

BATTLESHIP TEXAS COMMISSION

Staff Report

to the

Sunset Advisory Commission

February 20, 1978

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INTRODUCTION

This report is submitted pursuant to Section 1.06, Subsection (3) of the Texas Sunset Act and contains a review of the operations of the Battleship Texas Commission. Termination of the Battleship Texas Commission has been scheduled for September 1, 1979 unless it is continued by law.

The material contained in the report is divided into three major sections: Background, Review of Operations and Conclusions. The Background section contains a brief history of legislative intent and a discussion of the original need for the Battleship Texas Commission. The Review of Operations section contains a review of the operation of the agency, and uses the self-evaluation report submitted by the agency as the basis of review unless noted. The information contained in the self-evaluation report was verified, and additional data were obtained through interviews and review of agency files and other data sources. The Conclusions section summarizes the import of material developed in the individual criteria, from the standpoint of whether or not Sunset criteria are being met, and develops approaches relative to these findings.

All criteria except Criterion 3 were examined in reviewing the operations of the Battleship Texas Commission. Criterion 3 deals with less restrictive or alternative methods of performing a regulatory function which would adequately protect the public. Since the Battleship Texas Commission performs no regulatory functions and was not established for the purpose of protecting the public, this criterion was not considered applicable to the Battleship Texas Commission.

This report is designed to provide an objective view of agency operations, based on the evaluation techniques utilized to date. Together with pertinent information obtained from public hearings, a factual base for the final recommendations to the Legislature will be provided.

BACKGROUND

Historical Development

The Battleship Texas Commission was established in 1947 in anticipation of the State's acceptance of the U.S.S. Texas (BB 35) from the United States Navy. The Texas had served in the U.S. Navy during World War I and World War II and was to be decommissioned. The Texas is the oldest Battleship in the U.S. and the only American-built Battleship of its kind in existence. The Battleship Texas Commission has maintained and operated the vessel as an exhibit and museum since 1948.

Service in U.S. Navy

The Texas was launched in 1912 and commissioned in 1914. The ship was ordered to Vera Cruz, Mexico, during a period of unrest in 1914. It also operated with the British Grand Fleet in World War I. During peacetime following World War I, she took part in the development of the Navy's aviation capabilities. During the 1920's the Texas underwent a major rebuilding and modernization program. This modernization resulted in the use of oil instead of coal to power the ship. The Texas had many different assignments during World War II, including the invasion of Okinawa in March 1945. The Okinawa invasion was the largest amphibious assault carried out in this theatre of operations. After the war she made three "Magic Carpet" runs to the Western Pacific, and brought home 4,267 men. She arrived at Norfolk, Virginia, on February 13, 1946, and was placed in reserve until 1948.

Transfer of the Battleship to Texas

Responsibility for the Texas was transferred to the State of Texas and the Battleship Texas Commission in ceremonies on San Jacinto Day, April 21, 1948. The transfer of the Texas was made under provisions of Public Law 649, Acts of the 79th Congress, 1946. This Act empowered the Secretary of the Navy to dispose of vessels and other material of historical interest by giving them to states or other governmental or non-profit entities. The Certificate of Acceptance displayed on

the ship indicates that the State of Texas has agreed to maintain and preserve the ship in accordance with standards established by the U.S. Navy. Correspondence with the Navy indicates that a signed copy of the transfer agreement has not been located in Navy files.

The Battleship Texas Commission's first task -- to provide a proper berth for the ship -- had been accomplished. The Battleship was berthed at the San Jacinto Battleground near Houston and has remained in that location since 1948.

Statutory Authority for the Commission

The 1947 law creating the Battleship Texas Commission also directed the commission to make the ship ready for visitation by the public, to charge a proper admission fee for such visits, and to maintain and operate the ship as a permanent memorial and exhibit. The Commission was authorized to accept gifts and donations for the preservation of the Texas. Present law also authorizes the Commission to issue revenue bonds. If no bonds are outstanding at the end of any fiscal year, all net revenues then on hand in excess of \$300,000 must be deposited to the General Revenue Fund in the State Treasury. Except for this provision all revenues received by the Commission remain outside the State Treasury and the state's appropriations process for use by the Commission.

The Commission is composed of nine members appointed by the Governor subject to Senate confirmation. Two members represent the general public. The remaining members represent the following organizations:

- Sons of the Republic of Texas
- Daughters of the Republic of Texas
- Texas State Historical Association
- Texas Navy League
- Disabled Veterans (D.A.V.)
- American Legion
- Veterans of Foreign Wars of the U.S.

Commission members are appointed for six years with the terms of three members expiring on May 1 of odd-numbered years.

Preservation of the ship

The Battleship Texas Commission prepared the ship for public visitation immediately after acceptance. The Commission has continued to operate the ship as a museum open to the public. During the early 1950's, it was noted that the ship was being seriously damaged by the force of salt water washing its sides. Bonds were issued in 1955 to finance construction of a protective bulkhead.

No other major preservation or repair projects were undertaken until 1971. A complaint was filed with the Department of the Navy in 1971 concerning the deterioration of the structure and the apparent lack of proper maintenance and sanitation.

The Department of the Navy determined that it did have jurisdiction over the ship and sent an inspection team to evaluate the ship's condition. The team reported that the ship had experienced significant deterioration and recommended major efforts to halt the deterioration and repair the damage. These efforts are still continuing. The latest Navy inspection report (October 12, 1977) indicates that acceptable progress has been made in preservation of the ship and recommends that these efforts continue.

The basic functions of the Commission can be categorized as follows: administration, preservation and promotion. The ship has been designated as a National Historical Landmark. She is listed in the National Register of Historic Places published by the U.S. Department of the Interior, National Park Service.

Comparative Analysis

To determine the pattern of supervision of retired U.S. Navy ships in the United States, a survey has been conducted to determine how supervision is accomplished in other states.

Various organizational patterns exist for the nine facilities surveyed. Three including the Battleship Texas Commission, function under independent boards or commissions whose members are appointed by the State's chief executive. One facility is owned by a city and another is owned by an individual. Three facilities are owned by corporations and one operation is supervised by a governmental department charged with multiple functions.

A majority of the states, including Texas, indicate that revenue for the facility, regardless of organization form, is obtained from admission fees collected. Only two states reported that their ships are not primarily supported by admission fees.

REVIEW OF OPERATIONS

Criterion I

The efficiency with which the agency or advisory committee operates.

The review under this criterion centered on financial data and other records of the agency. This information was analyzed to determine if funds available to the agency had been utilized in a reasonable manner to achieve the purposes for which the agency was created and to determine if areas existed in which greater efficiency of operations could be achieved.

Analysis of this agency's efficiency in utilizing available funds has focused on five areas: 1) sources of revenues; 2) balances to be paid to the State Treasury; 3) expenditure of revenues; 4) organizational structure and 5) accounting procedures.

Sources of Revenues

The major sources of revenue for the Battleship Texas Commission are admission fees and ship's store revenues. Table I-1 indicates the revenues received (1973-1977) and projected (1978-1983) from these two sources.

Table I-1

SUMMARY OF MAJOR REVENUES

Fiscal Year	No. of Paid Admissions	Admission Revenues	Ship Store Revenues	Total
1973	194,503	\$ 164,441	\$ 25,980	\$ 190,421
1974	184,968	161,895	34,582	196,477
1975	199,415	173,028	38,580	211,608
1976	237,583	207,757	43,447	251,204
1977	219,428	254,123	53,341	307,464
1978	250,000	289,500	60,000	349,500
1979	263,280	304,878	66,130	371,008
1980	278,280	322,248	72,780	395,028
1981	293,280	339,618	79,430	419,048
1982	308,280	356,988	86,080	443,068
1983	323,280	374,358	92,730	467,088

Revenues from these sources are deposited and accounted for in the Commission's operating fund. In recent years, ship's store revenues have amounted to about 20 percent of the total. This trend could change due to the increase in admission fees for adults which became effective in January 1977.

The admission fee schedule has changed three times since the Commission's inception. Table I-2 indicates the fee structures and their effective dates.

Table I-2
FEE SCHEDULES

Year	1948	1968	1972	1977
Adult, individual	\$.30	\$.50	\$1.00	\$1.50
Adult, group	-	-	.50	.50
Children, individual	.20	.25	.50	.50
Children, group	-	-	.25	.25

A comparison of the Battleship's current admission fees to those charged by other entities of this type indicate that their charges for children's admission are the same. Charges in the adult categories are generally lower than other exhibits.

Statistics received from other states indicate that the Battleship Texas has levels of attendance which surpass most exhibits of its kind (Table I-3). Data presented in Criterion 4 indicate that attendance at the San Jacinto Monument Museum is significantly higher than at the Texas.

Table I-3
SUMMARY OF ATTENDANCE DATA

<u>Ship</u>	<u>Location</u>	<u>1977 Attendance</u>
U.S.S. Constitution	Boston, Mass.	25,000
Submarine Ling	Hackensack, N.J.	40,000
U.S.S. Alabama	Mobile, Alabama	3,605
U.S.S. North Carolina	Wilmington, N.C.	50,733
U.S.S. Massachusetts	Fall River, Mass.	133,197
U.S.S. Texas	Houston, Texas	219,428

Another source of support for the Commission's activities is donations. Table I-4 lists donations of materials received by the Commission over the last five years.

Table I-4

<u>Donor</u>	<u>Product</u>	<u>Dollar Value</u>
U.S. Steel	Tubing & Steel Plate	\$109,700.00
Schill Steel Co. & Jorgenson Steel Co.	Steel	6,500.00
Carpet World	Red Entrance Carpet	750.00
Rideo Steel	Structural Steel	2,200.00
Exxon	Paint	3,000.00
Metallic Building Company	Steel Building	22,000.00
Rex Supply Co.	Bench Grinding Machine	350.00
Radio and T.V.	Public Service Announcements	93,061.48
Texas Printing Co.	Invitations	1,500.00
Miscellaneous	Various	<u>750.00</u>
	Total	<u>\$239,811.48</u>

The donations listed in Table I-4 have resulted largely from the efforts of Commission members, particularly the Chairman, in securing materials needed for the Battleship and the Commission's activities.

In addition to securing donations, some members of the Commission devote significant amounts of time to Commission business, particularly in organizing ceremonies and in television interviews. The Board members serve without compensation.

The office space, occupied by the Commission's secretary-bookkeeper and Commission files, is donated by the Commission chairman. This space is in the chairman's business office near downtown Houston at 3461 West Alabama, Suite C.

On a few occasions, cash donations have been made for the purpose of making major repairs. These donations are deposited to the Foundation Maintenance Fund.

The following is a summary, taken from State Auditor's Reports, of all cash donations received:

<u>Fiscal Years</u>	<u>Amount</u>
1949	\$ 91,307.97
1950-1959	1,995.05
1960-1969	2,319.00
*1970	50,000.00
**1972	2,102.21
1973	126.38
1974	20.00
1975-1977	-0-

*This amount represents grants received from the following: 1) Brown Foundation (\$25,000); 2) Moody Foundation (\$12,500); and 3) Houston Endowment, Inc. (\$12,500).

**This amount includes a grant of \$2,000 from the Strake Foundation.

Since 1974, the Commission has been investing some of its cash reserves in time deposits and U.S. Treasury bills. These investments have resulted in interest income in the following amounts:

<u>Interest Income</u>	
<u>Fiscal Year</u>	<u>Amount</u>
1974	\$ 103.40
1975	2,559.60
1976	3,133.92
1977	2,007.78*

*This is the amount shown in the Audit Report. The Self-evaluation Report indicates that interest amounted to \$2,660.50 in 1977.

In addition, the Battleship Texas Commission has the power to issue revenue bonds. This authority has been used only once, in 1955, when \$30,000 in bonds were issued.

Another source of revenue for the Battleship is available in federal grants. These will be discussed under Criterion 11 concerning federal regulation.

Balances to be Paid to State Treasury

Since the creation of the Commission, statutory provisions relating to the distribution of revenues derived from admission fees and concessions have been in effect. Year ending balances from these revenues that exceed a certain level are to be paid to the State Treasury to the benefit of the General Revenue Fund. The statutory limit on these balances, the ending net balances of the agency, and the amount paid into the State Treasury for each year since 1948 are shown in Table I-5.

No payments were made into the State Treasury until the end of fiscal year 1961. During the period from 1955 through 1960, revenue bonds were outstanding

on August 31 of each year so no payment was required. Prior to 1955, audit reports show balances in excess of \$25,000. The apparent explanation is that the balances were composed of two funds: an operating fund and a foundation maintenance fund.

Table I-5

<u>Fiscal Year</u>	<u>Applicable Limit</u>	<u>Net Ending Balance</u>	<u>Amount Paid to Treasury</u>
1948	\$ 25,000	\$ 29,641.21	-0-
1949	25,000	23,526.68	-0-
1950	25,000	11,073.48	-0-
1951	25,000	29,460.73	-0-
1952	25,000	42,443.93	-0-
1953	25,000	59,905.36	-0-
1954	25,000	68,358.13	-0-
1955	25,000	65,307.42*	-0-
1957	25,000	20,547.11*	-0-
1959	25,000	38,751.16*	-0-
1960	25,000	36,143.65	-0-
1961	25,000	31,018.41	\$1,322.51
1962	25,000	26,079.22	1,079.22
1963	25,000	23,828.56	772.93
1964	25,000	23,147.42	-0-
1965	25,000	29,640.77	4,638.43
1966	25,000	28,916.92	3,916.62
1967	25,000	33,964.35	8,964.65
1968	25,000	22,316.07	-0-
1969	25,000	22,641.00	-0-
1970	25,000	25,795.58	795.58
1971	25,000	23,721.39	-0-
1972	25,000	34,675.21	-0-
1973	100,000	27,243.08	-0-
1974	100,000	62,004.78	-0-
1975	100,000	70,324.15	-0-
1976	100,000	47,715.18	-0-
1977	300,000	123,772.37	-0-

*Audit reports cover the periods from April 1, 1953 through June 30, 1955; July 1, 1955 through April 30, 1957; and May 1, 1957 through March 31, 1959. The balances shown are net balances at the end of the audit period.

Although the documentation of this explanation is not clear, it appears that only the operating fund is subject to the limitation. The data reported for the fiscal years prior to 1955 appear to refer to total balances, including foundation maintenance funds.

In 1972, the audit report showed a balance of \$9,675.21 due to the State Treasury. This payment has never been made and is still carried in the audit as a liability. The lack of payment resulted from an unusual set of circumstances. The Commission was in the process of letting a repair contract, but the contract was not finalized until after August 31. The determination of the Auditor was that the funds had not been properly encumbered and were therefore subject to transfer to the State Treasury. Attempts were made through correspondence with the Attorney General's Office to secure payment, but these attempts were not successful.

Table I-6 shows the actual and projected revenues, expenditures and ending net balances. From these data, computations were made to determine the amounts of funds to be paid to the State Treasury. Assuming that revenue and operating expenditure patterns follow the trend established since 1973, the funds shown in the Net Ending Balance column can be considered available for major preservation and restoration projects. If major preservation and restoration projects are undertaken, the total expenditures would rise to a level where no funds would be paid to the State Treasury. During the next five years, the Commission could theoretically expend nearly a half million dollars on major repair projects and still maintain a net balance near, but within the limits established by the Legislature.

Table I-6

ANALYSIS OF REVENUES AND EXPENDITURES
OF BATTLESHIP TEXAS COMMISSION,
INCLUDING PROJECTIONS AND APPARENT
REVERSIONS TO GENERAL REVENUE

Fiscal Year	Revenues	Expenditures (A)	Ending Net Balance	To be Paid to Treasury (B)	Cumulative Payments to Treasury
1973	\$194,528	\$ 193,462	\$ 27,243	-0-	-0-
1974	200,710	167,497	62,004	-0-	-0-
1975	217,289	210,618	70,324	-0-	-0-
1976	257,330	279,410	47,715	-0-	-0-
1977	317,407	245,984	123,772	-0-	-0-
1978	349,500	259,470	232,475	-0-	-0-
1979	371,008	276,160	327,323	\$ 27,323	\$ 27,323
1980	395,028	292,850	402,178	102,178	129,501
1981	419,048	309,540	409,508	109,508	239,009
1982	443,068	326,230	416,838	116,838	355,847
1983	467,088	343,039	424,049	124,049	479,896

Note A: Before repairs and improvement to museum.

Note B: Would be reduced or eliminated by repairs and improvements to the museum.

Expenditures

The Battleship Texas Commission is not required to file operating budgets with the Legislative Budget Board office or the Governor's Budget and Planning Office. Prior to 1974, financial statements of the Commission were filed with the State Board of Control and the State Auditor has made a financial and compliance audit of the Commission's records since its inception.

In looking at the State Auditor's report and the Self-evaluation Report of the agency, compatibility of the 1977 expenditure amounts contained in the two documents could not be determined. This verification step was not possible because the two reports use different categories of expenditure and because of computa-

tional and bookkeeping errors of the Commission. While such errors existed, personnel of the State Auditor's Office indicated that bookkeeping problems had been reconciled through a complete reconstruction of agency expense records for 1976 and 1977.

Table I-7

EXPENDITURE SUMMARY
 SELF-EVALUATION REPORT AND AUDIT REPORT
 FISCAL YEAR 1977

<u>Item</u>	<u>Self-evaluation Report Amount</u>	<u>Audit Report Amount</u>
Salaries		\$129,960.05
Salaries/less deductions	\$ 99,913.75	
Withholding Tax	15,632.36	9,086.60
Insurance	9,800.58	9,086.60
Employees Retirement Matching	16,785.37	10,800.15
Employees Social Security Matching	14,767.24	7,339.09
Automobile Operating Expenses		4,800.00
Freight and Hauling	4,800.00	
Ship Repairs	8,742.68	10,052.78
Utilities	10,225.97	10,357.74
Security Service	20,421.58	19,024.83
Ship's Store Merchandise	20,533.09	21,709.90
Vending Machines	1,480.11	-
Advertising	4,089.24	4,099.49
Meetings and Ceremonies	2,400.33	2,500.18
Battleship Photos	-	138.66
Dues and Subscriptions	220.00	-
Travel	3,580.20	3,544.02
Acquisition of Fixed Assets	-	2,135.51
All Other Expenditures	<u>12,591.01</u>	<u>6,802.03</u>
Total Expenditures	<u>\$245,983.51</u>	<u>\$242,351.03</u>

Audited data were utilized in analyzing the expenditures by category shown in Table I-8. The categories that are included in Table I-8 are not definitive because the agency is so small that duties overlap and activities might be designed for more than one purpose. For instance, employees of the Commission are utilized, in many cases, in performing repairs to the ship. The Ship Repair item involves only those repairs which require use of personnel, equipment, or materials not included elsewhere in the expenditure summary. Another example involves the "Other Operating Expenditures" category. Expenditures in that category could have been incidental to promotional or other activities of the Commission, but the data are not in a form to make these kinds of categorizations.

Automobile Operating Expenses have been categorized as a personnel cost based on conversations with the Captain and the Chairman and a review of files regarding the expenditure of those funds. The Captain receives a flat-rate allowance of \$400 per month for using his personal truck on Commission business. This includes weekly trips to the bank and downtown office and hauling of equipment and materials used for repair and maintenance of the ship. This allowance was initiated when the statutory limit of \$12,000 on salaries of Commission employees was in effect. The Captain had been receiving a salary of \$12,000 for several years. The statutory limit has now been removed and the Captain receives a salary of \$13,200 per year and continues to receive \$4,800 per year for Automobile Operating Expenses. If these funds were allocated on the basis of mileage at the rate of 18 cents per mile, over 2,200 miles per month would be required. This is equivalent to approximately 50 round trips from the ship to downtown Houston per month.

Table I-8 shows that a major portion of the Commission's operating costs are personnel costs. Personnel costs account for 63 percent of all Commission

Table I-8

SUMMARY OF EXPENDITURES BY CATEGORY
FISCAL YEAR 1977

Category and Item of Expenditure	Amount	Percent of Total
<u>Personnel Costs</u>		
Salaries	\$ 129,960.05	54
Employees Retirement Matching	10,800.15	4
Employees Social Security Matching	7,339.09	3
Automobile Operating Expenses	<u>4,800.00</u>	<u>2</u>
Total, Personnel Costs	\$ <u>152,899.29</u>	<u>63</u>
<u>Ship Store Merchandise for Sale</u>	<u>21,709.90</u>	<u>9</u>
<u>Ship Repairs</u>	<u>10,052.78</u>	4
<u>Promotions Activities</u>		
Advertising	4,099.49	2
Meetings and Ceremonies	2,500.18	1
Battleship Photos	138.66	*
Travel	<u>3,544.02</u>	<u>1</u>
Total, Promotional Activities	\$ <u>10,282.35</u>	<u>4</u>
<u>Other Operating Expenditures</u>		
Insurance	9,086.60	4
Security Services	19,024.83	8
Utilities	10,357.74	4
General Supplies	2,748.60	1
Printing and Office Supplies	1,498.59	1
Tickets	418.70	*
Other	<u>2,136.14</u>	<u>1</u>
Total, Other Operating Expenses	\$ <u>45,271.20</u>	<u>19</u>
<u>Acquisition of Fixed Assets</u>	<u>2,135.51</u>	<u>1</u>
Total, All Expenditures	\$ <u><u>242,351.03</u></u>	<u>100</u>

*Less than .5.

expenditures. Purchase of services and supplies detailed as "Other Operating Expenditures" is the second major expenditure category accounting for 19 percent of the total expenditures of the Commission. The Expenditure Summary does not, however, reflect a complete picture of the Commission's efforts since materials and services have been provided at no cost to the Commission in support of Ship Repairs and Promotional Activities. These resources are detailed in Table I-4 of this report.

Organizational Structure

The operations of the Battleship Texas Commission are structured so that the Commission itself is involved in the major policies and decisions of the agency and in promotional activities. The statute provides for an Operating Board to consist of three members of the Commission, for a Chairman to be elected from the Commission members, and for a secretary, who may be elected from the Commission's membership, but is not required to be a member. No recent evidence of the functioning of an Advisory Board has been discovered. A Chairman and a secretary have been selected from the membership of the Commission and serve actively in those capacities. In addition, a Treasurer, who is not a member of the Commission, has been selected. The Treasurer apparently is responsible for managing the Commission's financial investments. The Treasurer is a Vice-president of the bank in which the Commission's deposits are maintained.

Prior to 1977, the Commission had been required by law to make expenditures and let contracts in accordance with State Board of Control policies and regulations and make the accounting records accessible for audit by the Board of Control. In 1977, legislation was enacted which removed all references to the Board of Control from the agency's statutes. The Commission regularly sent financial statements to the Board of Control until 1974. The Board of Control

provided advice and assistance to the Commission during the early years of the Commission's existence. However, according to the Executive Director of the Board of Control, since 1974, very little communication has transpired between the Commission and the Board of Control.

The Chairman of the Commission generally supervises the day-to-day operations of the Commission and makes many of the significant decisions regarding expenditure policies and personnel. In addition, he appears to spend significant amounts of time in soliciting donations of materials to assist in needed repair projects. The Chairman supervises the activities of the Captain of the Ship and the secretary-bookkeeper.

The Captain of the Ship supervises the regular full-time and part-time employees and the temporary employees who are hired as the need arises. The Captain finds suitable employees mostly through personal contact. The Captain, under the general supervision of the Chairman, makes decisions on which applicants will be hired and what salary will be paid. Although the Commission has not formally adopted a policy regarding sick leave and vacation, the Captain has established an unwritten policy that employees are entitled to sick leave when he is convinced they are actually sick and one week of vacation after a year of employment. Records regarding these benefits are kept informally by the Captain. Excessive or unexplained absences could result in a reduction in pay of the employee.

As of November 18, 1977, the Commission had 10 regular employees in addition to the Captain and secretary-bookkeeper. These employees are responsible for ticket sales, cleaning, maintenance and repair and operation of the gift shop. One employee is designated as the maintenance and repair foreman and one

is designated to manage the ship's store. In addition to these designations, one person is assigned for repairs and maintenance, one to work in the ship store, two for ticket sales, and two for cleaning. The remaining four employees are assigned various responsibilities in each category. Of these 12 employees, two are part-time: one ticket sales person and one person with varying responsibilities. The salaries and responsibilities of full-time employees of the commission as of November 18, 1977 are listed in Table I-9.

Table I-9

SUMMARY OF FULL-TIME SALARIES

<u>Responsibility</u>	<u>Annual Salary</u>
Captain of the Ship	\$ 13,200
Secretary-bookkeeper	10,380
Ship Store Manager	8,840
Maintenance and Repair Foreman	8,060
Cleaning (2)	8,060
Ship Store Employee	8,060
Maintenance and Repair Employee	8,060
Security, Clean-up, Ticket Sales	8,060
Ticket Sales	6,500

In addition to these regular employees, temporary personnel are hired to meet the needs during peak season and to assist in major repairs on an "as-needed" basis.

The Captain reports experiencing some difficulty in finding suitable personnel. In order to overcome such difficulties, it was explained that he has often found it desirable to employ members of the same family. In addition to husband/wife teams, the Commission has employed the captain's sons on a temporary basis during the summer.

Accounting Procedures

The accounting procedures of the Commission involve receipt of cash for admission tickets and ship's store sales, the accounting for funds received, and accounting for expenditures, including payroll. In general, the secretary-bookkeeper is responsible for maintenance of all accounting records. Cash is deposited in the bank, and this information reported to the secretary-bookkeeper, by the Captain.

The procedure for accounting for cash from ticket sales begins with receipt of cash by ticket sales personnel. Tickets are sold and taken at a booth located near the ship. Tickets are not issued to the purchaser, but rather are handed directly to the ticket taker or discarded by the ticket seller. The Captain maintains a ledger accounting for all tickets in each of the four numbered series (adult individuals, adult groups, children individual, and children groups). Ticket numbers are recorded on each deposit slip and posted by date in a cash receipts journal by the secretary-bookkeeper. At the close of each business day, the captain receives the day's cash receipts, records ticket information, makes out a deposit slip, and stores the money in the ship's safe. While it is possible to account for tickets actually sold, there is no mechanism to ensure that a ticket is issued for each admission fee paid. Ship's store sales are rung up on a cash register. Cash register tapes provide the basis of accounting for these revenues. The ship's store

manager is responsible for maintaining daily cash register tapes and cash received. The captain receives the money, records the cash amounts and prepares deposit slips weekly.

Deposits of both ship's store and ticket sales revenues are made once a week. Receipts for deposits are delivered to the secretary-bookkeeper once weekly for posting in the cash receipts journal. Although this procedure does not provide for significant internal controls, it is reported that additional controls could only be initiated by employing additional personnel or installation of automatic counting devices or other equipment.

Since the 1977 receipts amounted to \$307,464, the procedure of holding daily receipts for weekly deposits results in accumulating an average of \$5,912 on board the ship before a deposit is made. During the peak attendance season, it is probable that much larger sums are held on the ship before deposit. This practice is not in accord with good accounting and business procedures which usually require daily deposits for maximum investment opportunities and for safety from loss by robbery or theft. Bank accounts of the Commission are in Houston which is 20 miles away, while adequate banking facilities are available locally.

A review of expenditure reports that were presented in the self-evaluation and audit reports revealed significant discrepancies (see Table I-7). The discrepancies have been attributed to computational errors on the part of Commission staff. These errors further indicate the lack of an internal control system as part of the accounting procedures.

Summary

Analysis under this criterion revealed several problems associated with the efficiency of operations. While admission fees and ship's store sales provide the

major revenues for the Battleship Texas Commission, there is a serious flaw in the procedure for ensuring that all funds received are accounted for. While it is reasonably simple to account for tickets sold, there is no method for guaranteeing that the number of actual tickets accounted for corresponds to the number of persons who paid admission fees and boarded the ship.

The agency operates under a statutory provision requiring that admission and concession revenues exceeding a set limit on the agency's yearly net balances be paid to the State Treasury. As a result of this provision, a total of \$21,491 has been paid. In addition, an excess balance of \$9,675 has been carried as a liability in the State Auditor reports since 1972.

In 1977, the limit on ending balances was raised to \$300,000 and adult admission fees were increased from \$1.00 to \$1.50. If recent trends in revenues and operating expenditures continue, roughly a half million dollars over this limit would be generated in the next five years. These revenues could be expended on major repair and preservation items and, as a result, not be subject to transfer to the Treasury. Assuming that the Commission would maintain cash reserves of nearly \$300,000 per year, it is therefore possible that expenditures for major repair and preservation projects could be as high as \$800,000 for the five-year period from 1979 through 1983.

Fees for admission to the Battleship Texas for adults are lower than those charged at similar facilities in other states, while children admission fees are about the same. The number of paid admissions is significantly higher for the Texas than for comparable facilities. Attendance is significantly higher at the San Jacinto Monument Museum, a free exhibit, than at the Texas.

Expenditure data in the Self-evaluation Report contain computational or

bookkeeping errors resulting in discrepancies between those data and data in the State Auditor's Report. Expenditures for Automobile Operating Allowance are made as lump sum allocations, rather than based on documented mileage.

Records and policies regarding sick leave and vacations for employees working at the ship are the responsibility of the Captain. The records are informal and are based on the Captain's judgment of the reason for absences and the eligibility for time off with pay. Employees are not required to prepare time reports of any kind.

Finally, the agency follows the policy of making weekly deposits of its revenues. This procedure does not provide maximum opportunity for earning interest on investments and guarding against losses by robbery or theft.

Criterion 2

An identification of the objectives intended for the agency or advisory committee and the problem or need which the agency or advisory committee was intended to address, the extent to which the objectives have been achieved and any activities of the agency in addition to those granted by statute and the authority for these activities.

The review under this criterion centered on an identification of the agency's statutory objectives as they related to the perceived need and the extent to which agency methods used can reasonably be expected to achieve those objectives. Statutes were reviewed to determine if objectives described in the self-evaluation report presented an accurate reflection of statutory duties. Agency viewpoints were sought to provide additional clarification; and appropriate files such as correspondence, minutes, Navy inspection reports and audit reports were reviewed to collect and verify selected data presented under this criterion.

At the end of World War II, preparations were being made to retire the Battleship Texas from service. Many people in Texas became interested in preserving the ship and maintaining it as a memorial. The Secretary of the Navy had been authorized to give ships and other items of historical significance to states and other governmental or non-profit entities. Application was made to the Secretary of the Navy and the Battleship Texas Commission was created. A fund raising drive was organized and sufficient funds were donated to bring the Texas from Baltimore to her present location near Houston. Through the cooperation of local authorities and the state government, a channel was dredged to make a permanent berth for the Texas adjacent to Houston Ship Channel.

The first objective of the Commission, to provide a proper berth for the Battleship Texas, was accomplished in 1948. Donations of \$91,304.97 were received during the period from August 1, 1947 through August 31, 1948. Additional operating income from admissions, program sales and concessions during that period totalled \$49,184.00. Total expenditures during that period incidental to the acquisition and establishment of the ship as a memorial were \$86,200.23.

From interviews with agency personnel and review of the files, the current objectives of the Battleship Texas Commission appear to be three-fold:

- 1) to preserve and restore the ship to the extent possible within existing revenues;
- 2) to promote the ship as a memorial and attract visitors to the ship;
and
- 3) to administer the day-to-day operations of the ship including routine maintenance, ticket sales, bookkeeping and funds management, and control.

Duties specified in the statute are to maintain the ship as a memorial in proper repair, to charge a proper fee for admission to the ship and to maintain records of all revenues and expenditures of the Commission.

Preservation

The Commission's efforts at preservation of the ship are limited by the funds available to perform major repairs and maintenance. There is evidence of need for replacement of the ship's wood decking and replacement of large parts of the ship's superstructure which has rusted badly. A major project is currently underway, in anticipation of a federal grant, to replace the wooden deck of the aircastle section. This project was given the highest priority under the grant application prepared by the Commission.

Major repair or maintenance projects have been completed utilizing materials donated to the Commission. Such donations have included steel, steel plate and steel cables, paint, and a bench grinding machine. In many cases, major repairs have been accomplished by Commission employees in the off-season and by temporary employees. In some cases, repairs have been made through contracts with private businesses.

The Commission supported a statutory change in 1977 which allowed retention of up to \$300,000.00 in cash at the end of each fiscal year. Part of the rationale for this change was the need to accumulate substantial amounts of money in anticipation of undertaking expensive repairs. This further increased the Commission's flexibility in scheduling work to be done during the winter months when fewer visitors would be touring the ship.

In 1951, the Commission was authorized to issue negotiable revenue bonds in the name of "State of Texas Battleship Texas Commission." The bonds were specified to be used for repairing or improving the ship or for construction of protective improvements. This authority has been exercised only once. In 1955, \$30,000.00 in revenue bonds were issued "for the purpose of constructing protective improvements, including the construction of a bulkhead or bulkheads to prevent erosion around the slip in which the Battleship is berthed." The last of the revenue bonds issued was presented for payment on July 11, 1961. The law provides that as long as revenue bonds are outstanding, no payments to the General Revenue Fund are required.

The U.S. Navy makes annual inspections of the Battleship. The inspection reports have noted certain major repairs which are needed, but also have noted that the projects are very expensive. These reports do not indicate that the level of preservation of the ship is unacceptable to the Navy.

Promotion

There are three major types of promotion for the Battleship Texas: paid billboards, public service advertising, and inclusion of information about the Battleship in promotional literature of other state agencies. The total expenditures since 1973 for advertising are as follows:

<u>Fiscal Year</u>	<u>Advertising Expense</u>
1973	\$8,080.92
1974	\$8,520.80
1975	\$5,642.77
1976	\$14,631.84
1977	\$4,099.49

During fiscal year 1977, the Commission rented billboard space in one location in the Houston area. In November, 1977 another billboard was rented. Inspection of one of the billboards revealed that no directional information concerning the Battleship was included.

A campaign for public service advertising was conducted during fiscal year 1977. Color slides were sent to fifty-six television stations and letters were mailed to 387 radio stations. In response to these requests 528 television commercials valued at \$50,844.50 and 10,128 radio commercials valued at \$42,216.98 were aired. In addition to these advertisements, representatives of the Commission made appearances on at least eleven television "talk shows", including two appearances on "The Eyes of Texas." Newspaper coverage of Commission activities was reported on April 22, 1977, to have been carried in 32 weeklies and 11 dailies.

Publicity brochures for the San Jacinto Battleground State Historical Park contain information about the Battleship, its location and admission fees. Publications of the Department of Highways and Public Transportation and the Tourist Development Agency also contain promotional information about the Battleship.

Commission minutes indicate the feeling on the part of members that the type of promotional efforts utilized in fiscal year 1977 are very productive and that billboards and public service advertising are the best available form of advertising.

Administration

The activities of administration are a necessary adjunct to accomplish the other objectives of the Commission. The employment of personnel and processing of revenues and expenditures require a bookkeeping and payroll system. Personnel are necessary for the sale of admission tickets, operating the ship's store, general cleaning and upkeep of the premises toured by the public, and for the small repair and maintenance which must be done on a regular basis. The number of staff employed is small. Responsibilities are often shared and some employees have responsibilities in more than one activity. The activities which are carried out at the ship site are supervised by the Captain of the ship. The payroll and bookkeeping system is maintained by a single staff person in the office of and under the direct supervision of the Chairman of the Commission.

A discussion of the organizational structure and administrative activities is included in Criterion I.

Summary

The objectives of the Commission appear to be consistent with the Commission's statutory mandate. The activities that the agency has undertaken in order to achieve the objectives appear reasonable. However, certain problems are apparent in relation to each of the objectives. Promotion receives significantly less emphasis than the other two objectives. Opinions from many administrators responsible for operations similar to the Battleship indicate that a major factor in the success of this type of agency is the proper use of promotional materials and advertising. The problems encountered regarding administration are included in the

discussion of Criterion I. If the objectives of administration and promotion were successful, more funds could be generated and the agency's preservation efforts would be enhanced. At present, the ship has been preserved but major improvements need to be made if the preservation and restorations are to be successful in the years to come.

Criterion 4

The extent to which the jurisdiction of the agency and the programs administered by the agency overlap or duplicate those of other agencies and the extent to which the programs administered by the agency can be consolidated with the programs of other state agencies.

The review of this criterion was directed at evaluating the agency's definition of its target population. The existence of other similar populations was explored and the extent of any overlap and duplication of services offered was analyzed. When applicable, the review also dealt with any efforts to establish coordinative relationships between agencies serving similar target groups and to minimize any duplication of services. This information was collected through discussions with agency personnel, review of statutes and rules, and the identification of other agencies with the potential ability to offer these same services.

The target population of the Battleship Texas Commission as reported in the self-evaluation report, is "tourists and school children". The Battleship is located adjacent to the San Jacinto State Park. It would appear that the tourist attraction of the Battleship would be similar to that of the San Jacinto State Park. Records of admission to the Battleship and attendance at the San Jacinto Monument Museum are compared below:

Fiscal Year	Admission to Battleship Texas	Attendance at San Jacinto Monument Museum (Estimated)	Per Cent
1973	194,503	332,584	58%
1974	184,968	288,000	64%
1975	199,415	353,309	56%
1976	237,583	404,985	59%
1977	219,428	358,495	61%

These figures indicate that the San Jacinto Monument Museum attracts significantly more visitors than the Battleship. There are two possible explanations for this. First, there is a charge for admission to the Battleship and there is no admission charge to visit the San Jacinto Monument Museum. The second possible explanation relates to the inaccessibility of the Battleship to persons unfamiliar with the area. There are highway directional signs and park signs for the Monument. However, directions to the Battleship itself are very limited, both inside and outside the park.

Although there is no duplication of services regarding the ship specifically, the closeness of the two landmarks and the similarity of target populations indicates that cooperation between the two would be appropriate. The Parks and Wildlife Department provides water, garbage pickup and maintenance of parking lots and roads for the Battleship. The experience of the Department of Parks and Wildlife in supervision of parks, historic sites and museums indicates that a capability might exist in that Department for the administration of the Battleship Texas.

The San Jacinto Historical Advisory Board was created in 1965 to advise the Parks and Wildlife Department on the proper historical development of the Battleground. The Chairman of the Battleship Texas Commission is by law a

member of the Advisory Board. This Advisory Board has not met during the last two years.

The Commission has been cooperating with the Texas Historical Commission on its applications for federal grants-in-aid. The Historical Commission is familiar with the Battleship Texas Commission's efforts in maintenance and preservation of the ship as well as the financial demands of such a preservation effort. The Historical Commission also has experience in administering the operations of the Sam Rayburn House. This further indicates that a capability to perform some functions presently performed by the Battleship Texas Commission might exist within the Historical Commission.

Summary

No actual duplication of services has been found, although the target populations of the Battleship Texas Commission and the San Jacinto State Park do overlap. The Parks and Wildlife Department provides some services to the Commission at no charge. There are at least two other state agencies which provide some services similar to those provided by the Battleship Texas Commission: the Parks and Wildlife Department and Texas Historical Commission.

Criterion 5

Whether the agency has recommended to the legislature statutory changes calculated to be of benefit to the public rather than to an occupation, business, or institution the agency regulates.

The review under this criterion centered on statutory changes which affect the operations of the agency. In the period covering five legislative sessions, the review focused on adopted changes in the law. In analyzing these changes, the approach was taken that a statutory modification must be of clear benefit to the state's citizens to be considered to be in the "public interest."

Statutory changes have been made during five legislative sessions since the Battleship Texas Commission was created in 1947. These changes have related to bonding authority, to limits on revenue which the Commission can carry over from one fiscal year to the next, limits on monetary compensation for Commission members and salaries for employees, and terms of office for the Commissioners. Also, the original provisions relating to the jurisdiction of the Board of Control over the Commission have been deleted.

Originally, the Commission was allowed to carry over a maximum of \$25,000 in cash from one fiscal year to the next. Any cash over that amount was to be paid to the General Revenue Fund. In 1951, the Commission was authorized to issue revenue bonds. The requirement for payment into the State Treasury was made applicable only when no bonds were outstanding. The limit was raised to \$100,000 in 1973 and to \$300,000 in 1977. A review of the minutes of Commission meetings revealed that the agency did propose the 1977 change after considering a recommendation that the limit be removed entirely.

Salaries for employees were originally limited to a maximum of \$4,000 per

year. In 1959 this amount was raised to \$7,200; and in 1971, to \$12,000. In 1977 the limit on employee salaries was removed from the statute. The minutes of Commission meetings reflect the support of the Commission for this change.

Terms of office for Commission members were initially four years. In 1977 terms of office were extended to six years. The Commission's support of this change is documented in Commission minutes.

Provisions which provided that expenditures of funds be made under the general supervision of the Board of Control and that the Board of Control conduct audits of the Commission's financial records were eliminated in 1977. The Commission is now required to keep the records of expenditures and revenues which are reviewed by the State Auditor. This provision was agreed upon after consultation with the Executive Director by the authors of the legislation.

Summary

The statutory changes which have been described cannot be judged to have clear public benefits. These changes are generally designed to allow the Commission more flexibility in its operations and to a degree, increase the agency's ability to achieve its objectives.

Criterion 6

The promptness and effectiveness with which the agency disposes of complaints concerning persons affected by the agency.

The review under this criterion centered on: 1) an identification of the type and frequency of complaints received by the agency, 2) the adequacy of administrative procedures used to process these complaints, and 3) the appropriateness and patterns of actions taken to address the complaints. Information for the review was obtained through interviewing agency staff, examining complaint files, and analyzing data presented in the agency's self-evaluation report.

The Self-evaluation Report of the Battleship Texas Commission indicates that the agency has received no complaints regarding its operations. In reviewing the agency's files, no complaints have been discovered. Any complaints which might be received would relate to the manner in which the Battleship Texas is operated and made available to the public. Since no complaints of this nature have been discovered, no judgment can be made regarding the agency's handling of complaints. As indicated in the Background section, a complaint was filed in 1971 regarding the ship's condition. Follow-up on this complaint was made by the Department of the Navy.

Criterion 7

The extent to which the agency has encouraged participation by the public in making its rules and decisions as opposed to participation solely by those it regulates, and the extent to which public participation has resulted in rules compatible with the objectives of the agency.

The review under this criterion began with a determination of the statutory requirements regarding public participation in the agency's enabling law. The agency files and self-evaluation report were reviewed to determine the nature and extent of public participation and any results which might be attributed to public participation.

Although the Battleship Texas Commission is not a regulatory agency, the success of the agency's operation depends in part on participation by the public in its activities. There are three categories of public participation relevant to the Battleship Texas Commission: 1) participation in policy-making; 2) donations; and 3) visits to the Battleship and ceremonies sponsored by the Commission.

The enabling statutes require participation in policy-making matters of the Battleship Texas Commission by requiring that two members of the Commission be appointed from the general public. The other members of the Commission are appointed from specific organizations which have interests in preservation of historical artifacts and information. The chairman of the Commission is one of the general public appointees.

Through the efforts of the Commission, the Chairman, and the staff of the Commission, numerous donations of materials and services have been secured in support of the agency objectives. The following is a summary of the donations received during the past four years:

<u>Product</u>	<u>Amount</u>
Tubing and Steel Plate	\$109,700
Steel	6,500
Carpet	750
Structured Steel	2,200
Paint	3,000
Steel Storage Building	22,000
Bench-grinding Machine	350
Public Service Advertising	93,061
Invitations	1,500
Miscellaneous	<u>750</u>
Total	<u>\$239,811</u>

In addition, the Chairman provides office space for Commission files and the secretary-bookkeeper, and charges no rent to the Commission.

The objectives of the Battleship Texas Commission are to preserve the Texas and maintain it as an exhibit for the general public. The following table shows the number of paid admissions for the fiscal years from 1973 through 1977:

<u>Fiscal Year</u>	<u>No. of Paid Admissions</u>
1973	194,503
1974	184,968
1975	199,415
1976	237,583
1977	219,428

Revenues from these admissions provide funds to support the day-to-day operations of the Battleship. These statistics also indicate that the number of people benefiting from the exhibit is rather limited. Admissions to the Battleship may be compared with admissions to the San Jacinto Monument Museum adjacent to the ship. In 1977, 358,495 people visited the Museum, 1.6 times the number that

visited the battleship. One reason for this difference might be that the fees serve to prohibit people from visiting the ship. Another reason might be that the area is not very well marked to direct visitors to the ship.

Criterion 8

The extent to which the agency has complied with applicable requirements of an agency of the United States or of this state regarding equality of employment opportunity and the rights and privacy of individuals.

The review under this criterion centered on an identification of agency Equal Employment Opportunity reporting requirements and policies regarding the rights and privacy of individuals. Federal and state statutes were reviewed; agency policies and procedures were documented; and appropriate agency files were inspected to determine the adequacy of records maintained to verify the data presented under this criterion. The Governor's Office of Personnel and Equal Employment Opportunity was consulted. The general procedures regarding personnel actions and protection of the rights and privacy of individuals were examined through interviews and review of files.

The Battleship Texas Commission does not, according to the Self-evaluation Report, have an affirmative action plan. The Self-evaluation Report does contain a general statement that "employees are hired without regard to race, creed or color." No reports regarding the agency's affirmative action policies have been filed with the Governor's Office of Personnel and Equal Employment Opportunity since 1974. Discussions with Commission personnel indicate that one Mexican-American is presently employed by the Commission. The Commission has no black employees. The tentatively approved federal grant requires the agency and its contractors to comply fully with the provisions of the Civil Rights Act of 1964, including implementation of an affirmative action plan.

Criterion 9

The extent to which the agency issues and enforces rules relating to potential conflict of interests of its employees.

The review under this criterion centered on an identification of documented agency practices and procedures regarding the filing of individual financial statements and affidavits with the Office of the Secretary of State. The provisions of the statute (Article 6252-9b, V.A.C.S.) were reviewed and agency interpretations of the nature and intent of the provisions of the Act were sought. Records maintained by the agency and the Secretary of State under the authority of the legislation concerned with conflict of interest were reviewed to determine the extent of agency compliance with the letter and intent of the Act and to verify the accuracy of the data presented under this criterion. In addition, inquiries were directed to selected areas where conflicts of interest might exist that could not be discerned through review of official documents.

A member of the Battleship Texas Commission is required to file affidavits with the Secretary of State if he "has, acquires or divests himself of a substantial interest in a business entity which is subject to regulation by a regulatory agency, or owns substantial interest in a business entity doing business with any state agency." Four of the nine members of the Commission have filed affidavits indicating their interests in businesses regulated by the state or doing business with state agencies.

The Captain of the Ship, as "executive head of a state agency" is required to file a financial statement with the Secretary of State. The Captain reports that he has not filed a financial statement.

Criterion 10

The extent to which the agency complies with the Open Records Act and the Open Meetings Act.

Examination of elements under this criterion were separated into components dealing with responsibilities for making agency documents available to the public under open records requirements and responsibilities for public notification of proposed agency actions. Under the area of open records, statutes were reviewed in relation to written or unwritten policies used by the agency. Where written policies did not exist, interviews were conducted to determine actual compliance. Materials contained in the self-evaluation report were verified and open records decisions reviewed. Open meetings compliance was verified through review of agency written and unwritten policies to determine if they accurately reflected statutory requirements. Interviews with agency personnel were conducted in instances where written policies were lacking or information contained in minutes of meetings was incomplete or unclear. Records in the Office of the Secretary of State were reviewed on a selected basis to determine compliance with posting and informational requirements.

The Self-evaluation Report of the Battleship Texas Commission indicates that the Commission has no policy for classifying confidential documents. The Report further indicates that none of the agency's records could be considered confidential. According to the Self-evaluation Report, no requests for information have ever been denied and reviews of correspondence files did not indicate that requests had been handled contrary to that policy. The Commission is directed by statute to meet on the "first Thursday of each month and at such other times as the chairman

deems necessary" The Self-evaluation Report states that no meetings were held during fiscal years 1975, 1976 or 1977 which would come under the requirements of the Open Meetings Act. Inspection of agency files has revealed minutes of three meetings of the Commission in 1977 and at least three meetings during the two prior fiscal years. No policy has been discovered regarding public notice of these meetings and agency staff indicated that no policy exists. Inspection of the Texas Register revealed no notice of public meetings held by the Battleship Texas Commission. However, no evidence has been discovered to indicate that the Commission intentionally excluded the public from attending the meetings.

It appears from these findings that the Battleship Texas Commission has not failed to comply with the provisions of the Open Records Act. However, the Commission has not complied with provisions of the Open Meetings Act.

Criterion 11

The impact in terms of federal intervention of loss of federal funds if the agency is abolished.

The review under this criterion included determination of the federal requirements under which the agency operates and the federal funds it receives. After agency files were reviewed and Commission personnel interviewed, the U.S. Navy, Naval Historical Center, and Texas Historical Commission were consulted. The Battleship Texas Commission is subject to federal regulation in two ways. First, the State is under obligation to the U.S. Navy to maintain the ship according to standards established by the U.S. Navy. Second, the Battleship Texas Commission has received preliminary approval for a federal grant to assist in replacement of the ship's deck.

The Certificate of Agreement between the State of Texas and the U.S. Navy requires that the State maintain the ship according to specifications of the U.S. Navy. Annual inspections are conducted by Navy personnel and reports are made concerning the condition of the ship. The major area of concern in these inspection reports is safety. The recommendations are primarily concerned with improving the personal safety of persons touring the ship and do not generally involve substantial expenditures. Overall evaluations have been favorable concerning the operation and maintenance of the vessel.

If the Battleship Texas Commission were to be unable to maintain an acceptable level of preservation of the ship, the Navy has authority to reclaim the ship and dispose of it or make other arrangements for its preservation. There is no evidence that the Navy has ever exercised this authority. According to officials of the Naval Historical Center, however, a ship was returned to the Navy's jurisdiction

by a private recipient voluntarily. In this case, the Navy sold the ship for scrap.

The requirements regarding maintenance of the ship do not mandate a particular organizational structure to perform the function. Therefore, there would be no federal intervention indicated if the ship were maintained through another organizational structure. If the state did not provide in some manner for the upkeep of the ship, the U.S. Navy could take action to reclaim the ship.

The Battleship Texas is eligible for federal grants because it is listed in the National Register of Historic Places. These grants are administered through the Texas Historical Commission. The Battleship Texas Commission has applied for \$220,000 in matching grants to fund three major repair projects. The Historical Commission has approved a grant for \$30,000 to replace some of the ship's wood decking. This is to be matched by at least \$32,000 in Battleship Texas Commission funds. These federal funds should become available later this year after a review and comment period and approval by the National Park Service.

Under provisions of the grant, the Battleship Texas Commission must comply with the rules and regulations of the U.S. Equal Employment Opportunity Commission. The agency must also comply all reporting requirements of the National Park Service and National Register regarding plans and use of the funds.

Although federal monies cannot be guaranteed to a recipient from year to year under this type of program, the Battleship's designation as a National Historical Landmark lends an added priority to consideration of the requests for funds to repair the Battleship.

Summary

The Battleship Texas Commission has two types of responsibility to the federal government. However, these responsibilities could be carried out under other organizational structures without jeopardizing federal funds or creating conflicts with the U.S. Navy regarding maintenance of the ship.

CONCLUSIONS

The Battleship Texas is the oldest battleship in the United States and the only American-built Battleship of its kind in existence. When the Battleship Texas was ready for retirement from the U.S. Navy fleet, the State of Texas accepted the responsibility for preserving her namesake ship as a memorial and museum. The preservation of historical landmarks is considered an appropriate function of state government and many such activities are presently financed by the state government. The Battleship Texas was berthed near the San Jacinto Battleground in 1948. Since that time the Battleship Texas Commission has been responsible for the preservation and operations of the ship. These operations have been financed primarily from admission fees and ship store sales. The ship has been operated as a museum and open to the public daily since April 21, 1948.

Deterioration of the ship is a serious problem which requires constant attention. In order to reduce the corrosion caused by waves splashing against the sides, a bulkhead was constructed in 1955 through funds derived by use of the Commission's revenue bonding authority. Repair and preservation efforts in addition to the bulkhead construction were minimal between 1947 and 1971. In 1971, the Department of the Navy inspected the ship and found the ship to be in a seriously deteriorated condition. The Battleship Texas Commission initiated efforts at that time to repair the ship. The first project was to sandblast and paint the hull. A major project is presently underway to replace the wooden decking in the aircastle section of the main deck. Two other repair projects have been identified by the Commission as a result of the 1971 Navy inspection report; however, these projects have not yet been undertaken.

The span of time between acquisition of the ship and initial sustained major maintenance efforts, coupled with the relatively low level of funding that has been

applied to this purpose, raises serious doubts as to whether the objective of preservation can be accomplished.

If the legislature determines that the function of preservation of the ship, currently performed through the Battleship Texas Commission, should continue, organizational and operational changes outlined below could be made to strengthen the achievement of the objective of preserving the Battleship Texas:

THE BATTLESHIP TEXAS COMMISSION COULD BE ABOLISHED AND THE RESPONSIBILITY FOR PRESERVATION OF THE BATTLESHIP TEXAS COULD BE TRANSFERRED TO ANOTHER STATE AGENCY. THE PRESERVATION OF THE BATTLESHIP COULD CONTINUE TO BE FINANCED PRIMARILY THROUGH ADMISSION FEES.

Two state agencies which could perform the functions of the Battleship Texas Commission are the Texas Historical Commission and the Parks and Wildlife Department. The Texas Historical Commission presently has responsibilities associated with preservation of historical artifacts and sites. The Historical Commission appears to be successfully operating the Sam Rayburn House. The Historical Commission also is designated as the agency responsible for administration of the National Historic Preservation Act of 1966. This involves administration of federal grants for preservation of properties listed in the National Register of Historic Places and general responsibilities concerning planning for preservation of sites and landmarks of significance to the state and nation. The Battleship Texas is listed in the National Register and has been designated as a National Historical Landmark, giving it priority in competition for federal grant funds.

The Parks and Wildlife Department presently operates the San Jacinto Battleground State Historic Park adjacent to the Battleship. The functions of administering the day-to-day activities of the Battleship could be assumed by the Parks and Wildlife Department under the mechanism presently established for administration of the State Park. The Parks and Wildlife Department also has continuing responsibility for preserving such historic sites as forts and for operating museums. Restoration efforts of the Parks and Wildlife Department have ranged from adobe houses to restoration of Fort McKavett, a project which will span fifteen years.

Under either of these options, the present Battleship Texas Commission could be reconstituted as an advisory committee which could continue to assist in promotional and ceremonial activities and in the solicitation of donations. Personnel involved in the day-to-day operations of the Battleship would be Historical Commission employees and the operations would be subject to all the policies and requirements of state agencies. Funding for the preservation effort could continue to come from admission fees and ship store sales, supplemented by grants and donations.

In addition to the benefits of providing a more complete organizational form, inclusion under the general state accounting and management processes would require: 1) that bookkeeping procedures be strengthened; 2) that reimbursements be made for automobile operating expenses on the basis of documentation of mileage, and 3) that records and policies concerning employee sick leave and vacations would conform to policies established by the legislature. Compliance with general statutes pertaining to open meetings and open records, ethics, and equal employment opportunities could be more readily monitored.

Regardless of whether the Battleship Texas Commission is merged with another agency, other operational changes should be continued if the functions of the agency are to be continued:

A PLAN SHOULD BE DEVELOPED, WHEREBY MAJOR REPAIRS AND RESTORATIONS MAY BE SCHEDULED AND ACCOMPLISHED

Major repairs are presently needed. The plan should be developed in such a manner that projected revenues and expenditures are taken into account and no funds would be allowed to accumulate over the statutory limit. The plan should also address measures by which revenues could be maximized and expenditures for administration could be held as low as practicable. The statutory limit should be maintained as an incentive for careful planning and utilization of resources.

ATTEMPTS SHOULD BE MADE TO MAXIMIZE ADMISSION REVENUES THROUGH INCREASED PROMOTIONAL ACTIVITIES AND APPROPRIATE FEE SCHEDULES

Since a major portion of the revenues utilized by the Commission are derived from admission fees, the Commission's success in preserving the ship depends heavily on its ability to maximize admission revenues.

Two factors are involved in maximizing admission revenues: the number of people who pay admission fees and the fee level. Promotion plays a vital role in influencing the number of people who pay admission fees. If this component of the Commission's activities could be further developed it is likely that revenues could be significantly increased. Furthermore, the fee level appears to have some influence upon the total number of people touring the ship.

Although the Commission has been involved in promotional activities in recent years, it appears that some additional funds could be devoted to use of billboards both to provide directions to the ship and to advertise the ship state-wide. Any fee schedule changes should be evaluated in terms of the impact on the number of people who would pay the fees and hence the impact on total admission revenues.

STRENGTHENED ACCOUNTING MECHANISMS SHOULD BE INSTITUTED TO PROVIDE FOR COMPLETE ACCOUNTABILITY FOR ADMISSION REVENUES.

The present procedure for ticket sales is such that there is no control to require that a ticket actually be issued each time an admission fee is paid. Therefore the accountability based on ticket numbers is inadequate.

PROCEDURES SHOULD BE INSTITUTED FOR MAKING CASH DEPOSITS MORE FREQUENTLY IN ORDER TO TAKE ADVANTAGE OF INVESTMENT OPPORTUNITIES AND TO PROVIDE PROTECTION AGAINST THEFT OR BURGLARY.

The present procedure involves storing cash at the ship and making weekly bank deposits. When significant amounts of cash are held, interest on those funds is foregone and the possibility of theft is increased.