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DEPARTMENT of NATURAL RESOURCES

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1987-89 BIENNIAL BUDGET
BASE LEVEL REVIEW

REVISION

DOUGLAS LODGE

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INTRODUCTION

The Douglas Lodge complex for purposes of this document consists of three major operational components, (food service), (lodging), and (souvenir sales), which will be considered both separately and combined. It is located within Itasca State Park, Lake Itasca, Minnesota, and consists of a 172-seat restaurant, a snack bar (Brower Inn), a 18-room motel (Nicollet Court), a 10-room club house, 23 cabins (including the campground cabins and the Squaw Lake cabin), and two gift shops (Forest Inn and Mississippi Headwaters). The map in Appendix 2 identifies the specific buildings making up the complex. These buildings are located throughout Itasca State Park and are intermingled with other park facilities and activities.

The complex also offers meeting rooms for its guests in the main lodge building so that small conferences can be accommodated. The complex is open for public use from Memorial Day weekend through mid-October. Douglas Lodge is currently operated by the Minnesota Department of Natural Resources, Division of Parks and Recreation. The complex has an annual operating budget of approximately \$754,000 and employs a seasonal staff of 58 people. During the 1986 season, this food, lodging and souvenir operation generated \$726,000 in revenue, a net loss of \$28,000.

The 1985 completion of a major renovation project of the main lodge building, funded by the Legislative Commission on Minnesota Resources (LCMR) through the state park development program, has generated considerable interest in the economic feasibility of continued state operation of the Douglas Lodge complex. This analysis is intended to explore operating alternatives for the future of the complex.

PROGRAM DESCRIPTION

The buildings that comprise the Douglas Lodge complex have a long history and have become an important part of Itasca State Park. Itasca State Park was established as Minnesota's first state park in 1891 because of the Legislature's desire to protect and preserve the area surrounding the Headwaters of the

Mississippi River. Between 1891 and 1900, several acres of land were acquired by the state within the original statutory boundaries of the park.

In 1901, the State Legislature, acting on a proposal by Attorney General Wallace B. Douglas, expanded the original park boundaries and authorized the sale of several acres of dead and down timber located within the park. The proceeds from these timber sales were to be deposited in the Itasca Park fund and to be used for the construction of a state house at Itasca. In 1903, the Legislature appropriated monies supplementing this fund for the construction of the proposed state house on the shores of Lake Itasca. In 1904, a contract was issued for construction of the state house that would eventually be named after its chief supporter, Attorney General Douglas. This facility was built from timber found within the park and was completed in 1905. This building, which is listed on the National Register of Historic Buildings, was the first building of what would become the Douglas Lodge complex.

Between 1905 and the end of the 1930's, several major construction projects were completed that expanded the size of the lodge complex considerably. In 1909, funds were appropriated to build four cabins adjacent to the lodge to accommodate an increasing number of tourists. The original Forest Inn was built in 1919. Nicollet Court, a 18-room motel, was built in the 1920's. Two additions to the original lodge structure and several employees' cabins were also constructed during this period. The Civilian Conservation Corps reconstructed Forest Inn during the late 1930's. This stone and log structure is much larger than the original building. Brower Inn, named after Itasca's first park commissioner, was constructed in 1963. This structure now serves as a snack bar and natural history center.

In addition to the importance of these structures to Itasca's history, the state has a substantial capital investment in the buildings. Although the initial construction costs were relatively low, several hundred thousand dollars have been invested in major capital improvement projects in the last two-three years. A \$500,000 rehabilitation of the Douglas Lodge restaurant was completed during 1984-1985. This project rebuilt the log kitchen, expanded the dining area, modernized the toilets, added conference rooms in the basement of the lodge and constructed a deck adjacent to the lodge's coffee shop that provides

an outdoor eating area with a view of Lake Itasca. Forest Inn was renovated during 1985-1986. In addition to the \$35,000 that the Division of Parks and Recreation invested in this project, Federal Great River Road and Minnesota Department of Transportation funds, totalling \$50,000, were contributed to the project which remodeled the building's interior. A \$15,000 water system for Douglas Lodge and a \$25,000 sewer system for the Headwaters building were installed during this same period. The Division also plans to complete a \$20,000 rehabilitation of the exterior of Nicollet Court aimed at making necessary safety repairs during the current biennium.

Since its construction, several different methods have been used to manage the Douglas Lodge complex. From 1904-1914, the Itasca State Park superintendents managed the lodge and were allowed to retain any profits made by the facility for their personal use. From 1914-1943, the lodge was leased to private parties. During this period of private leasing, the state received complaints regarding leasee impropriety and favoritism. Itasca State Park was also controlled by the Division of Forestry until the Division of Parks and Recreation was created in 1935. The complaints and the change in park management caused the Division of Parks and Recreation to assume direct management of the lodge complex in 1943. Since 1943, the lodge has been under state management.

Currently, the lodge is operated by the Department of Natural Resources, Division of Parks and Recreation. Until the 1985 season, the restaurant/hotel portion of the lodge and Brower Inn were managed by a seasonal state employee under the direct supervision of the Itasca State Park Manager who was responsible for daily supervision of the seasonal staff, scheduling, ordering of supplies, and bookkeeping. A second seasonal employee was responsible for supervision of the gift shop operations at Forest Inn and the Headwaters under the direct supervision of the lodge manager.

Following completion of the restaurant rehabilitation, a professional restaurant management consultant was retained for the 1985 season to assist in retraining the kitchen staff on restaurant operations, redesigning the menu, evaluating the price structure for meals, developing methods of marketing the restaurant, providing advise on how the operation could become more efficient,

and developing recommendations for the future of the lodge's operation. During the 1986 season, this same consultant was contracted with to provide day-to-day management of the restaurant operation. In both years, the complex was staffed with the existing Douglas Lodge labor force and supervision of the lodging and souvenir operation was accomplished by the state employed lodge manager.

POLICY OBJECTIVES

The Douglas Lodge complex was built to provide patrons with a quality dining/lodging experience that supplemented their visit to Itasca State Park. The state's general management philosophy for the facility has traditionally been predicated on the assumption that profit should not be a major factor in making management decisions governing the lodge's operation. The major exception to this approach is the souvenir sales operation which is intended to be a profit making venture. In recent years this attitude has been changing because of the state's changing financial status and the impact that operating the lodge has had on other state park budgets. As a response to this changing climate, interest in reducing the subsidized portion of the operation has increased.

The losses incurred by Douglas Lodge have had serious impacts on the budgets allocated to the other state parks in Minnesota. As the losses from the lodge have increased, there has been a corresponding decrease in funds made available to other state parks. These parks have had seasonal staff hours decreased, supplies and expenses budgets reduced and necessary maintenance projects postponed or not completed. The end result is that a significant financial drain on the entire state park system has developed.

Since 1985, the Division of Parks and Recreation has been seriously exploring alternative management methods that can be used to minimally make the Douglas Lodge operation as close to self-sufficient as possible. Figures 1, 2, 3 provide profit/loss statements (excluding indirect costs and depreciation) by category (food, lodging and souvenirs) for the 1984-1986 seasons. Projected profit/losses based on continuing the operation as it was managed during the 1986 season are also provided for the 1987 season.

PROFIT/LOSS FOR DOUGLAS LODGE FOOD SERVICE
(Does not include indirect costs or depreciation)

FIGURE 1
(November, 1986)

REVENUE/OPERATIONAL COST ITEMS	1984	1985	1986	ALTERNATIVE #1 PROJECTED 1987
Gross Sales	173,600	246,729	273,167	275,000
Cost of Goods	69,500	73,636	92,671	93,000
Labor	153,500	204,898	174,516	165,000
Expenses	20,000	20,951	26,265	27,000
Unemployment	30,350	36,000	37,000	34,000
GROSS PROFIT	(99,650)	(88,756)	(57,285)	(44,000)
Mgmt Consultant/ Food Service Mgr.		15,000	24,000	20,000
New Cost to Improve Service				15,000
NET PROFIT	(99,650)	(103,756)	(81,285)	(79,000)

Add labor to improve service in 1987. Staff in 1986 were cut to the minimum to save costs, creating a number of situations of poor service.

PROFIT/LOSS FOR DOUGLAS LODGE LODGING
 (Does not include indirect costs or depreciation)

FIGURE 2
 (November, 1986)

REVENUE/OPERATIONAL COST ITEMS	1984	1985	1986	ALTERNATIVE #1 PROJECTED 1987
Gross Sales	135,600	177,663	194,991	195,000
Cost of Goods	N/A	N/A	N/A	N/A
Labor	96,800	125,941	121,378	105,000
Expenses	15,800	21,986	22,780	23,000
Unemployment	21,900	21,900	26,000	23,000
NET PROFIT	1,100	7,836	24,833	44,000

PROFIT/LOSS FOR DOUGLAS LODGE SOUVENIRS
 (Does not include indirect costs or depreciation)

FIGURE 3
 (November, 1986)

REVENUE/OPERATIONAL COST ITEMS	1984	1985	1986	ALTERNATIVE #1 PROJECTED 1987
Gross Sales	224,600	216,382	257,897	260,000
Cost of Goods	113,500	84,504	115,209	115,000
Labor	80,700	96,929	92,903	95,000
Expenses	1,450	2,644	3,376	3,400
Unemployment	22,850	22,850	18,000	19,000
NET PROFIT	5,500	9,455	28,409	27,600

These combined profit loss statements indicate that all three operational segments of the complex showed a (loss of \$28,043) for the 1986 season. Although this loss is significantly lower than in previous seasons, the loss continues a historical trend. The primary reason for the loss to the state is the high cost of labor. In 1985, 83% of the gross food service sales were paid out in labor costs. The normal percentage of gross sales paid in wages to private sector restaurant workers is 35%. In 1985, the average base wage rate for the lodge's food service staff was approximately \$8.50 per hour, plus fringe. The fact that most of the food service staff has a great deal of seniority places most of the workers near the higher end of this average scale. By comparison, the 1985 average wage for private sector food service workers represented by the Minneapolis/St. Paul Restaurant Union contract was \$5.57-\$5.82 per hour, plus fringe.

This disparity between public and private sector wage scales has traditionally been rationalized in part because state law prevents state employees from accepting tips. The higher wage scale for Douglas Lodge food service employees was also caused by the State Civil Service classifications that were assigned to the positions held by the 1985 staff. Most of the kitchen/dining room staff were classified as "Parks Worker" by the state. Employees in the Parks Worker classification have been among the employees whose wages have been increased as a result of the state's comparable worth legislation. In most other operations, this wage increase for Parks Workers has not caused the serious problems to the division that have been experienced at Douglas Lodge. The lodge is unique because of its status unique function as a restaurant/lodging service. The effect of increasing wages in any restaurant/lodging business is noticeable because this business is so labor intensive.

The lodge's labor costs have also been escalated by the scheduling restraints placed on lodge management staff by the state's labor union contracts. Employees who work on a holiday are paid at a rate of 1.5 times their normal salary plus given an alternate holiday. Holidays are among the busiest business days for the state parks operation and require full staffing. Time-and-a-half is also paid for any hours worked in excess of 40 hours a week. A shift differential of \$.35 per hour is also applied to any employee's hourly

rate for the entire shift if the shift begins before 6:00 a.m. or ends after 7:00 p.m. Since the lodge offers a full menu for breakfast, lunch and dinner, most of the employees work shifts qualify them for this shift differential. The contract also requires that employee work schedules be posted at least 14 calendar days prior to the effective date of the schedule. The industry standard for posted work schedules is seven days. This does not allow the state to have the flexibility to adjust work schedules to correspond to business flow. These contract obligations impose constraints on the state that are not felt by private industry. It becomes difficult to operate a profitable food service venture when there is such limited scheduling flexibility.

The state also pays unemployment insurance for most of the Douglas Lodge staff. The 1985 staff was paid unemployment compensation that averaged 25% of the salary earned. This is a cost borne by the state at a time of the year when the lodge is closed so that there is no income from the lodge to offset it. Likewise, the union contract allows employees to be paid in cash for any vacation hours earned during their working season at the end of the season. In 1985, this vacation payoff amounted to \$15,000 for the lodge staff.

An effort was made by the Division of Parks and Recreation, following the 1985 season, to implement changes that would reduce the labor costs associated with operating the complex. The state held several meetings with the union leadership to seek an exemption for Douglas Lodge employees from the scheduling clauses of the contract. These sessions did not produce the desired results.

The state did, however, with assistance from AFSCME, make several adjustments in Civil Service Classifications to make the classifications for seasonal Douglas Lodge food/maid service employees more comparable to private industry. Some of these classification changes were effective during the 1986 season and some of these changes will be effective for the 1987 season. A new civil service class, (Douglas Lodge Worker) with a wage range of \$5.64 to \$5.76 per hour, was created. With this change, the average base wage rate for 1986 for all state food service employees was reduced from over \$9.00 per hour to approximately \$7.50 per hour, compared to \$5.82 in the private sector in the metro area. Employees in this new classification will provide waitress, maid and kitchen maintenance services to the facility only. Additionally, nearly all positions were changed from full-time seasonal to part-time seasonal to increase

the state's scheduling flexibility and ultimately reduce labor costs. The end result is that the food service labor costs went from \$204,898 for the 1985 season to \$174,516 for the 1986 season. This reduced labor cost has a direct impact on the lodge's profit/loss margin. These changes, made by the state, reduced the food service loss from (\$103,756) in 1985 to (\$81,285) in 1986, projected to be (\$79,000) in 1987. Figures 1, 2, 3 indicate projected labor costs for the 1987 season.

In addition to these contract restrictions, the state's civil service procedures for hiring employees makes it difficult to hire staff quickly. Unfortunately, the restaurant business is such that management needs to be able to hire people when they are needed. Should a worker suddenly quit in any restaurant operation, a new person needs to be hired as soon as possible to avoid customer complaints because of a loss in service. Although the Douglas Lodge workers are hired through the state's cooperative placement program, there are so many restrictions dictating who is qualified to be placed under this program that long and frustrating hiring delays result.

The second major reason for the state's loss at Douglas Lodge is the limited operating season. The lodge is open for business from Memorial Day through mid-October. Expanding this season is not feasible because of the substantial capital investment that would have to be made to winterize the buildings. In addition, the facilities would require additional staffing and operating funds for supplies, heat, snow-plowing etc. that are currently not available from the Parks and Recreation budget.

A third reason for the state's loss at Douglas Lodge is that resources have historically not been available to market the facility. The 1985 season was, however, the beginning of an effort to enhance the lodge's marketing program. Several advertisements were placed in local newspapers and a grand re-opening special was offered following the dedication of the restored lodge. These efforts have increased the number of local residents who regularly patronize the facility.

ANALYSIS

Since 1985, the Division of Parks and Recreation has explored various alternatives to continued state operation of the Douglas Lodge facility. At this point in time, there seems to be three alternatives that the state can follow:

- 1) Continue operating the complex under state management.
- 2) Offer a concession agreement for all or part of the operation to a private concessionaire for management of the complex.
- 3) Continue managing the facility as a state operation and contract with a professional management team to operate the facility.

Each of these alternatives has advantages and disadvantages that warrant exploration. A fundamental question relative to the lodge's future is what operating motive should be followed for the facility; should the state operate the lodge for public service, profit or self-sufficiency. M.S. 85.011 defines the mission of the state park system as follows:

"The legislature of this State has provided for the creation and establishment of State Parks, monuments, reserves and waysides for the purpose of conserving the scenery, natural and historic objects and wildlife and to provide for the enjoyment of the same in such manner and by such means as will leave them unimpaired for the enjoyment of future generations."

In keeping with this mission, one of the critical elements of the division's operating philosophy has been to provide good public service to the state park visitors. Operating state park facilities for a profit is not necessarily consistent with the public service motive. The Douglas Lodge complex has historically been viewed in the same manner as any other facility in the system. Since its construction, the primary purpose of the lodge has been to provide service to the public.

In recent years, however, the state's financial status, the rising cost of labor at the lodge, and the budgetary impacts on other state parks of the lodge's losses have caused the division to seriously consider methods of operating Douglas Lodge that would make the lodge as close to self-sufficient as possible and continue the same level of service to the public. The same analysis could be applied to any other park operation which may be feasible for concessioning out, if necessary, to save state park operating funds.

ALTERNATIVE 1 - CONTINUED OPERATION UNDER STATE MANAGEMENT:

The major advantage of continued operation of the facility under state management is that the state would retain direct control of the operation. The Division of Parks and Recreation would have direct control of the menu, staff, operating hours, and the level of service provided to the public. The state would also control the merchandise sold and prices charged in Itasca's gift shops. This is a benefit because the state can respond more directly to public desires if the state does not have to work through a private individual. Although controls can be written into any contract/concession agreement with a private concern, such an agreement would create an additional problem for the state of managing the agreement. The disadvantage of retaining direct control is that the state would have to continue to deal with the labor costs, contract restrictions and personnel restrictions described above.

The division is also making a concerted effort to provide statewide guidelines and consistency in the items sold through its gift shops. It will be much more difficult to accomplish this goal if a private concern has control of Itasca's gift shop. A planned marketing program for food service, lodging and souvenir sales could also be developed under state control of the operation that interlocks with the overall marketing plan for Itasca State Park. The profit margin of the complex may slightly increase if additional sales volumes are realized as a result of the marketing effort and if labor costs are reduced.

Douglas Lodge is also an integral part of the Itasca State Park operation and as such it is difficult to separate the lodge from the rest of the park for management purposes. The service that the public receives when they visit the Lodge has a direct impact on the park's national reputation as a quality park facility. Many of the 500,000 annual visitors to the park are from out-of-state and are repeat visitors. The division has undertaken a statewide marketing effort in the last two years that has as one of its goals an increase in the number of repeat visitors to the park system. This marketing effort is also aimed at increasing visitor interest in experiencing as many parks in the system

as possible. It is important to the division that the reputation Itasca has earned is not damaged by poor service at the lodge.

The state should show an additional decrease in the loss from the lodge next season if the operation is continued under state management. The significant reduction in labor costs during the 1986 season will be improved again at the beginning of the 1987 season because the maid service classification change will be effective and because the food service classification change that occurred this season was not effective until June 1, 1986. In addition, there should be a decrease in unemployment costs because the base salaries for employees will be reduced as a result of the classification changes.

The primary disadvantage of this alternative is still the high costs of labor and the constraints imposed by the state's personnel system. This cost could be significantly reduced if a private corporation were responsible for staffing the facility through a concession agreement. The lodge will never reach its profit making potential as a state managed operation unless significant reductions are made in labor costs.

The lodge's short operating season is also a major disadvantage of continued state management of the facility. Four-and-one-half months is not sufficient time to generate a comfortable profit margin. The consultant hired in 1985, and in 1986 has recommended that the division hire, as state employees, a full-time Food Service Supervisor experienced in restaurant management to operate Douglas Lodge if the state retains management. It is going to be difficult to find a qualified person who is willing to work only six months a year at a reasonable cost to the state. Hiring such a person is essential to the continued operation of the facility because of the size of the operation and the other demands that Itasca State Park places on park management staff. Currently, the existing park personnel simply does not have the time to run the lodge effectively. Furthermore, modern food service operations are an extremely specialized field, requiring highly skilled professional management and up-to-date ongoing training. It will be extremely difficult in the future, as current state managers retire, to find qualified people in state service.

Hiring an additional state employee would increase the already high labor costs for the lodge by about \$15,000-\$20,000 a year. Hiring an essential additional state employee would be equal or nearly equal to hiring a professional or company to provide management services. Consultant costs are slightly higher than a new state position.

The state law preventing waitresses from receiving tips is also a disadvantage under this option. This is a morale issue among Douglas Lodge employees particularly since their salaries have been reduced. Should the law be changed to allow tipping, the state could consider an additional reduction in salary. The non-tipping law also causes confusion among the public who are accustomed to leaving tips in restaurants as a payment for good service. A tipping exemption could substantially increase incentive to provide the best service to the public.

ALTERNATIVE 2 - CONTRACT WITH A PRIVATE CONCESSIONAIRE:

This alternative has three separate combinations and potentials for leasing:

1. Food service only: where the state lost (\$81,285) in 1986 and is anticipated to lose (\$79,000) in 1987. Under a concession, the state would not recoup all of these losses and could still lose approximately (\$6,250). Appendix 1A.
2. Food service and lodging combined: where the state lost (\$56,452) in 1986 and anticipates a loss of (\$35,000) in 1987. A concession could profit the state by +\$13,250 over and above the loss. Appendix 1B.
3. Food service, lodging and souvenirs: when combined, the state lost (\$28,043) in 1986, and potentially will lose (\$7,400) in 1987. A concession should eliminate the combined loss plus profit the state by approximately \$52,250. Appendix 1C.

The labor cost difference between state operation and private operation is approximately \$70,000 per year in food service alone, plus \$36,000 in lodging

and \$51,000 in souvenir operations, totaling \$157,000, severely impacting state profit, plus park budgets and service.

The primary advantage of this alternative is that the state would not have to bear the high labor costs associated with operating the lodge. The day-to-day operational and personnel concerns would also be shifted to the concessionaire. The concessionaire's management team would be responsible for scheduling, ordering of supplies, hiring, and daily supervision of the staff. It is also possible that a concessionaire may provide service to the public that is equal or better than that provided by the state. There are a number of highly professional food service companies in the business who must rely on both quality of food and good service to remain in business.

Figures 4, 5, and 6 indicate the 1987 projected profit/loss for continued state operation vs. private concession operation of each of the three major categories: food service, lodging and souvenirs.

Alternative #2 would return an estimated \$52,250 a year to the state based on the projections in figures 4, 5, and 6. This is \$59,650 greater than the return to the state if the complex was operated as a state facility. Included in the calculation of the state's return, is an estimated cost of \$20,000 to hire a consultant/food service supervisor to monitor the concession agreement on the state's behalf. A professionally trained restaurant/hotel management consultant would be needed because an increase in size and complexity of the Douglas Lodge operation in recent years has created a business operation that requires a particular area of management training and expertise that our existing park staff does not possess. It is particularly necessary to have this professional expertise available to the state in monitoring a concession agreement as important as one for Douglas Lodge would be.

The return from the lodge would be redistributed in the state park system to restore budget reductions that have been made in the state's smaller park budgets in recent years to fund the lodge's losses.

A second advantage of this alternative is that the concession agreement could be written such that the concessionaire could be made responsible for

maintaining an annual improvement fund for the complex. This fund would allow the state to reduce its financial obligation for funding the costs associated with items such as equipment, linen and furniture replacement.

An additional advantage of this alternative is that a concessionaire may have greater advertising/marketing resources available than the state has to increase the marketing effort for the facility. Such an increase would cause an increase in use, a larger profit for the concessionaire and subsequently a greater return to the state from all facilities in the park.

The primary disadvantage of this alternative is that the state's direct control of the day-to-day operation of the lodge complex would be reduced. The park's reputation could also be adversely affected should a poor concessionaire be brought into the facility. The friendly and unique homestyle atmosphere of the lodge could be reduced and public service could be adversely effected.

The limited operating season may also reduce the number of eligible concessionaires who have the appropriate amount of restaurant experience and the necessary commitment to operating the lodge at the level of service that the state has traditionally provided to its Douglas Lodge patrons.

In addition, 58 seasonal employees, many of whom are long term employees, could lose their jobs with Parks and Recreation if a concessionaire was hired for the facility. Many of these employees would probably be rehired by the concessionaire to continue working at Douglas Lodge. However, they would undoubtedly be paid at a lower rate than they are as state employees. The state would enter into discussions with the appropriate labor unions prior to signing a concession agreement in an attempt to ensure that as many of the current employees as possible would be retained by the concessionaire if this alternative is selected.

While the profit motive could create some problems from some agencies, there are a number of professional companies in the business nationwide who must provide quality service and food in order to maintain business at a profit over a number of years.

PROJECTED 1987 PROFIT/LOSS
STATE OPERATION VS. PRIVATE CONCESSION

FOOD SERVICE

(Does not include indirect costs or depreciation)

FIGURE 4

REVENUE/OPERATIONAL COSTS ITEMS	ALTERNATIVE #1 PROJECTED STATE OPERATION	ALTERNATIVE #2 PROJECTED CONCESSION OPERATION
Gross Sales	275,000	275,000
Cost of Goods	93,000	93,000
Labor	165,000	96,250*
Expenses	27,000	27,000
Unemployment	34,000	Unknown
GROSS PROFIT	(44,000)	58,750
Concessionaire Payment to State 5% of Gross Sales		13,750
Net Profit to Concessionaire		45,000
Food Service Consultant Paid By State	20,000	20,000
New Cost To Improve Service	15,000	
NET PROFIT TO STATE	(79,000)	(6,250)

*Based on 35% of gross sales

PROJECTED 1987 PROFIT/LOSS
STATE OPERATION VS. PRIVATE CONCESSION

LODGING

(Does not include indirect costs or depreciation)

FIGURE 5

REVENUE/OPERATIONAL COSTS ITEMS	ALTERNATIVE #1 PROJECTED STATE OPERATION	ALTERNATIVE #2 PROJECTED CONCESSION OPERATION
Gross Sales	195,000	195,000
Cost of Goods	N/A	N/A
Labor	105,000	68,500*
Expenses	23,000	23,000
Unemployment	23,000	Unknown
GROSS PROFIT	44,000	103,500
Concessionaire Payment to State 10% of Gross Sales		19,500
Net Profit to Concessionaire		84,000
NET PROFIT TO STATE	44,000	19,500

*Based on \$5.82 per hour salary.

PROJECTED 1987 PROFIT/LOSS
STATE OPERATION VS. PRIVATE CONCESSION

SOUVENIRS

(Does not include indirect costs or depreciation)

FIGURE 6

REVENUE/OPERATIONAL COSTS ITEMS	ALTERNATIVE #1	ALTERNATIVE #2
	PROJECTED STATE OPERATION	PROJECTED CONCESSION OPERATION
Gross Sales	260,000	260,000
Cost of Goods	115,000	115,000
Labor	95,000	43,600*
Expenses	3,400	3,400
Unemployment	19,000	Unknown
GROSS PROFIT	27,600	98,000
Concessionaire Payment to State 15% of Gross Sales		39,000
Net Profit to Concessionaire		59,000
NET PROFIT TO STATE	27,600	39,000

*Based on \$5.82 per hour salary.

ALTERNATIVE 3 - RETAIN STATE MANAGEMENT AND CONTRACT WITH A PRIVATE CONSULTANT FOR MANAGEMENT:

This alternative, for the future management of Douglas Lodge, would involve continued management of the complex as a state facility and a contract with a consultant to provide a management team responsible for overseeing the day-to-day operation of the lodge. An approach similar to this alternative was tried for the 1986 season except the consultant was unable to provide full-time management and the consultant's responsibilities were limited to the food service operation. Experience has taught the Division of Parks and Recreation that this alternative requires the services of a full-time manager and professional consultation from an individual experienced in food service/hotel management to be workable. Under this alternative, the existing staff would be retained protecting their seniority and long time service to the state.

Figures 7, 8 and 9 indicate the 1987 projected profit/loss for continued state operation vs. operation under this alternative of each of the three major categories: food service, lodging and souvenirs.

Combined, these profit/loss statements indicate that the state would absorb a loss of (\$7,400) per year on the complex under either alternative.

The primary advantage to this proposal is that the state would retain direct control of the operation and the facility would be managed by a professionally trained and experienced manager. The manager would be responsible for the day-to-day operation of the facility to include scheduling, ordering supplies and daily supervision of the staff.

The primary disadvantage is that the state would continue to be faced with the high labor costs and personnel restrictions that currently exist.

This alternative also has other disadvantages. In order for this alternative to work the rapport that the consultant is able to build with the existing staff is critical. The individual(s) selected must have experience in retail food service/hotel management and excellent human relations skills. The interface between the consultant and park management is critical. The season is

simply too short and the pace of the operation is too hectic for an inexperienced person(s) to assume management responsibility for the facility and have it work properly. Finding such a consultant may prove to be difficult.

This alternative would also require an individual(s) who was willing and able to make a commitment to work full-time at the facility during the summer months. Without the presence of a full-time manager, the routine daily problems associated with managing a restaurant cannot be adequately addressed, a positive and close working relationship with the staff cannot develop, and many of the day-to-day operational decisions required to keep the facility running smoothly revert to park staff.

It may be difficult to find a qualified consultant who is willing to make the necessary time commitment, possesses the appropriate human relations skills and can build a good working relationship with management for an operation that is only open for business for four-and-one-half months a year at a cost that is reasonable for the operation to support.

PROJECTED 1987 PROFIT/LOSS
STATE OPERATION VS. MANAGEMENT WITH A CONSULTANT

FOOD SERVICE

(Does not include indirect costs or depreciation)

FIGURE 7

REVENUE/OPERATIONAL COSTS ITEMS	ALTERNATIVE #1 PROJECTED STATE OPERATION	ALTERNATIVE #3 CONSULTANT MANAGEMENT OPERATION
Gross Sales	275,000	275,000
Cost of Goods	93,000	93,000
Labor	165,000	155,000
Expenses	27,000	27,000
Unemployment	34,000	34,000
GROSS PROFIT	(44,000)	(34,000)
Food Service Supv./Consultant	20,000	30,000
New Cost To Improve Service	15,000	15,000
NET PROFIT TO STATE	(79,000)	(79,000)

PROJECTED 1987 PROFIT/LOSS
STATE OPERATION VS. MANAGEMENT WITH A CONSULTANT

LODGING

(Does not include indirect costs or depreciation)

FIGURE 8

REVENUE/OPERATIONAL COSTS ITEMS	ALTERNATIVE #1	ALTERNATIVE #3
	PROJECTED STATE OPERATION	CONSULTANT MANAGEMENT OPERATION
Gross Sales	195,000	195,000
Cost of Goods	N/A	N/A
Labor	105,000	95,000
Expenses	23,000	23,000
Unemployment	23,000	23,000
GROSS PROFIT	44,000	54,000
Consultant Cost		10,000
NET PROFIT TO STATE	44,000	44,000

PROJECTED 1987 PROFIT/LOSS
STATE OPERATION VS. MANAGEMENT WITH A CONSULTANT

SOUVENIRS

(Does not include indirect costs or depreciation)

FIGURE 9

REVENUE/OPERATIONAL COSTS ITEMS	ALTERNATIVE #1 PROJECTED STATE OPERATION	ALTERNATIVE #3 CONSULTANT MANAGEMENT OPERATION
Gross Sales	260,000	260,000
Cost of Goods	115,000	115,000
Labor	95,000	85,000
Expenses	3,400	3,400
Unemployment	19,000	19,000
GROSS PROFIT	27,600	37,600
Consultant Cost (Est.)		10,000
NET PROFIT TO STATE	27,600	27,600

UNIQUE PROBLEMS:

This complex is the most closely related service to a private business for profit in the state park system. As such, it also has the most potential for applying business principals and practices. Throughout this document, there are several major problems and issues affecting the business and choice of alternatives which are beyond the power of the Department of Natural Resources to resolve. Some of these may require legislation. Decisions in this respect have a profound impact either positive or negative to the other parks in the system, simply because of the scope of the budget affected.

1. Tips to state employees are prohibited by law. In this unique operation, the public normally expects to tip and are confused by the no tipping restriction. Tips would increase service incentive. If the decision is made for the state to continue operating as in the past, a tip exemption should be obtained. It would require legislation and could potentially allow us to further reduce wages for waitresses.
2. Wage rates and benefits are beyond the control of the Department of Natural Resources but profoundly affect the budget. The difference in labor cost between state and private operations (approximately \$157,000) plus unemployment costs (\$76,000) are the two factors most affecting profit and other state park services. These costs cannot be pared in future years, and future park system budget cuts would again affect other services in order to maintain lodge operations at the same level. If the decision is made to continue subsidizing the lodge complex, the cost of that subsidy should be considered for additional funding to alleviate the affect on other statewide services.
3. If it is determined that the complex should be leased under the privatization principal, legislation should be considered to allow Department of Natural Resources to request proposals from interested companies. Current law 1982, Chapter 560, Section 64 requires that the contract is subject to Statutes 16.07. This law excludes requests for proposal and requires preferential employment by the contractor for employees whose state employment is terminated as a result of the contract.

4. Under either state or private operations, a provision to allow for sale of wine as an addition to the dining experience could be considered. This could require legislation for exclusive authorization to allow wine in Douglas Lodge only. This could generate substantial additional income.

CONCLUSION:

Douglas Lodge has a long history and has become an important part of the Itasca State Park operation. Any of the alternatives for the lodge's future must be weighed carefully and in terms of the impact that they will have on the quality of service that the public has become accustomed to from Itasca State Park. The impact that the lodge operation has on Itasca is important and whatever alternative is chosen for future management of the lodge it must be considered in terms of whether or not the alternative is consistent with the overall management direction chosen for the park. The impact must also be carefully weighed to the rest of state park system if subsidizing of these operations is continued.

Fundamental to evaluation of these alternatives is the question of whether or not a state-owned facility should be operated for profit or for public service as the primary motive. The Division of Parks and Recreation's major goals in considering alternative management methods for the lodge are to ensure that state funds are used as efficiently and wisely as possible, and, to reduce the budgetary impacts that the lodge has had on the other parks in the system. All of the alternatives for the lodge's future must be explored with these two goals in mind.

APPENDICES

APPENDIX 1A

ALTERNATIVE COMPARISON CHARTS
FOOD SERVICE

1987 Projected Alternatives

	1986 Actual	Alt. #1 State Operated	Alt. #2 Private Concession	Alt. #3 State Op./ Management
Gross Sales	273,167	275,000	275,000	275,000
Cost of Goods	92,671	93,000	93,000	93,000
Labor Costs	174,516	165,000	96,250	155,000
Miscellaneous Expenses	26,265	27,000	27,000	27,000
Unemployment	37,000	34,000		34,000
Gross Profit	(57,285)	(44,000)	58,750	(34,000)
Concessionaire Payment to State-5%			13,750	
Net Profit to Concessionaire			45,000	
Gross Financial Impact to State	(57,285)	(44,000)	13,750	(34,000)
Management Consultant	24,000	20,000	20,000	30,000
New Cost To Improve Service		15,000		15,000
Net Profit/Loss to State	(81,285)	(79,000)	(6,250)	(79,000)

APPENDIX 1B

ALTERNATIVE COMPARISON CHARTS
FOOD SERVICE AND LODGING

1987 Projected Alternatives

	1986 Actual	Alt. #1 State Operated	Alt. #2 Private Concession	Alt. #3 State Op./ Management
Gross Sales	468,158	470,000	470,000	470,000
Cost of Goods	92,671	93,000	93,000	93,000
Labor Costs	295,894	270,000	164,750	250,000
Miscellaneous Expenses	49,045	50,000	50,000	50,000
Unemployment	63,000	57,000		57,000
Gross Profit	(32,452)		162,250	20,000
Concessionaire Payment to State			33,250	
Net Profit to Concessionaire			129,000	
Gross Financial Impact To State	(32,452)		33,250	20,000
Management Consultant	24,000	20,000	20,000	40,000
New Cost To Improve Service		15,000		15,000
Net Profit/Loss to State	(56,452)	(35,000)	13,250	(35,000)

APPENDIX 1C

ALTERNATIVE COMPARISON CHARTS
FOOD SERVICE, LODGING AND SOUVENIRS

1987 Projected Alternatives

	1986 Actual	Alt. #1 State Operated	Alt. #2 Private Concession	Alt. #3 State Op./ Management
Gross Sales	726,055	730,000	730,000	730,000
Cost of Goods	207,880	208,000	208,000	208,000
Labor Costs	388,797	365,000	208,350	335,000
Miscellaneous Expenses	52,421	53,400	53,400	53,400
Unemployment	81,000	76,000	Unknown	76,000
Gross Profit	(4,043)	27,600	260,250	57,600
Concessionaire Payment to State			72,250	
Net Profit to Concessionaire			188,000	
Gross Financial Impact To State	(4,043)	27,600	72,250	57,600
Management Consultant	24,000	20,000	20,000	50,000
New Cost To Improve Service		15,000		15,000
Net Profit/Loss to State	(28,043)	(7,400)	52,250	(7,400)

APPENDIX 2
ITASCA STATE PARK MAP

Itasca State Park

LEGEND

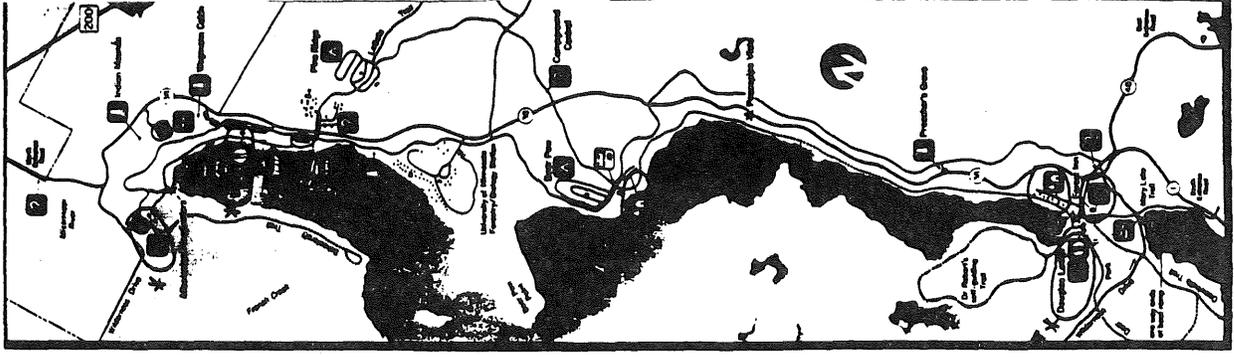
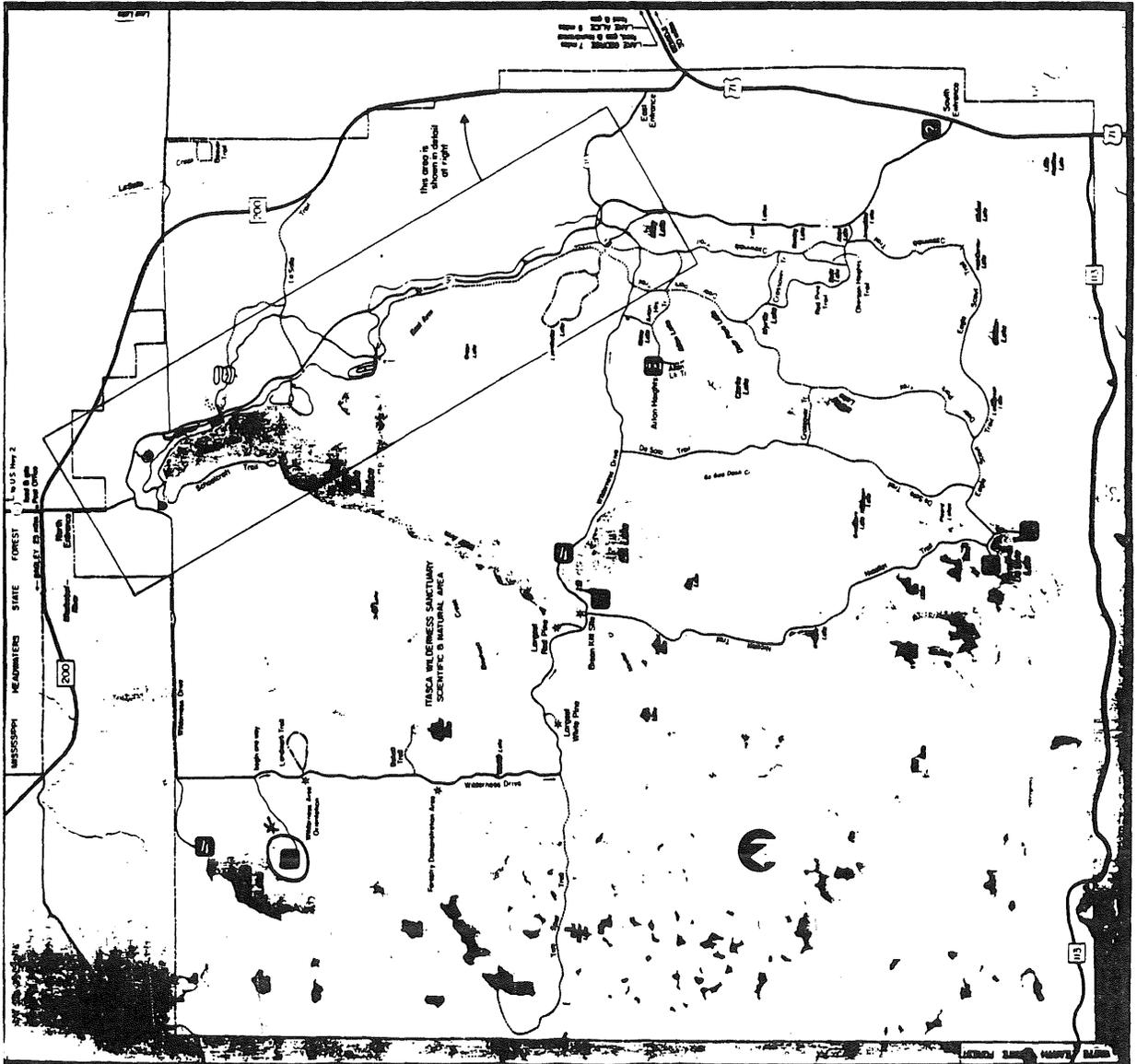
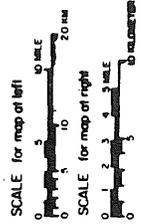
TRAILS

- Hiking
- Interpretive
- Swimming

FACILITIES

- Information
- Picnic Area
- Interpretive Center
- Beach
- Boat Landing
- Historic Site
- Food Service
- Lodge
- Cabins
- Lookout Tower
- Campground
- Primitive Group Camp
- Walk-in Campsite
- Amphitheater
- Trailer Sanitation Station
- * Point of Interest
- # Overlook

PRIVATE PROPERTY
Public Use Prohibited



APPENDIX 3
1987 STAFFING PATTERN

DOUGLAS LODGE COMPLEX 1987
STAFFING PATTERN
(Assuming continued State Operation)

<u>NAME</u>	<u>CLASSIFICATION</u>	<u>BASE SALARY</u>
<u>MANAGER, Douglas Lodge Complex:</u>		
Luschen, Mel	OSS II	\$14.21
<u>FOOD SERVICE</u>		
<u>FOOD SERVICE LEADWORKER/HOSTESS:</u>		
Butler, Lynette	PW	\$ 9.54
Vacant	PW	\$ 9.54
<u>DOUGLAS LODGE KITCHEN:</u>		
Edwards, George	Cook Coord.	\$ 9.54
Harvey, Esther	Cook	\$10.08
Moberg, Linda	Cook	\$ 9.30
Freeman, Ruth	Cook	\$ 9.08
Edelman, Margaret	Cook	\$ 9.80
Hensel, Ted	Cook	\$ 9.30
Westrum, Brenda	Cook	\$ 8.59
Gribble, Irene	FSW	\$ 8.82
Vacant	FSW	
Abraham, Sheryl	DLW	\$ 5.76
Davis, Mary	DLW	\$ 5.76
Raven, Jean	DLW	\$ 5.76
Merschman, Marlys	DLW	\$ 5.76
<u>DOUGLAS LODGE DINING ROOM and COFFEE SHOP:</u>		
Clark, Debra	DLW	\$ 5.76
Notch, Michelle	DLW	\$ 5.76
Anderson, Melissa	DLW	\$ 5.76
Berg, Lennae	DLW	\$ 5.76
Schimmele, Janet	DLW	\$ 5.76
Bakke, Carolyn	DLW	\$ 5.76
Brown, Julie	DLW	\$ 5.76
Birman, Kim	DLW	\$ 5.76
Nielsen, Lisa	DLW	\$ 5.76
Vacant	DLW	\$ 5.76
Vacant	DLW	\$ 5.76

CLASSIFICATION KEY:

- OSS - Office Services Supervisor
- PW - Parks/Worker
- DLW - Douglas Lodge Worker
- FSW - Food Service Worker
- GMW - General Maintenance Worker
- B&G Wkr. - Building and Grounds Worker

<u>NAME</u>	<u>CLASSIFICATION</u>	<u>BASE SALARY</u>
<u>BROWER INN FOOD SERVICE:</u>		
Gilb, Joann	PW	\$ 9.54
Knutson, Donna	DLW	\$ 5.76
Dwight, Jeanette	DLW	\$ 5.76
Qualley, Patti	DLW	\$ 5.76
Mitchell, Cheryl	DLW	\$ 5.76
Morgenstern, Corine	DLW	\$ 5.76
Klemmetsen, Sue	DLW	\$ 5.76
Sauer, Carol	DLW	\$ 5.76

MAID SERVICE

Hooker, Monica	DLW	\$ 5.76
Karam, Marsha	DLW	\$ 5.76
Bessler, Sheryl	DLW	\$ 5.76
Hooker, Teresa	DLW	\$ 5.76
Johnson, Sue	DLW	\$ 5.76
Geller, Lois	DLW	\$ 5.76
Collier/McNeil, Ellen	DLW	\$ 5.76
Miller, Gary	DLW	\$ 5.76
Vacant	DLW	\$ 5.76
Vacant	DLW	\$ 5.76
Vacant	DLW	\$ 5.76

SOUVENIR SHOPS

Fredenberg, Dolores	Sr. Buyer	\$ 9.54
Smalley, Kristi	Clerk II	\$ 8.18
McNamara, Lillian	Clerk II	\$ 9.54
Julin, Shirley	PW	\$ 9.54
Zubke, Shirley	PW	\$ 9.54
Stuefen, Viola	PW	\$ 9.54
Katzenmeyer, Linda	PW	\$ 9.54
Mueller, Linda	PW	\$ 9.54
Miller, Gladys	PW	\$ 9.54
Vacant	PW	\$ 9.54

MAINTENANCE/OFFICE

<u>NAME</u>	<u>CLASSIFICATION</u>	<u>BASE SALARY</u>
<u>DOUGLAS LODGE OFFICE:</u>		
Luschen, Lorraine	Clerk II	\$ 9.54
Wroe, Donna	Clerk II	\$ 9.54
Hanse, Lila	Clerk II	\$ 9.54
<u>DOUGLAS LODGE MAINTENANCE:</u>		
Schultz, Rose	GMW 4 (Laund. Supv.)	\$ 9.50
Forbes, Thomas	B&G Wkr.	\$ 9.08
Edelman, LaDonne	GMW I	\$ 7.47
<u>NORTH END CLEANING/JANITORIAL (for BROWER INN and HEADWATERS)</u>		
Merchman, Leroy	GMW I	\$ 7.30
Vacant	GMW I	\$ 7.30

APPENDIX 4
DOUGLAS LODGE BROCHURE

APPENDIX 3 - DOUGLAS LODGE BROCHURE
 SEASON - Memorial weekend thru
 September

Tel 218 266 3656

**DOUGLAS LODGE
 ITASCA STATE PARK
 LAKE ITASCA, MINNESOTA 56460**

EUROPEAN PLAN - Dining room for registered guests and public

NO COOKING IS PERMITTED IN LODGE CABINS AND ROOMS

Minimum rates per accommodation are quoted below. Each additional adult will be charged at the rate of \$6.00 per day and each child under 12 years of age at the rate of \$3.00 per day. Extra cots are not available. Cribs are available. All accommodations, unless otherwise stated, have private bath.

		<u>Daily Rate For 2 People</u>
One Bedroom Cabins		
Cabin 1	Twin beds in bedroom and double daveno in living room.	\$39.00
Cabins 14 & 15	Double bed in bedroom and twin studio beds in living room.	39.00
Cabins 8 & 11	Log cabins with fireplace in living room. Double bed in bedroom and double daveno in living room.	39.00
Two Bedroom Cabins		
Cabin 4	Twin beds in each bedroom and double daveno in living room.	\$55.00
Three Bedroom Cabins		
Cabins 5, 6, 7, 9, 10, 12	(Nos. 7, 9, 10, 12 have screened porches) These 3 bedroom log cabins have a living room with fireplace. Each bedroom has a double bed.	\$59.00
Fourplex Cabins		
	This log building has four individual motel type units. Each has a living room-bedroom combination with fireplace, a dressing room and screened porch.	
	Twin bed units	\$38.00
	Double bed units	35.00

Nicollet Court

This two story motel type unit has 18 guest rooms and a lounge or conference room. Each room has a shower and electric heat.
10 Double bed rooms (second floor)
8 Twin bed rooms (first floor)

		<u>Daily Rate</u>	
		<u>Single</u>	<u>Double</u>
	10 Double bed rooms (second floor)	\$25.00	\$31.00
	8 Twin bed rooms (first floor)	28.00	34.00

Main Lodge

The first floor of the Main Lodge (Douglas Lodge) houses the dining room, office and lobby. The second floor has guest rooms.

Main Lodge Suites

		<u>Daily Rate</u>	
		<u>3 People</u>	<u>4 People</u>
No. 6	Two room suite with a double bed and 2 single beds. (Shower)	\$34.00	\$39.00
No. 9	This accommodation is a two-room suite with four single beds and full bath.		39.00

Plain Rooms Without Bath

		<u>Daily Rate</u>	
		<u>Single</u>	<u>Double</u>
Nos. 2, 3, 8	Plain sleeping rooms with a double bed. There are 2 toilets and a shower on the floor.	\$20.00	\$26.00

Club House

This two story log structure with 10 sleeping rooms and a main lobby (5 rooms on each floor) is ideal for family gatherings or organized groups. It rents as a unit for \$185.00 per night Monday through Thursday and \$225.00 per night Friday, Saturday and Sunday nights.

		<u>Daily Rate</u>		
		<u>Single</u>	<u>Double</u>	<u>3 People</u>
6 rooms	These units have one double bed and share the bath with the adjoining room.	\$20.00	\$26.00	
2 rooms	These units have one double and one single bed with an adjoining bath.		23.00	\$29.00
2 rooms	Double bed and private bath.	25.00	31.00	
Check Out Time 11:00 a.m.				
Check In Time 4:00 p.m.				

The Lodge accommodations are not equipped for housekeeping. Linen provided with all accommodations except Squaw Lake cabin.

Dogs and cats in State Parks must be leashed and are not allowed in park buildings.

APPENDIX 5
DOUGLAS LODGE MENUS

BREAKFAST

Paul Bunyan

Breakfast \$4.85

Juice, three bacon slices, two eggs, two wild rice cakes, and fried potatoes. (No substitutions)

Three Egg Omelets

Each served with toast.

Ham and Cheese.....	\$3.75
Bacon and Cheese.....	3.50
Mushroom and Cheddar Cheese.....	3.25
Swiss, American, or Cheddar Cheese..	2.95
Mushroom.....	3.25
Plain Omelet.....	2.50
Western.....	3.75
Ham.....	3.25

Itasca Special \$2.95

Juice, scrambled eggs, two slices bacon, and toast and jelly. (no substitutions)

Chef Special \$3.25

Two eggs, two cakes, two slices bacon, and two sausages.

French Toast and Bacon \$3.25

The classic breakfast. Four slices lightly browned. Served with two strips of lean bacon.

Wild Rice or Blueberry Pancakes and Sausage \$3.25

One of America's favorites. Two pancakes served with two sausage links.

Lite Breakfast \$1.75

One egg and one slice of toast, served with your choice of one strip bacon or sausage

Pancakes

Served with Maple and Blueberry syrup.

Three Wild Rice Buckwheat Cakes....	\$2.95
Two Wild Rice Buckwheat Cakes.....	2.25
Stack of Three Pancakes.....	2.25
Short Stack.....	1.75
Blueberry..... add	.50

From Our Bakery

Caramel or Cinnamon Roll with Butter.....	\$1.40
Donuts—Plain.....	.70
Frosted.....	.80
Bismark—Glazed.....	.80
Blueberry Muffin with Butter.....	.75
Bran Muffin with Butter.....	.75

Fruit and Juices

Fruit in season—ask waitress

Chilled Fruit Juice.....	\$.75
Sliced Orange.....	.95
Sliced Banana.....	.95
One Half Grapefruit.....	1.00
One Half Cantaloupe.....	1.50

Ala Carte

One Egg.....	\$.55
One Egg and Toast.....	1.00
Short Stake of French Toast.....	2.25
Bacon, Sausage Patty.....	1.70
Ham, 4 oz.....	1.95
Cereal—hot or cold.....	1.25
Toast.....	.75
English Muffin.....	.95

Breakfast Potatoes Specialty of the Chef...Platter \$1.25

Eggs—As You Like Them

Fried, scrambled, boiled or poached

Two eggs and toast.....	\$1.45
Two poached eggs with corned beef hash.....	3.75

Beverages

Coffee.....	\$.60
Decaf Coffee.....	.60
Tea.....	.60
Milk.....	.60
Large Milk.....	.95
Hot Chocolate.....	.65



LUNCH

12:00 A.M. to 2:00 P.M.

SIDE ORDERS

Onion Rings
\$1.70

French Fries
\$.95

Cole Slaw
\$.95

Potato Salad
\$1.00

Breaded Cauliflower
\$1.75

Itasca Fried Potatoes
Specialty of the Chef
Platter \$1.25

Breaded Mushrooms
\$1.75

SOUPS AND SALADS

Taco Salad
\$3.95

Cottage Cheese & Fruit Plate
\$1.95

Luncheon Salad
\$1.25

Lake Itasca
Wild Rice
cup \$1.10 bowl \$1.60

Chef's
Soup Du Jour
cup \$1.00 bowl \$1.50

Chef's Salad
Tossed lettuce with ham,
egg, turkey, cheese garnish
and luncheon roll
\$4.75

Stuffed Tomatoes
with tuna, ham
or turkey salad
\$2.95

Queen-size
Chef's Salad
\$3.75

LUNCHEON ENTREES

Sliced Ham and Turkey
Potato salad, garnished, served
with luncheon rolls
\$5.50

Douglas Lodge Fruit Plate
Fruit in season with
cottage cheese and princess
dressina, served with rolls
\$5.75

Diet Luncheon Plate
Cottage cheese, fruit, tomato,
served with rye krap
\$3.50

SANDWICHES

Served on white, whole wheat or pumpemickel bread

Ham and American Cheese
\$2.95

Cold Roast Beef
\$2.75

Grilled Ham and Cheese
Served with French fries
\$3.75

Sliced Ham \$2.75 Sliced Turkey \$2.95

1/4 lb. Hamburger
\$1.60
With cheese
\$1.85
With lettuce, tomato, onion
\$2.25

BLT \$2.75 Corned Beef \$3.75

Hot Dog Plate
Served with French fries
\$2.25

Grilled Cheese
Served with French fries
\$2.50

Ham, Tuna,
or Turkey Salad
\$2.95

Egg Salad
\$1.95

DELUXE SANDWICHES

Wild Rice Hot Dish
Itasca Specialty
Luncheon rolls and luncheon salad
\$3.95

Patty Melt
1/4 lb. ground beef with
Swiss and American cheese,
served on whole
wheat bread and French fries.
\$3.75

Reuben
Thinly sliced corned beef
with Swiss cheese,
grilled, served on
pumpemickel bread
\$3.95

Creamy Chicken A La King
Luncheon rolls and luncheon salad
\$4.50

Haddock Fillet
Lettuce, tomato, and tartar
sauce, served on a bun.
\$2.75

Tuna Melt
Tuna and American cheese,
grilled on whole
wheat bread
\$3.50

Hamburger with
bacon and cheese

Served with
French fries
\$3.50

Clubhouse
Turkey, lettuce, bacon
and tomatoes
\$3.95

Chicken Fillet
With lettuce, tomato
and mayonnaise
\$3.75

Hot Beef or Turkey Sandwich
Potatoes and gravy
\$3.50
Wild rice add 50c

BEVERAGES

Coke, Diet Coke, Sprite,
Orange, Rootbeer.....\$.60
Coffee......60
Tea......60
Milk......60
Large Milk......95
Lake Itasca Malt.....1.95
Ice Tea—with refill......75
Lemonade—with refill......75
Hot Chocolate......65

KID'S MENU

Includes fries and beverage

Cheeseburger \$2.25 Fishburger \$2.25
Burger \$2.25 Frank \$2.25
Chicken Drumsticks \$2.25

DESSERTS

Itasca Strawberry Shortcake
Specialty of the Chef
\$2.50

Cheesecake
With strawberries
\$2.50

Choice of Pie
\$1.25
A La Mode
\$1.75

Ice Cream or Sherbet
\$.95

Ice Cream Sundae
Hot Fudge \$1.95
Chocolate or Strawberry \$1.85

Continued To State Employees Prohibited D. Law

used!

AFTERNOON LUNCHEON

2:00 P.M. to 5:00 P.M.

Hot Sandwiches

Served with dill pickle spear

¼ lb. Hamburger.....	\$1.60
California Hamburger.....	2.25
Cheeseburger.....	1.85
Grilled Cheese.....	1.75
Hot Dog and Relish.....	1.35
Fishburger on Bun.....	1.95
Chicken Fillet.....	3.75

Bacon-Cheeseburger

with French fries..... \$3.50

Patty Melt

Swiss and American cheese,
French fries..... 3.75

Cold Sandwiches

Served with dill pickle spear

Sliced Ham.....	\$2.75
Sliced Ham and Cheese.....	2.95
Sliced Turkey.....	2.95
Egg Salad.....	1.95
Tuna Salad.....	2.75
Ham Salad.....	2.95
Corned Beef.....	3.95
BLT.....	2.75

Side Orders

Onion rings.....	\$1.70
French Fries.....	.95
Breaded Mushrooms.....	1.75

Beverages

Itasca Malts.....	\$1.95
Coke, Diet Coke, Sprite, Orange, Rootbeer.....	.60
Coffee.....	.60
Ice Tea with refill.....	.75
Lemonade with refill.....	.75
Milk.....	.60
Large Milk.....	.95

Desserts

Ice Cream or Sherbet.....	\$.95
Ice Cream Sundae.....	
Hot Fudge.....	1.95
Chocolate or Strawberry.....	1.85
Choice of Pie.....	1.25
A La Mode.....	1.75

Itasca Strawberry Shortcake

Specialty of the Chef..... \$2.50



"Douglas Lodge" — Itasca State Park

Douglas Lodge was built between 1904 and 1905 with \$5000 appropriated by the legislature. The money came from a building fund set up with monies obtained from the sale of timber in 1901—the first contract given for logging in the park. Logs used to build the lodge were supplied from dead and downed park timber. The site was chosen by Attorney General Wallace B. Douglas; the building was later named for him.

In the early days the Park Commissioner operated the lodge. Any profit made supplemented his salary. After 1914, Douglas Lodge was either leased to private individuals or managed by a state employee who had no connection with park management. In 1943, the lease arrangements were terminated and the lodge came under state operation, as it is today.

Once called a "jewel standing in mud," Douglas Lodge has grown from the lodge itself—accessible only by poorly maintained roads—to a complex of over a dozen cabins, Nicolle Court, the Club House, Forest Inn and staff quarters. Before World War I, tourists arrived on foot, horseback and in buggies and wagons. During World War II, when gas was scarce, the lodge had a bus service. Presently, Douglas Lodge serves the hungry visitor who comes by foot, bicycle, or car; provides a night's lodging; and can be the starting point of a hike along Lake Itasca (Brower Trail) or to the Aiton Heights fire tower for a spectacular, panoramic view of the park (Aiton Heights Trail). Also available at the lodge are leaflets to the Dr. Roberts self-guiding trail. This walk is a wonderful way to become acquainted with the park's plant and animal life.

DINNER

5:00 P.M. to 8:00 P.M.

APPETIZERS

Cheese Cubes
\$2.50

Breaded Mushrooms
\$2.50

Onion Rings
\$1.95

**Breaded Cauliflower
with Cheese**
\$2.50

**Potato Peels with
cheese and bacon**
\$2.95

SOUPS

Chef's Soup Du Jour
cup \$1.00 bowl \$1.50

Trip to Salad Bar
\$3.95

Wild Rice
cup \$1.10 bowl \$1.60

CHEF'S SPECIALTIES

All entrees include salad bar, choice of potato or Minnesota wild rice,
and dinner roll. (Minnesota wild rice add 50¢)

Roast Beef Dinner
An old fashioned meal.
\$7.95

Itasca Walleye Pike
Minnesota's finest, served
with lemon wedges and
choice of sauces.
\$9.95

LIGHT ENTREES

All sandwiches include fries

Chicken Fillet
With lettuce, tomato,
and mayonnaise.
\$4.35

Douglas Lodge Fruit Plate
Fruit in season with
cottage cheese and princess
dressing, served with rolls.
\$5.95

Clubhouse
Turkey, lettuce, bacon,
and tomatoes.
\$4.95

Patty Melt
Ground beef with
Swiss and American cheese,
served on whole
wheat bread.
\$4.50

Diet Luncheon Plate
Cottage cheese, fruit,
tomato, served with rye crisp.
\$3.95

**Burger with bacon
and cheese**
Cheese melted over a
hamburger with bacon
to top it off
\$4.25

Reuben
Thinly sliced corned beef
with Swiss cheese,
grilled, served on
pumpernickel bread.
\$4.95

Haddock Fillet
Lettuce, tomato, and tartar
sauce served on a bun.
\$3.95

Tuna Melt
Tuna and American cheese,
grilled on whole
wheat bread.
\$4.65

DINNER ENTREES

All entrees include soup, salad bar, choice of potato or Minnesota wild rice,
and dinner roll. (Minnesota wild rice add 50¢)

Top Sirloin Steak
Served with batter onion
ring and mushroom cup.
8 oz cut
\$9.95

Pork Roast Dinner
Homemade dressing, just
the way mother made it.
\$8.25

Battered Fish Fillet
Deep fried battered cod,
served with tartar sauce.
\$7.50

Ribeye Steak
USDA choice, served
with battered onion ring
and mushroom cup
\$8.95

Broasted Chicken
Half \$7.50 Quarter \$6.50

Chopped Beef Dinner
Broiled, topped with our
chef's mushroom au jus.
\$6.95

Shrimp
Choice of tartar or
cocktail sauce and
served with lemon slices.
\$9.95

KID'S MENU

Includes French fries, beverage, and ice cream or sherbet for dessert.

Fishburger
\$2.85

Frank
\$2.85

Chicken Fingers
\$2.85

Burger
\$2.85

Cheeseburger
\$2.85

BEVERAGES

Coke, Diet Coke, Sprite,
Orange, Rootbeer.....\$.60
Coffee......60
Tea......60
Milk......60
Ice Tea—with refill......75
Lemonade—with refill......75
Hot Chocolate......65
Lake Itasca Malt..... 1.95

DAILY SPECIALS

Monday.....Salisbury Steak
Tuesday.....Beef Stroganoff
Wednesday.....Meat Loaf
Thursday.....Baked Chicken
Friday.....Fish Fry
Saturday.....Prime Rib
Sunday Noon.....Turkey Dinner
Sunday Evening.....Spaghetti

Choice of Pie
\$1.25
A La Mode
\$1.75

Ice Cream or Sherbet
\$.95

DESSERTS

Itasca Strawberry Shortcake
Specialty of the Chef
\$2.50

Ice Cream Sundae
Hot Fudge \$1.95
Chocolate or Strawberry \$1.85

Cheesecake
With strawberries
\$2.50

Gratuities To State Employees Prohibited By Law

Revised 5/1/86

