations

This audit committee began its work last year with the understanding that all options for the disposition of Colossal Cave Mountain Park should be considered. These options ranged from completely closing the park to rethinking the park and its place in Pima County Attractions. After gathering a great deal of facts, examining the financial and business performance records, and speaking with members of the public and cave staff, we have come to the following conclusions:

1. Colossal Cave Mountain Park is a valuable one-of-a-kind community asset on the National Register of Historic Places as a National Historic District that can also be a productive component in attracting tourism from outside the Tucson region and creating significant economic impact.
2. In order for Colossal Cave Mountain Park to realize its potential as an attraction and economic driver, it will need an operator with leadership, vision and the necessary financial backing to develop the capital assets necessary to attract visitors from outside the region, as well as the knowledge of how to work with and enhance the natural and cultural environment of the park.
3. In order for Pima County to attract a management team with the right mix of skills, knowledge and financial backing, Pima County will need to invest enough funds to repair and rehabilitate the basic infrastructure to a point where the park is safe and attractive enough to sustain itself at a basic level of business. The County should be willing to provide enough marketing support for CCMP's lessees to attract a new audience, both from within and outside the Tucson region.
4. We believe the right formula for the park's success might include, but not be limited to, a significant expansion of the number and type of cave tours to attract both ecological and "adventure" tourists; additional trails and interpretive exhibits outside the cave including:
 - Educational features to let the visitor know more about the Park
 - "Adventure Playground" for children to explore and learn about the world surrounding them
 - Upgraded and enhanced family campsites
 - Bed and Breakfast facility at the Posta Quemada Ranch
 - Upgraded café or restaurant better integrated into the operations of the cave
 - Upgraded museum
 - A combination of zip lines and rope obstacles to capitalize on the adventure aspects of the cave tourism
5. Closing Colossal Cave Mountain Park and "mothballing" the cave and ranch might appear to be an attractive short-term solution but would actually be the most costly in the long-run while depriving the public of a popular historical landmark. Closing the park for an extended period would make its re-opening to the public, whether as a traditional park or as an attraction prohibitively difficult.

With the right management, leadership and effective investment, Colossal Cave Mountain Park could be a place for Pima County residents to relax, explore and learn about the unique history and environment they share. It could also be a significant draw for tourists from outside the region who might be drawn to explore a “wild cave” and take an adventure of a lifetime in a safe and dry environment. To realize this potential, we recommend the following:

1. Begin work immediately to repair the electrical, plumbing and transportation infrastructure at the park, in accordance with the specific recommendations in Appendix 4.
2. Begin a nation-wide search for park operator candidates with the experience, vision and financial backing to realize the full commercial, cultural and environmental potential for the cave.
3. Conduct a public Request for Proposal process to select the best of these candidates to operate the park and bring it into the future.
4. In conjunction with the new operator, plan and conduct a nation-wide marketing strategy to publicize the changes and new approach to the park.

Performance Audit Committee's Conclusion

Colossal Cave Mountain Park is at a crossroads but we find it has tremendous potential.

Realizing that potential will take significant investment to stabilize and repair its infrastructure, find an operator with vision and backing, and publicize the new approach and features to the public. We believe the investment is worthwhile and that it will produce significant long term benefits for both the park and Pima County. However, if we defer investing in Colossal Cave Mountain Park now, the costs to re-open or repair will only increase over time.

