

**ARIZONA STATE PARKS BOARD
TONTON NATURAL BRIDGE STATE PARK
OFF HIGHWAY 87, 10 MILES NORTH OF PAYSON, AZ
JULY 18, 2008
MINUTES**

Board Members Present:

William Scalzo, Chairman
Reese Woodling, Vice Chairman
Arlan Colton
Tracey Westerhausen
Larry Landry

Board Members Absent

William Cordasco
Mark Winkleman

Staff Members Present:

Kenneth E. Travous, Executive Director
Jay Ream, Assistant Director, Parks
Jay Ziemann, Assistant Director, Partnerships and External Affairs
Mark Siegwarth, Assistant Director, Administrative Services
Cristie Statler, Assistant Director, Outreach
Ruth Shulman, Administrative Assistant III
Ellen Bilbrey, Public Information Officer
Liz Krug, Research and Marketing
Dawn Collins, Research and Marketing
Janet Hawks, Chief, Operations
Annie McVay
Ray Warriner

Attorney General's Office:

Joy Hernbrode, Assistant Attorney General

A. CALL TO ORDER - ROLL CALL – 9:00 A.M.

Chairman Scalzo called the meeting to order at 9:00 a.m. Roll Call indicated that a quorum was present.

B. INTRODUCTIONS OF BOARD MEMBERS AND AGENCY STAFF

The Parks Board and staff introduced themselves. Vice Chairman Reese Woodling read the Board Statement:

1. **Board Statement** - "As Board members we are gathered to be the stewards and the voice of Arizona State Parks' Mission Statement: Managing and Conserving Arizona's Natural, Cultural, and Recreational Resources, Both In Our Parks and Through Our Partners for the Benefit of the People."

C. CONSENT AGENDA

- 1. Approve Minutes of May 16, 2008 Arizona State Parks Board Meeting**
- 2. Approve Executive Session Minutes of May 16, 2008 Arizona State Parks Board Meeting**
- 3. FY 2009 SHPO Workplan Task List** – Staff recommends approval of the FY 2009 SHPO Workplan Task List.
- 4. Appoint A New Member to the Historic Preservation Advisory Committee (HPAC)** – Staff recommends that Victor Linoff be appointed to the Historic Preservation Advisory Committee to complete a two-year term expiring on December 31, 2010, and that his term of service begin July 18, 2008.
- 5. Consider Request for Approval of Project End Date Extension for Arizona Preservation Foundation – Montgomery House Historic Preservation Heritage Fund Project #640308** – Staff recommends approval of the requested time extension from June 2, 2008 to June 2, 2009 to complete the Montgomery House Project #640308. HPAC approved the requested time extension at their June 16, 2008 meeting.

Mr. Landry made a motion to approve the Consent Agenda. Mr. Woodling seconded the motion and it carried unanimously.

D. ACTION ITEMS

Chairman Scalzo noted that the Board has a number of Action Items to consider today. Mr. Travous has requested that Action Item 6 be considered at this time because he needs to leave for another meeting.

6. Rockin' River Ranch

a. Presentation by The Nature Conservancy

Mr. Travous introduced Ms. Heather Reading from The Nature Conservancy (TNC) and asked her to give a brief presentation on where things stand on the Rockin' River Ranch property.

Mr. Travous reported that he provided the Board with a copy of the contract with TNC to try to put together a purchase of more than 200 acres along the Verde River Greenway. Staff received the appraisal of \$7 million just last week. Another appraiser is now reviewing that appraisal. The motion should have read \$7,030,000 to cover the direct costs to TNC in this transaction. The number \$7,300,000 was a mistake, but it may be fortunate after all. Staff visited the property last week and looked at the inventory. The Board may want to purchase some of that inventory as part of the deal. The Board may want to go up to that \$7.3 million.

Ms. Reading thanked the Board for inviting her to this meeting. She stated that she wanted to let the Board know where TNC is on this property. Last Friday they received the approval they needed. Their Board was very excited about this project. She noted there are significant water rights that come with this property along with the opportunity for river protection.

Ms. Reading stated TNC is reviewing the preliminary Title Report. They've come up with a couple of issues. Originally, when the owners acquired the property they transferred the name into the name of the LLP and they have a recorded Warranty Deed. That is an easy thing to resolve. The other minor issue is legal access to the property. The property is set back. There is a small road that ends at the property. It has a permit for legal access down this road and the permit expired. The owner prefers to wait and work directly with Arizona State Parks (ASP). As soon as those two issues are resolved, TNC will be able to provide ASP with a clean Title.

Ms. Reading added that TNC negotiated a very good price on this ranch. The owners originally asked for many millions more. They just received an appraisal that supports the \$7 million value. A desk review should be completed by July 25.

Ms. Reading reported they also conducted a property inventory on Tuesday to determine what would go and what would stay. Everything that is pertinent to the ranch will stay. Unfortunately, they did not actually own any tractors or farm equipment. There is an old wood-burning stove and other antiques that will stay.

Ms. Reading noted that the ALTA survey completed in 2005 is being updated. She added that one of the reasons that TNC considers this property so valuable is because the water right is large. There are few properties with more than 80 acres of water rights. Those water rights have a priority date of 1889 and are recognized by SRP as historic.

Ms. Reading stated that TNC are scheduled to waive their conditions to proceed to Closing on August 12. They are scheduled to Close on September 11. They anticipate a simultaneous Closing with ASP.

Ms. Reading reported that the Appraisal was \$4,800; the Review of Appraisal was \$2,500; the Phase I Environmental Hazards Assessment was \$3,280; the survey is being covered by TNC; Closing costs are estimated at \$1,500 (ASP's portion); the Extended Owner's Title Policy is estimated at \$3,500; they are still trying to get a handle on estimated Property Taxes (her best guess yesterday was \$9,500 was the second half of the 2007 taxes that will be prorated at Closing) for a total of about \$25,080.

Mr. Woodling referred to the information on water rights. To maintain those water rights, one has to use the water. He asked if there is an irrigated pasture and how they are using those rights.

Ms. Reading responded that there are 54 acres of irrigated pasture and a 1.6 acre retention pond that are currently being irrigated.

Mr. Woodling noted that ASP, then, would have to continue that irrigation.

Ms. Reading responded affirmatively. TNC wants to continue to work with ASP in thinking about how to best use them. ASP can defer the water usage for 2-5 years. TNC would also like to work with ASP on an eventual _____ transfer of the water rights and dedication to in-stream flow.

Mr. Woodling responded that that would mean letting the pasture go back to its native state.

Ms. Reading responded that that is what TNC believes would be a really great thing.

Mr. Woodling asked if the Property Taxes are reduced for agriculture.

Ms. Reading responded that she believed some of them are, but the property is divided into a number of strange, irregular parcels. Some of the parcels are very small (2 acres, 5 acres, 20 acres) and then there are very large parcels. The large parcels include the main lodge and the one most of the buildings are set on. They are the bulk of the property and are not assessed as agricultural even though there are irrigated pastures on that parcel.

Mr. Woodling asked if there is any possibility of TNC working with ASP down the road to use that property as an income property.

Mr. Travous responded that the Board needs to be aware of a number of things. First of all, this property would have normally been taken through the Natural Areas Advisory Group. That was not done because there are people working on the property and the owner did not want to upset them. There is a person who does horseback rides that has a lease that extends into March. There was a meeting with him last week to see what his interests would be in the future. The agreement right now is to keep those people on and honor the lease until such time as staff can figure out whether they can stay on or if we have to go out to bid for those things. There is opportunity for income there. It will depend on how it's put together.

Ms. Reading noted that it's a rather inconvenient situation. When TNC first began looking at the property her first thought was that this would be much better without horses boarded on it. However, it is good to at least have someone on the property while decisions can be made as to what to do with it while still generating income.

Mr. Woodling referred back to the road easement with the Forest Service. He asked what the parameters will be on that road.

Ms. Reading responded that the trail operator had wanted to operate the lodge as a bed and breakfast enterprise and widen the road. He had it surveyed and staked out. Once TNC and ASP began showing interest in the problem, he decided it was not worth his efforts in investing in it if TNC/ASP were going to do something with it.

Mr. Landry asked if the easement would be perpetual.

Ms. Reading responded affirmatively.

Ms. Westerhausen asked if this property serves a recreational, conservation, or historical purpose.

Mr. Travous responded that it is conservation. If the Board is going to use Natural Areas money, it has to have those kinds of values. Frankly, it is the water that is the cause of the great conservation value. He added that the Board's main goal is to keep water in the Verde River. We will be able to call on water from the junior people up stream to make sure that whatever water rights we have will continue to come down the river.

Ms. Westerhausen asked if any of the Natural Areas Advisory Committee members looked at this property.

Mr. Ream responded that he is meeting with the Natural Areas Advisory Committee on July 24th to talk to them about that property. Now that staff have met with the owners and talked with the leaseholders, he is sure he can get the Natural Areas Advisory Committee members down there for a walk through. He will have met with them before this agreement is consummated.

Mr. Travous advised the Board to get the property in their hands and then take their time to look wisely at how to use it, working with TNC to have the best of both worlds. Because the Forest Service surrounds this property, they want to talk to staff to see what we can do with them in conjunction with those properties there.

Ms. Hernbrode stated that she did not think the question about the Forest Service access was answered. What she heard is that there is currently a permit that is revocable at will. She doesn't know if the Forest Service would be willing to offer a longer-term license or an easement. She understands that they are reluctant to offer a longer-term license, but when one has a permit he/she is pretty safe with the Forest Service. They don't change their minds very quickly.

- b. Staff Recommendation** – Staff recommends that the Director or his designee be given the authority to sign the Purchase Agreement for the Rockin' River Ranch in an amount not to exceed \$7,300,000.

Board Action

Mr. Landry: I move that the Board authorize the Director or his designee to sign the Purchase Agreement for the Rockin' River Ranch in an amount not to exceed \$7,300,000 provided that access be a part of the transaction. Mr. Woodling seconded the motion.

Mr. Woodling noted that, as a rancher, he loves to see green pastures and loves to see cattle and horses on green pastures.

Chairman Scalzo noted that he often wondered about, in the future, doing more of an agrarian park that the Board can show off to the world that ranching and farming are important to preservation. This may be an opportunity for the Board to do some things we haven't had to do in the past. We have some opportunities in several parks in Arizona to do that, too.

Chairman Scalzo called for a vote on the motion on the floor. The motion carried unanimously.

Chairman Scalzo thanked Ms. Reading for her presentation.

- 1. Revised FY 2009, FY 2010, and FY 2011 Operating Budgets** – Staff recommends approval of the Revised FY 2009, FY 2010, and FY 2011 Operating Budgets as presented.

Chairman Scalzo noted that the Board received an excellent presentation by Mr. Siegwarth and staff yesterday. He called for a motion from the floor.

Mr. Landry commended staff and everyone who worked on this budget presentation. Reports are that next year will be just as bad as this year.

Board Action

Mr. Landry: I move that the Board approve the Revised FY 2009, FY 2010, and FY 2011 Operating Budgets with the following additions: That this Board send a letter to the Governor that indicates our funding needs from both the operating and capital parts and that it has been 25 years since the state has had a special Parks Blue Ribbon task force to look at the current and future needs of Parks, including looking at all funding sources and that the Board ask that the Governor appoint such a board and convene by September 15 and that they report back by June 30, 2009. Mr. Woodling seconded the motion.

Ms. Westerhausen asked whether that needed to be part of the motion or if it's something the individual Board members can do without it being in the motion because it would certainly tighten up the language of the motion.

Mr. Landry responded that it makes it a stronger statement if it is tied to the motion that actually submits the budget. It is his sense that the Board does want to make such a statement. The Board certainly has the right to send a letter to the Governor any time they want. Since the budget has to be submitted by September 3 to the Governor and this Board does have to vote on the budget, this Board can put whatever it wishes in the budget as part of a motion if they so desire. The reason he suggested it be put in the motion is to emphasize and add impact to it.

Chairman Scalzo asked for staff's thoughts.

Mr. Siegwarth stated that he really liked the motion on page 27 of the Board Packet that says, "as a lump-sum" and gives the Executive Director or his designee the ability to implement the programs. The budget process is very strict. The very first page is a letter to the Governor from staff that includes material in addition to what the various numbers say. He believes it would be a strong point to have the letter come from the Board this year addressing these issues as part of the budget.

After discussion on what needs to be included in the letter to the Governor and a possible board to look at the Board's and agency's needs, Mr. Landry re-stated his motion as follows:

Board Action

Mr. Landry I move that the Board approve the FY 2009 revised, FY 2010 and FY 2011 operating budgets as a lump-sum and direct the Executive Director or his designee to implement the programs, including submittal to the Governor's Office and legislature as required and submit a letter from the Board to the Governor. Mr. Woodling seconded the re-stated motion.

Chairman Scalzo noted that, with this re-stated motion, he perceives that the letter to the Governor will be signed by all Board members and submitted to the Governor's Office. Mr. Siegwarth will make certain that all Board members receive a copy before it is submitted to the Governor. He then called for a vote on the motion on the floor. The motion carried unanimously.

Ms. Hernbrode requested that, when dealing with the letter, Board members do not communicate with each other on how to do it.

Chairman Scalzo responded that the letter will be drafted by Mr. Siegwarth and the Board will receive it for signature. There will be no discussion among Board members.

2. **Revised FY 2009, FY 2010, and FY 2011 Strategic Plan** – Staff recommends approval of the Revised FY 2009, FY 2010, and FY 2011 Strategic Plan as presented.

Chairman Scalzo noted that the Board had discussion on this issue yesterday. He called for a motion for the Board to consider.

Board Action

Mr. Landry: I move that the Board approve the Arizona State Parks Three-Year Strategic Plan for FYs 2009, 2010, and 2011 and that the Executive Director be authorized to carry out the programs as required.

Mr. Colton seconded the motion and the motion carried unanimously.

3. **Capital Improvement Plan** – Staff recommends approval of the FY 2010 and 2011 Capital Improvement Plan.

Board Action

Mr. Landry: I move that that the Board approve the Capital Improvement Plan for FY 2010 and 2011 and authorize the Executive Director to carry out the plans as outlined and bring the plan back to the Board if more resources are available to make any changes to the recommended plan.

Mr. Woodling seconded the motion and the motion carried unanimously.

Chairman Scalzo noted that because there were a number of people in the audience who wished to speak to several issues on this Agenda, he would move Agenda Items around. He moved to Agenda Item E.2.

E. DISCUSSION ITEMS

2. **Arizona Parks & Recreation Association's Boards & Commissions Member Day** – Jeff Spellman

In Mr. Spellman's absence, Ms. Carol Gary, APRA Interim Executive Director addressed the Board.

Chairman Scalzo thanked Ms. Gary for coming to this Board meeting. He noted that APRA has been a good partner to the Board on Open Space and a variety of other issues throughout the years.

Mr. Travous noted that he had to leave this meeting. He wanted the Board to know that the Chinese government has approved his presenting a paper on Kartchner Caverns. There is a problem with getting his Visa in order. Every time it is submitted, the Chinese government asks for more information. He hopes to have more to report at the next meeting. He would go to China the last week of August.

Mr. Travous left the meeting at 9:54 a.m.

Chairman Scalzo then returned to the Agenda.

D. ACTION ITEMS

- 4. Funding for the FY 2009 and FY 2010 SLIF Grant Cycle** – Staff recommends canceling one of the two grant cycles due to legislative fund sweeps.

Chairman Scalzo noted that there are no speakers on this issue. He believes that the Board needs to move this issues or amend it, etc.

Board Action

Mr. Landry: With great reluctance, I move that the Board cancel the grant awards program for SLIF for this September.

With great reluctance, Mr. Woodling seconded the motion.

Chairman Scalzo called for a vote on the motion on the floor. The motion carried unanimously.

Mr. Landry noted that this motion also calls for staff to work out a method for those who have gone through the work so that they won't have to begin all over again and for staff to work out a way to make it as applicant-easy as possible for those who have already done the work when we get the cycle back.

Chairman Scalzo noted that it was important for the Board to take this action. He's been involved in this several times in the past. SLIF is so important. It deals with safety on the water; it deals with so many important issues that affect the people who are paying extra fuel tax to be on the water. It is troublesome to him personally. It is important for the Sheriffs' offices and other patrol officers across the state who will not be able to get equipment that they should be getting.

Mr. Colton stated he understood from staff that there will probably be some kind of press release sent out on this.

Chairman Scalzo called for a Recess at 10:04 a.m.

The meeting Reconvened at 10:14 a.m.

- 5. Consider Reducing the Required Match for Trails Heritage Fund Projects** – Staff recommends that the required match for Trails Heritage Fund Projects for cities, counties, tribes, and state agencies shall be reduced to a minimum of 25% of the total project cost. The required match for federal entities shall remain at a minimum of 50% of the total project cost. ASCOT, AORCC, and the Parks Board shall review the reduction in required match no later than July 2011.

Chairman Scalzo noted that there were a number of people present who wished to speak on this issue. He noted that staff have received letters from people requesting a 25% match for all grant applicants. That request came from the Saguaro National Park Superintendent; it came from the National Parks Service River and Trails Conservation Assistance Program; Rocky Mountain _____; Tonto National Forest _____ Ranger District. There are a number of people present who support the original ASCOT recommendation of a 25% match for all applicants, including Kent Taylor (Pinal Co.), Tom Fitzgerald (Central AZ Project), Marie DeSantis (MAG), Don Applegate from BLM,

Reba Grandrud (Anza Trail/ ASCOT), _____ from the National Forest Service, and Bob _____, volunteer for Outdoor AZ.

Mr. Tom Fitzgerald addressed the Board. He is the Trails and Land Administrator for the Central AZ Project. He worked for 5 years for the City of Phoenix as their Trails Coordinator and prior to that, 8 years on the Tonto National Forest. He thanked the Board for taking the time to listen to him today. He understands that the 25% match is the point in trying to get the Heritage Fund money out onto the ground. He is here to reiterate ASCOT's original request which is the 25% match across-the-board.

Mr. Fitzgerald noted that this has been going on for more than 3 years. ASCOT has been talking to the trails community, both those who build the trails and user groups that are out there. A task force was put together; a lot of meetings have been held; they looked at different options. They looked at tiered options; they looked at options based on population – a lot of different things. It came down to the match needed to be reduced to 25% and that the process needs to be kept simple. That match needs to go across-the-board. The federal government is really no different from any governmental agencies that are out there. The agencies' budgets are tight. The first things to go are recreation, trails, etc. There are other aspects that they need to focus on. The federal government is no different. Recreation is just a small percentage of what the feds have to do on the land that's been set aside for preservation or conservation. Water sheds, mineral rights, grazing, forest fires, etc. are all the things they need to focus on and typically focus on first. When budgets get tight, recreation and trails are the first things to go.

Mr. Fitzgerald added that this program is not subsidizing those federal trails programs. It's really an investment in the state trails system. The feds have always been great partners with the surrounding communities. Out of the 700 trails in the state trails system, a number are trails that support neighboring agencies. Most neighboring agencies rely on those federal lands in order to supplement their own recreation. By hitting the Forest Service, the BLM, and Forest Service with a 50% match as opposed to a 25% match, then it defeats the purpose because now those communities that don't have the land base to support recreational facilities, have to work with the BLM to come up with that 50% match when the whole idea is to try to encourage as many communities as possible to apply for this grant program. It is important that we keep this grant program a competitively neutral program across-the-board. This program has been undersubscribed for many years. The idea is to increase the variety of communities that apply for it, to get as much opportunity to get the money on the ground, and to make it as competitive as possible. He feels that it is important to stay consistent and keep a simple process simple and competitively controlled.

Mr. Siegwarth asked if, when talking about how many agencies depend on this, Lost Dutchman State Park would be a good example where we mainly have the park through the RV sites and most of the trails are to the Siphon Draw on federal land.

Mr. Fitzgerald responded that Lost Dutchman is a good example. But Patagonia, Quartzite, Havasu, or Page are small communities and rely on their neighbors to some degree to build those programs. It is imperative that we focus on the people – it's not for the agencies. The agencies are responding to the requests of the people. It's

important that we invest in the state trails system and not require them to come up with more of a match just because they are relying on federal agencies to supplement recreation.

Mr. Colton asked if the match is from the federal government or from the local entity that happens to be on federal land or is it a combination of both. He also asked where the 25% match came from.

Mr. Fitzgerald responded that the 25% really came from the recommendation of the trails community itself. The 25% match coincides with a lot of the other funding mechanisms out there – whether it be enhancement funds or the T21, etc., that started out at 50% and subsequently dropped their matches. Some matches are as low as 5.7% now. They want something that is still fair; they want to get as much money as possible out on the ground. By creating a 25% match, they feel that will encourage a lot of these other communities that are out there (not just the larger communities) to apply. A 25% match across-the-board seems to be the figure that the community would really support.

Mr. Fitzgerald noted that, as far as the first question goes, he deferred to the BLM or Forest Service because they may be able to answer their program better than he could.

Mr. Woodling noted that Mr. Fitzgerald mentioned 700 trails. He asked if that was miles or actual different trails.

Mr. Fitzgerald responded that it is 700 different trails. Many of them are proposed; many are already in existence. A lot of communities now are really trying to develop their internal trails system. They are considered urban trails where they may be wider sidewalks and things like that. There are other mechanisms out there for them to apply for funds to build those trails rather than the bigger, more outside natural type of settings for this grant program. ASCOT has been proactive in trying to help educate a lot of those other communities as well. If they want to develop their internal system, ASCOT points them to other funding mechanisms and educates them as to what the Heritage Fund is really for. There are a lot of pieces to the puzzle that have come together and this is the final piece that it will take along with some education that will improve our system and get the money out on the ground and make it competitive.

Chairman Scalzo thanked Mr. Fitzgerald for speaking to the Board and invited Mr. Don Applegate, BLM, to the podium.

Mr. Applegate thanked the Board for the opportunity to address the Board on this issue. He has always enjoyed working with ASP and appreciates the park system and what the Board is doing. He noted that going to a 25% match for local communities and a 50% match for federal agencies would be a new change from the current situation now. When he talks about the trails that are on the ASP system, he is only talking about the portion of those trails that are managed by the BLM.

Mr. Applegate stated that the change would either sustain the number of trails that they can add to the system manually or, more likely, slightly decrease what they can add to the state process because federal funding is decreasing. They will have to take smaller projects and do fewer trails. The reason is that their trail system – the trails that they put on the state trail system – are those where other entities come to them and ask for a

trail. They are not building trails for the purposes of BLM; it's usually in response to a small community or entity or association (i.e., AZ Trail) that needs to cross BLM land. The trails that are eligible for grant applications are those where the BLM is already in partnership with others. The concern is that, because the BLM's ability to do trails is being reduced, they would be required to provide trails at a higher level of support than their partners. Most of their agency is a land-based support of open space trails in rural communities.

Mr. Woodling stated that he was totally confused now. Staff are recommending that the minimum stay at 50%. He asked if that is not what Mr. Applegate feels should be done in regard to trails on BLM land or if Mr. Applegate is saying he supports it.

Mr. Applegate responded that he is staying neutral. It is the Board's decision. The impact to the trails on BLM land is that they would be funding fewer trails. They do not build trails unless there's a partner who comes to them and requests a trail. They feel that their partners will be less apt to do that because they will be at a disadvantage.

Mr. Woodling asked how the BLM could be neutral.

Mr. Applegate responded that if it can't be done it won't be done.

Mr. Colton asked if, under this scenario, the 50% match comes in from ASP, the other 50% of the money comes in from another partner or is BLM itself providing the 50% funding.

Mr. Applegate responded that BLM will only allocate funding to a trail project if at least 50% is funded by non-federal funding. He cannot get funding to do the project unless half of it has been funded elsewhere. The money comes from the same fund that they use to fund fisheries projects. It's a program that pays for partnership projects. It doesn't matter if it's a trail or other types of projects. He has to compete not only with other recreation projects not related to trails such as a boat ramp, but also with improvement projects. Of the trails that get into that system, those with the highest significance that would benefit the most people are considered. Right now, the highest trail on their list is the AZ Trail. It goes to the top of the list every time. Another community they have a good partnership with is Havasu.

Chairman Scalzo thanked Mr. Applegate for appearing before the Board on this issue. He invited Ms. Connie Lane, Tonto National Forest, to address the Board.

Ms. Lane addressed the Board. She thanked the Board for allowing her the opportunity to speak to them. She stated she is here today because of the trails in AZ. She came from Alabama as a 17-year-old girl, visited the Grand Canyon, went home with blisters, bought herself a pair of hiking boots and hiked back-and-forth to work in a dress with those hiking boots on so she could come back to AZ and really enjoy the trails here. It is an honor to be here today, and especially to be with the people who make the decisions on how these trails are funded and how more trails can be provided for future generations. She is a two-month-old grandmother and tells her daughter to enjoy trail hiking and equestrian riding here in AZ. She hopes to do that for her grandson.

Ms. Lane stated that it is a long journey today and she hopes that we can continue to be partners in providing more and more recreational use for the visitors to AZ, both who

live here and who visit the area. She is a long-term Tonto employee. They've done a lot since she's been on the Tonto. She is privileged to work on the AZ Trail and very passionate about it. It could not have been done without the Board. They have had a partnership for many years with ASP and have accomplished many projects. Without partnerships with the state and local communities and volunteer organizations they couldn't complete the hundreds of trails projects planned within the state of AZ.

Ms. Lane added that funding levels have decreased dramatically, as Mr. Applegate stated earlier. This is due primarily to priorities set by Congress. In the past, the 50% match of the state Heritage Fund grant was the only extra they could use to fund their projects. The Tonto National Forest contains nearly 900 miles of national system trails. Trail conditions range from good to very poor. These 900 miles of trails are managed by 6 ranger districts who compete annually for reduced operation and maintenance funding levels allocated for trails. With the amount of trails in the system to keep maintained at safe levels, it is harder to compete for new construction dollars. A partnership with outside agencies is the only way they can compete for those construction dollars.

Ms. Lane stated the Tonto National Forest is just one example. The current proposal to keep the grant match for federal agencies at a 50% level affects all federal land management agencies in the state. As the Board probably know, most of the trails they have with their partners provide popular destinations for both local residents and visitors as well. Campgrounds with trails provide multiple recreation experiences at one location. A small community they are working with is Superior, AZ to develop a future trail system that will encourage physical fitness, tourism, historical and cultural preservation, and economic growth while providing a trail that will take visitors through the town of Superior. The new construction of segments of the AZ Trail through the Tonto National Forest have been accomplished with Heritage Fund grants.

Ms. Lane stated that she hoped the Board would consider the federal agencies in the 25% match for continuing our partnership and providing outstanding and quality recreation experiences to visitors of the great State of Arizona. Like the BLM, funding is prioritized on how they can allocate their funds to best serve the people in the communities they serve. Many of the ranger districts have opportunities to develop new trails systems which will serve the populations that want to get away from the urban area. They are trying to develop trails systems that will give people an experience in one location rather than coming to a place where there are no trails. They are looking at developing a 64-mile trail system that bikers and hikers and equestrians can use at Timberlake. It's a beautiful, scenic area that they hope to preserve for future generations to hike and enjoy. This is a future project they hope to do after the AZ Trail is completed, their number 1 priority. To fund that project, and to complete the funding of the AZ project, it takes partnerships with grants and it will take volunteer organizations. It will be harder to get them out to that area, so the 25% match would probably come from the Forest Service – or the 50% match if it stays at that level.

Ms. Lane noted that, as federal agencies, they are not supporting themselves. They are supporting this for future generations so they can provide good recreation and opportunities for trail hiking, riding, biking, etc. It's for the people. It's not for the

federal agencies. They are simply there to land manage so that we, our grandchildren, and future generations can enjoy those experiences that we've enjoyed.

Mr. Woodling noted that he heard Ms. Lane say she would be in favor of reducing the match to 25%. She heard another federal agency say it was neutral on the issue. He asked her to comment on that.

Ms. Lane responded that she, personally and as a land manager, feels that it is to the benefit of the public to hold those costs down when possible. She thinks that funding at a 25% match level provides more districts to compete for those funds instead of just one district. They can accomplish more annually or on a three-year project than with one district competing and receiving funds.

Chairman Scalzo asked if there are entrance fees to access trails in the forests.

Ms. Lane responded negatively. There are fees for developed campgrounds.

Chairman Scalzo asked what portion of the AZ Trail System is in the national forest.

Ms. Lane responded that she does not know the complete mileage.

Chairman Scalzo asked what portion of the AZ Trail System that is in Forest Service land has been completed or is in progress for grants.

Ms. Lane responded that there are about 46 miles left of the AZ Trail to construct or build.

Mr. Kent Taylor, AZ Trail Association, added that there is about 46 miles left. The reason there is 46 miles left is that they are the hardest miles remaining. The area south of Pine is remote and pure rock.

Chairman Scalzo noted that means there is about 5% remaining to complete the AZ Trail System that would be affected by what the Board does today.

Ms. Lane stated that normally they can balance it out with volunteer organizations. Due to the ruggedness of that remaining 46 miles, they have had to hire crews. It's over and above the 50% match and really hurts their budget. She's had to go back and scrape and beg her recreation staff officer for funds that were going to other projects in other districts just to get people into those rugged areas. As Mr. Taylor said, they are trying to join with the last 6 miles in the forest. She got another grant last year that they will use that they were hoping to match it out but won't be able to. They will have to bring in their own 50%.

Chairman Scalzo noted that Ms. Lane mentioned a Superior project. In talking about a 25% match for local jurisdictions and 50% for federal, if the Forest Service is doing a joint project with Globe, if Globe has a 25% match and the Forest Service puts in 25% then they'd actually have 50%. He asked if that would work in these kinds of situations.

Ms. Lane responded that it works in areas that are close to a community. Many of her projects for new trails systems are very remote. In places like Timberlake, it's so remote that they can't get volunteers to go in. That's when she applies for grants. There are areas where they can use those partnerships with other communities.

Chairman Scalzo noted that he is familiar with projects in Maricopa County where the Forest Service has received help to build roads from HURF funds. He asked if any of that is beneficial to get the Forest Service closer in.

Mr. Landry left the meeting at this point.

Ms. Lane responded that they haven't approached Pinal County yet, but they have been very active in a lot of the Forest Service's planning.

Mr. Woodling asked if their funding for trails also competes with wildlife and others.

Ms. Lane responded that they compete only in the recreation budget. Right now with the economy the way it is and with the priorities being overseas, recreation is not a priority.

Mr. Woodling asked if they are in competition with fires or range improvements or whatever.

Ms. Lane responded that when dollars are allocated, the answer is yes they are.

Mr. Woodling asked if funds would be swept from their budget if there is a large forest fire somewhere.

Ms. Lane responded affirmatively.

Ms. Reba Granrud, ASCOT and the Anza Trail Association, answered a question raised by Mr. Colton regarding the Anza Trail. She stated that there's a lot of BLM land involved that the Anza Trail falls on. There is no Forest Service land involved. They are coming through Santa Cruz, Pima, Pinal, Maricopa, and Yuma Counties. There is also another trail that doesn't bear too much on this that has a Spanish national historic value. Arizona has two of the national historic trails. She can't speak to percentages. It's on tribal land; it's on state trust land.

Mr. Fitzgerald added that the CAP is owned and operated by the Bureau of Reclamation. The Central Arizona Conservation District is in charge of the operation and maintenance of the water and delivery system. When the Bureau of Reclamation built the canal system through the state (336 miles long), they used to have a security fence approximately 20' on the canal right as one heads downstream. Canal right is typically on the south or east or west side. They set that 20' for a trail so they have reserve property from BLM. They have property that the Bureau of Reclamation owns. They have easements that they own as well. There are a lot of jurisdictions that run through La Paz County, BLM property, Maricopa, Pima, and Pinal Counties. They are currently working on partnerships with each county with the different agencies that it runs through and with the municipalities whose jurisdictions the canal runs through in order to get that trail developed. There are opportunities for a CAP Canal Trail to get into the state trail system and start applying for this money in developing these partnerships to get that 336 mile trail.

Ms. Hernbrode asked that speakers move closer to the microphone so they will be recorded for the minutes of this meeting.

Mr. Fitzgerald added that it still comes down to the point that the Forest Service, BLM, and Parks Service are supporting the recreational values of those communities that are

adjacent to federal lands. They are the ones affected by this program and keeping it neutral and keeping it the same across-the-board. While the BLM and Forest Service have their budgets to deal with, it's really all about demand from these communities. We're trying to support these communities that are adjacent to the Forest Service and not penalize those communities just because they are utilizing federal lands in order to supplement their recreational opportunities. He believes that is the point.

Ms. Lane responded that the AZ Trail, especially in the Picket Post area, wasn't used as much because it didn't offer the opportunities that it offers now. In seeking those rugged opportunities, people are seeking more time away from the urban areas. Being in close proximity to these urban areas, they are requesting longer experiences. They found that through public input they wanted them to take the trail from its current location that was eroding and not in a good location and reconstruct it so that it would meet up with the boundaries of the White Canyon Wilderness. Those were the kinds of trails they were getting requests for.

Mr. Fitzgerald added that they are trying to establish how the different agencies have to apply. The 25% across-the-board is what ASCOT is recommending. Every agency has to apply and the nature of that application and the difficulty of the trail construction are things that are considered outside of this 25% aspect. A 25% across-the-board match gives as much opportunity to as many different agencies and jurisdictions as possible.

Mr. Woodling asked staff why they recommend the match of 50% be retained at the federal level.

Mr. Ziemann responded that, from staff's perspective, ultimately a trail will cost whatever a trail will cost. The issue before the Board is how much of those costs should be borne by the state Heritage Fund with their very limited dollars. The Board has heard how our finances are being or have been degraded. What portion should come from the state Heritage Fund vs. what percentage should come from local communities and what percentage should ultimately come from the federal government? Whether Congress funds it properly or not, they have an ultimate responsibility to fund those kinds of projects. He believes that it is an admirable goal to try to get more local communities involved in this process and get them to apply and try to create trail systems in small communities throughout AZ.

Mr. Ziemann stated that, from staff's perspective, he would encourage the Board to adopt it. We are doing it for three years; staff will come back and report to the Board whether it works or not. Ultimately, the question is what level of the costs of these trails will be borne by the state Heritage Fund and what will ultimately remain to be borne by the federal government.

Chairman Scalzo noted that there has been a great deal of discussion on this issue and the Board has received wonderful input from the citizenry and members of ASCOT. He thanked them for being here. He called for a motion from the Board on this issue.

Board Action

Ms. Westerhausen: I move to reduce the required match for Trails Heritage Fund projects for cities, counties, tribes, and state agencies to a minimum of 25% of the total project cost, and maintain the current match for federal entities at a minimum of 50% of

the total project cost, and that these match requirements shall be reviewed by ASCOT, AORCC, and the Parks Board no later than July 2011. Mr. Woodling seconded the motion.

Mr. Colton noted that the input has been very good. He wondered whether the Board should consider reducing the match for the federal entities to something lower than 50/50. He noted that there will be no SLIF grants this year. He does understand the nature of the smaller communities surrounded by federal lands who provide the main recreational output. There are places like his community in Tucson where they have a lot of opportunities outside the federal lands but they also have opportunities inside federal lands. Those are areas where there are a multitude of opportunities. He appreciates all the input.

Chairman Scalzo called for a vote on the motion on the floor. The motion carried unanimously. He noted that this three-year trial should give the Board enough information to make more decisions in the future as far as funding and the hope that the Board has funding to share.

E. DISCUSSION ITEMS

1. Update on Picket Post House

Mr. Ream reported that he is told that ASP closed on the Picket Post property on Tuesday. The documents were signed by the Roses that same day. The Picket Post House is now in the possession of ASP and Boyce Thompson Arboretum. This has been more than a 20-year quest for this property. It was the Parkland Foundation who first identified this property as a potential acquisition for ASP. In the interim, ASP Operations Section, in conjunction with the Boyce Thompson Arboretum, is securing the property to our standards before allowing anyone in. A quick, cursory inventory is being taken. As we speak, both a photo inventory and cataloging inventory are being conducted by two volunteer couples who will move onto the property and provide 24-hour security along with conducting some of the inventory and doing a fair bit of clean-up. This property has been lived on for the past 70 years by various families – the last 3 generations by the Rose family.

Mr. Woodling commended Mr. Ream and his staff for what they have done to acquire this property. It's a wonderful acquisition.

Mr. Ream thanked Mr. Woodling. He recognized Mr. Ray Warriner and the Acquisitions staff, the Resources Management staff, the Historic Preservation Advisory Committee and AORCC for their participation in this process. Staff are anxious to get it into touring shape so it can be shared with the Board. There is plenty of room there for a Board meeting.

Chairman Scalzo asked Mr. Ream to review the payment schedule on this property.

Mr. Ream responded that the payment schedule is \$2.93 million - \$1.4 million coming from LRSP (\$700,000 from FY 2008 and FY 2009); \$1.5 million coming from the Heritage Fund Historic Preservation; \$700,000 from FY 2008; \$700,000 from FY 2009; and \$186,000 to cover the remainder from FY 2007 carry forward. It was approved by AORCC and discussed and approved at a lower amount than the Board approved from HPAC.

3. The Transportation and Infrastructure Moving Arizona's Economy (T.I.M.E.) Initiative

Chairman Scalzo noted that this initiative will be on the ballot in November. He noted that this issue does not need to be discussed today. The Board can wait until September to discuss it. He is not asking for any action at this time.

Mr. Siegwarth noted that Mr. Travous will be meeting with proponents of both initiatives in the coming week.

Chairman Scalzo requested that this issue be placed on the September Agenda for discussion and possible action.

4. The 2008 Arizona State Trust Land Initiative

Chairman Scalzo noted that, in view of Mr. Siegwarth's comment above, it may make considerable sense for the Board to wait until September and list it for discussion and potential action. He requested a presentation on this initiative by Mr. Winkleman if possible or by Mr. Travous so the Board will have sufficient information. He also requested any available information prior to the September meeting in writing would be helpful. He is looking for an Executive Summary that the Board could then review.

Mr. Colton added that it would be helpful to have a focus on the impacts on the state parks system in particular.

5. 48th Legislative 2nd Regular Session 2008 Bills

There was no discussion on this issue.

F. CALL TO THE PUBLIC

No public wished to address the Board at this time.

G. TIME AND PLACE OF NEXT MEETING AND CALL FOR FUTURE AGENDA ITEMS

1. Board members and staff will discuss the date, time, and place of the next Board meeting to be held on Friday, September 19, 2008.

Chairman Scalzo stated that the next Board meeting will be on September 19. The location will probably be at the Peoria Council Chambers. If it were held on September 12 it would be at the Desert Outdoor Center. He asked if the Board had any interest in changing the date to September.

There being no discussion, Chairman Scalzo stated that the next Parks Board meeting will be held on Friday, September 19 and we will try to get the Peoria Council Chambers for that meeting. The meeting will begin at 10:00 a.m.

2. Board members may wish to discuss issues of concern and request staff to place specific items on future Board meeting agendas.

Chairman Scalzo noted that the Board has mentioned several items they want to discuss at the September 19, 2008 Parks Board meeting.

Mr. Colton requested that, whether it's at that meeting or a later meeting, he would like the Board to devote some time, or hold a special structured meeting, to discuss the Strategic Plan and each item individually.

Chairman Scalzo noted that the September Agenda will be reduced because the SLIF grants have already been removed.

Ms. Hernbrode reminded the Chairman that he wanted to put a discussion about the hiring process on the Agenda that may take some time. She also recommended an Executive Session for legal advice on this issue.

Chairman Scalzo recommended that a specific time period be set aside just for the Strategic Plan and try to get this process in place. It helps the Board and the state to know what its Strategic Plan is. More importantly, before hiring someone to replace the Executive Director, it would be important to have something in place so applicants would know what they are coming to. He suggested the Board may want to set up a special workshop.

Mr. Woodling suggested Malpai Ranch. The Malpai Ranch is two miles down the road. That's where the Malpai Group meets and they have a wonderful meeting room. Board members could stay in Douglas at the Gadston. We would probably have to rent a van to take people out there because the road is rough on cars with small tires and can get very rough at times. That would be a possibility. The Board could then have a tour of the Malpai Ranch and maybe go for some horseback riding. He suggested October would be a good time to hold a Board meeting there. It is in the southeast corner of the state, as far as one can get.

Chairman Scalzo asked Mr. Woodling to coordinate this with staff and have the recommendation to the Board at its September meeting.

There was discussion on alternate dates if this is to be an additional meeting.

Chairman Scalzo suggested November 14 as a possible date.

Mr. Woodling noted that the owners of the Malpai Ranch also work with the Pen Gadsden Hotel. The workshop could be held at Malpai Ranch on Thursday and then have the Parks Board meeting at the hotel or he could arrange for the Douglas community center which is next to the radio station in Douglas. He would be willing to help coordinate that if the Board wished to do that.

Ms. Hernbrode suggested that the Chairman and the Vice Chairman work out the details and let the rest of the Board and staff know.

Chairman Scalzo noted that there has been some discussion about having the November meeting at the Rockin' River Ranch.

Mr. Ream noted that adding another meeting in October would be nice if the Board is shopping for a new Executive Director at the NASPD conference. Mr. Woodling asked if staff knew how many grant proposals the Board will consider in September since SLIF is no longer among them.

Mr. Ziemann responded that he did not have the number of grant applicants at his fingertips. There will be applicants from Historic Preservation, LRSP, and LWCF to consider. The fact that they are smaller may create more angst, especially for LRSP because a lot of the communities will be strapped and they will show up and there's very little money available.

Chairman Scalzo responded that he still felt there would be time to lay out parameters for the November meeting. He requested that the Agenda include time for at least setting some parameters for what the Board needs to achieve at the workshop on one of those dates in Southern AZ.

Chairman Scalzo noted that a week prior to the September meeting the Chairman, the Vice Chairman, and Mr. Ziemann will be meeting with the Attorney General's Office to discuss the Agenda and ensure that everything is lined up as well as possible to eliminate some issues that can be resolved in future Agendas to make meetings more efficient. This meeting can be done by phone if necessary.

Ms. Hernbrode expressed her thanks for this meeting.

Mr. Woodling appreciates the opportunity to try to shorten future meetings. As a Board member he is very aware of the value of short meetings. He also noted that he and Mr. Colton drive from Tucson to Phoenix and others drive down from Flagstaff. He feels that when the Board holds a meeting, they ought to discuss all the issues and focus on what's important. The Board needs time to look at all the issues and not just look at having a quick meeting and going home.

Chairman Scalzo noted that his purpose for this meeting is to avoid unnecessary dialog and reduce procedural questions. Sometimes the meetings can be reduced by a considerable amount of time and the Board can spend our time on policy issues, budgetary issues, and planning issues which is what we should be doing.

H. ADJOURNMENT

Mr. Woodling made a motion to adjourn the meeting. Mr. Colton seconded the motion and the motion carried unanimously. The meeting was adjourned at 11:33 a.m.

APPROVED:

WILLIAM SCALZO, CHAIRMAN

KENNETH E. TRAVOUS, EXECUTIVE DIRECTOR