

ARIZONA STATE PARKS BOARD
1300 W. WASHINGTON STREET, PHOENIX, AZ
JULY 2, 2009
MINUTES

Board Members Present:

Reese Woodling, Chairman
Tracey Westerhausen, Vice Chairwoman (arrived at 1:15 p.m.)
William Scalzo
Arlan Colton (arrived at 1:12 p.m.)
Larry Landry
Walter Armer
Maria Baier (arrived at 1:12 p.m.)

Staff Members Present:

Renée Bahl, Executive Director
Jay Ziemann, Assistant Director, Partnerships and External Affairs
Jay Ream, Assistant Director, Parks
Brad McNeill, Acting Assistant Director, Administrative Services
Cristie Statler, Assistant Director, Outreach
Debi Busser, Executive Secretary
Doris Pulsifer, Chief of Grants
Jeanette Hall, Chief of Human Resources
Janet Hawks, Chief of Operations
Ellen Bilbrey, PIO

Attorney General's Office:

Laurie Hachtel, Assistant Attorney General

A. CALL TO ORDER - ROLL CALL – 1:00 P.M.

Chairman Woodling called the meeting to Order at 1:02 p.m. He stated that, while this is an open Board meeting, the Board will not take public comment today and there are no Action Items to be addressed.

B. EXECUTIVE SESSION – Upon a public majority vote, the Board may hold an Executive Session, which is not open to the public for the following purposes:

- 1. To discuss or consult with its legal counsel for legal advice on matters listed on this agenda pursuant to A.R.S. §38-431.03.A.3.**
 - a.** The Board may consult with counsel for legal advice regarding strategies necessary to balance the budget including, but not limited to, spending reductions, staff layoffs or Reductions in Force, transferring expenses to alternative funding sources, suspending grant payments, suspending FY2010 Grant Cycle, park closures, reduction of hours/ days of operations, deferring parks capital projects, furloughs, salary reductions, spending reductions, Governors Task Force on Parks Funding, ASP Fund Sources, Parks Fees, FY2011 issues and strategies, community partnerships.

Ms. Bahl advised the Board that she did not see a need for the Board to go into Executive Session unless the Board had questions of Counsel. No Board member requested to go into Executive Session.

C. INTRODUCTIONS OF BOARD MEMBERS AND AGENCY STAFF

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."

The Parks Board members and agency staff introduced themselves. Mr. Armer, the newest Parks Board member, introduced himself. He is from Vail, AZ (just outside of Tucson). His family has been in the ranching business since the 1870s. He is also in the real estate appraisal and brokerage business. He's lived in Arizona for all his life. He stated he is happy to be back on the Board. His replacement was Mr. Cordasco.

Chairman Woodling noted that Mr. Armer was being very modest. He is Past President of the Arizona Cattle Growers. He was named Cattleman of the Year last year and has held many offices in the Cattle Growers. He was also involved for a while with the NCA. Mr. Armer is very well thought of in the cattle industry.

Mr. Armer noted that he is a graduate of THE University of Arizona.

Mr. Armer read the Board Statement.

D. ARIZONA STATE PARKS BUDGET

1. **Study Session and Discussion on the Arizona State Parks Budget including but not limited to;** Budget Overview FY2009 and FY2010 State of Arizona and Arizona State Park Budgets, Fund Sources, Revenue Outlook, Revenue History, Expenditure Outlook, Expenditure History, Fund Descriptions, Visitation and Revenue, Legislative Proposals, Governor's Proposals, State Revenue Projections, Potential for FY2010 budget revisions, Parks Capital Projects, Pending legislation, legislative referendums, legislative special sessions on the budget. The Board may discuss strategies necessary to balance the budget including, but not limited to, spending reductions, staff layoffs or Reductions in Force, transferring expenses to alternative funding sources, suspending grant payments, suspending FY2010 Grant Cycle, park closures, reduction of hours/ days of operations, deferring parks capital projects, furloughs, salary reductions, spending reductions, Governors Task Force on Parks Funding, ASP Fund Sources, Parks Fees, FY2011 issues and strategies, community partnerships.

Ms. Bahl reported that today's Board meeting is a work/study session designed to educate the Board about their budget. It's a great opportunity for the Board members to ask questions. She will take small sections of her presentation and then take questions. She noted that the agency has had a few years' worth of complicated budgets that have made it difficult to understand.

Ms. Bahl stated that she would begin her slide presentation (included at the end of the packet on orchid-colored paper) by discussing the traditional operating budget and looking at what we would have by looking at just the statute and without manipulation by the legislature. She will also discuss what staff are calling "neo-traditional" which is what the Board has done in the past few years (from 2003 onwards depending on the fund). They are the different manipulations that the legislature has allowed and the

Board has endorsed. Ultimately, she will discuss what has happened up to today with the new budget proposals – what the legislature passed and what the Governor signed.

Chairman Woodling noted that he went through the original version that came by Fed Ex, which is different from the handout today. He has a lot of questions. He asked that the Board not ask questions of Ms. Bahl until she asks for them.

Ms. Maria Baier arrived at the meeting and introduced herself. She is the new AZ State Land Commissioner and a statutory member of the Parks Board. Mr. Colton also arrived at this time.

Ms. Baier stated her delight at sitting on this Board. She stated that she was privileged to serve on the staff of two governors; the majority of that time she was the Liaison for Natural Resources agencies, including the State Land Department and AZ State Parks (ASP). Much has happened since then and now. When she left the Governor's Office, she left to open the Arizona field office of the Trust for Public Land, which is nationally known public land conservation organization. She worked there for a couple of years and then went on to work for Valley Partnership, which advocates responsible development on behalf of the real estate development industry. She went on to win a seat on the Phoenix City Council. She served there for a year-and-a-half until her appointment as State Land Commissioner. She noted that she has worked extensively with Messrs. Landry, Scalzo, and Colton over the years, as well as with Ms. Bahl and Messrs. Ream and Ziemann.

Ms. Baier noted that one of her proudest moments was working hand-in-hand with ASP staff and Mr. Scalzo on Spur Cross Ranch. Another was working with Mr. Colton (the father of the AZ Preserve Initiative).

Mr. Colton then introduced himself.

Ms. Westerhausen then introduced herself.

Ms. Bahl began her slide presentation (included at the end of the Minutes). She reviewed the slides beginning on page 4 and ending on page 15 (Agency Annual Capital Projects [by Fund Source]). She asked if the Board had any questions on that portion of the presentation.

Chairman Woodling referred to page 15 (Agency Annual Capital Projects [by Fund Source]). He asked if the "50% of EF Revenues" is the Enhancement Fund.

Ms. Bahl responded that it is the Enhancement Fund. By statute, half of the Enhancement Fund goes to Operating. This slide projects what is traditional by statute – half of the Enhancement Fund goes to Capital.

Chairman Woodling asked what the 43% on the pie chart represents.

Ms. Bahl responded that the 43% represents the Enhancement Fund; the note that is a bullet on the slide is really an assumption to make it clearer that this pie chart assumes that half of the total Enhancement Fund goes to Capital projects. If half of the Enhancement Fund went to Capital projects, then of all the Capital projects, it would be about 43%. The Board has not used half of the Enhancement Fund for Capital for a number of years. That is why this assumption was noted.

Chairman Woodling asked what year this slide is for.

Ms. Bahl responded that, notwithstanding existing statute, all of the Enhancement Fund can be used for Operating costs. 2002 is that last time the Board used half of the Enhancement Fund going to Operating and half going to Capital. If one were to look at the statute today, it would say one-half goes to Capital.

Mr. Scalzo noted that that is why the Board has Capital needs in excess of \$200M. In 2002 the Board was above \$140M plus there are demands from AZ Department of Environmental Quality (DEQ) for all the water treatment that's not been done (another \$7M-\$8M). The Board will never catch up to that amount.

Ms. Bahl stated that those slides represent the big picture of how the revenues come in. She would now focus on ASP Operating Funds which is 37% of the total funds. She continued with slides 16 – 18 (Operating Funds, Operating Expenditures by Program, and Operating Expenditures by Category).

Mr. Scalzo noted that, if he understands it correctly, some of the agencies provide services (i.e., Risk Management). They charge us in the first quarter for the entire year.

Ms. Bahl agreed with his statement.

Mr. Scalzo then stated that the Board is going to receive a tremendous hit in the beginning of the new Fiscal Year (FY) unless they tremendously reduce their costs to us for their assistance.

Ms. Bahl responded that she did not know of any reductions and that it will be a big hit – proportionately, a larger hit than in the past because our bottom line is so low. It also creates cash flow problems. There is provision in the budget right now for a loan from the General Fund to help the agency with its cash flow issues. The General Fund would front us some money that would have to be paid back during this FY so that we can pay off these first-quarter one-time costs.

Ms. Westerhausen asked if the slide on page 18 also includes any charges the Board incurs for services rendered by its Assistant Attorneys General.

Ms. Bahl responded that the Board pays for certain services (advice) from our Assistant Attorneys General.

Ms. Hachtel added that there is no ISA between ASP and the Attorney General's (AG's) Office.

Ms. Bahl responded that she doesn't think the Board pays the AG's Office except for when there is a need outside their regular counsel. When those issues come up, there needs to be funds available to pay for those services.

Ms. Westerhausen asked what an "ISA" is.

Ms. Hachtel responded that it's an Interagency Service Agreement between state agencies. When Kartchner Caverns State Park was getting off the ground there was an outside patent attorney that ASP utilized.

Mr. Ziemann added that part of the P&O pays for a trademark attorney the agency utilizes to monitor trademark and web issues. That expertise is not available within the AG's Office so they directed the agency to go to outside counsel. Those attorneys were retained around 1997. It ended up in a federal lawsuit with the Kartchner family. That relationship has continued and is part of the P&O costs.

Mr. Ziemann added that in prior years the agency has paid the salaries of our Assistant Attorneys General (AAG) when budgets were tight. That is no longer the case.

Chairman Woodling noted that Mr. Ziemann had mentioned "outside services". He asked if that means that the state doesn't defend a lawsuit against ASP.

Ms. Hachtel responded that usually any lawsuit that comes against ASP, except if there is a conflict with the AG's Office or a need for outside expertise as Mr. Ziemann discussed, would be defended by the AG's Office. When additional expertise is needed and is contained within other sections of the AG's Office, the Board's counsel is usually paired with those attorneys. If it's a simple contract issue, there is someone within her section that Ms. Theresa Craig would assign to handle it.

Ms. Bahl stated that she believes that the main point thus far is that almost half of the Board's money goes out in Grants, 37% is for Operating Expenditures and 14% is for Parks Capital. Of the Operating budget, almost 2/3 goes to the Parks Operations division. Of the full agency operating budget, 3/4 goes for salaries.

Ms. Bahl then moved on to Fiscal Budget Revisions, beginning with slide 19 (Fiscal Budget Revisions). She noted that since sending this presentation to print, there have been a number of changes.

Mr. Ziemann explained that at the start of the FY2010 budget process, ASP had \$2.3M of General Fund and our State Lake Improvement Fund (SLIF) cuts took the fund to a low level. In the compromise budget, they eliminated the General Fund (by \$2.3M) and gave back \$2.3M of SLIF. The amount of cash in the funds was a wash. Where it becomes critical is that in the language that allows the Board to backfill these cuts (in the "feed bill" – the general appropriations bill – SB 1188) there is a clause that says the Board can take money from the other funds and backfill cuts made by the legislature in order to continue to operate. Essentially what the legislature is saying is that they are going to cut the agencies' budgets with a cleaver. The agencies will have to make these things work. They understand that they will make cuts that are unpalatable or untenable. The agencies will handle this by the authority to move their other funds and backfill these cuts. The Board lost authority in the ability to transfer the money to backfill all of these cuts because we can't backfill a General Fund cut. What has happened is that the hole in the General Fund has gotten bigger. In the past the Board could backfill a lot of the SLIF, but that hole got smaller. We can't move as much money into SLIF now and use it for operating, and we're not allowed by the statute to backfill the General Fund cut. Even though the cash is a wash and the amount of cash in the funds are the same, the Board lost the authority to spend operating money.

Chairman Woodling asked if a certain percentage of SLIF is used for operating anyway.

Mr. Ziemann responded affirmatively. There is a slide that addresses that. Traditionally, we would use 11.8% of whatever amount we got for administration. From whatever remained we used 30% for ASP projects and 70% for grants. Last year the Board did not award SLIF grants. That money was used to backfill the cuts so the agency could continue to operate. He reminded the Board that they cannot backfill General Fund cuts. Staff let the Governor's Office and the legislative staff know right away that there's an issue here that as they move forward they have eliminated the

Board's authority to operate. We have a \$2.3M problem. Staff spent most of Saturday trying to get this authority back.

Mr. Colton asked if the legislature knew they were doing this or if it was inadvertent on their part.

Mr. Ziemann responded that he believes it was inadvertent. Because the cash was a wash, he believes that they just hadn't thought it through. He finds it difficult to believe that they are trying to create issues for ASP on the eve of the 4th of July.

Ms. Bahl agreed that it was inadvertent.

Ms. Bahl continued with the presentation beginning with slide 23.

Ms. Westerhausen asked where the backfill money comes from.

Ms. Bahl responded that it is the decision of the Board and can come through any other fund we have the money for with the review of the Joint Legislative Budget Committee (JLBC). It basically forces the Board to rob one fund to pay the other. Those are the decisions that the Board will have to make between Operating, Capital, and Grants.

Ms. Westerhausen added that finding new funding could be an option as well.

Ms. Bahl responded that new funding could be found, but to create a new fund or have a new revenue source would require amending something in legislation. Increasing the amount of money we bring in would be a good source. But if we're talking about a new source of funding, there will be some sort of legislation associated with it.

Ms. Bahl stated that she would talk about these backfills later in the presentation. She added that \$5.01M (from slide 25) is what staff believe the Board has for Enhancement Fund operating.

Mr. Scalzo noted that the Board has operating appropriations authority for \$8.416M. Therefore, the Board could take money from some of the other funding sources to backfill up to the \$8.416M.

Ms. Bahl responded that that is correct and the sweeps backfill is limited to the amount that they swept - \$1.28M and \$1.9M.

Mr. Scalzo noted that even though the legislature has given the Board appropriation authority on the higher number, they can't sweep funds to do that.

Ms. Bahl agreed but added that the Board can make more revenue at the parks to meet that \$8.416M. Staff's estimate is \$8.2M. The good news is that it's close.

Ms. Bahl continued with the presentation beginning with Slide 25.

Mr. Armer asked for clarification on the Law Enforcement Boating Safety Fund (LEBSF) and the AZ Trail Fund as to why they are not available – is it by statute or something else.

Ms. Bahl responded that LEBSF is not available by statute to use for operating and, additionally, the legislature added a new section that says it is not available to meet requirements of any other fund reduction or transfer. It cannot be used to backfill a sweep.

Mr. McNeill added that the AZ Trail Fund is \$125,000 meant for the AZ Trail, but that no moneys were approved to this line item..

Mr. Ziemann noted that there was a bill passed four years ago that gave an appropriation of \$250,000 for the AZ Trail. In subsequent years it's been reduced to \$125,000. It's been in the budget bills; they keep finding money for it. However, it's not available for us to operate state parks. The LEBSF issue is that in February the Governor took \$500,000 from that fund to fund some of her priorities. The Board looked at it as if the Governor can use \$500,000, if we really get stuck maybe we'll use \$500,000 as well. It became a very hot button in the political process and at the legislature. That's the reason for the additional language in this appropriations bill eliminating the Board's ability to backfill.

Chairman Woodling asked if the LEBSF affects Lake Havasu, Patagonia, Lyman Lake, and all lakes in the parks system.

Mr. Ziemann responded that most of that money is passed through to the County Sheriffs. Most of it does go out to Mohave County.

Chairman Woodling asked if that is an appropriated fund.

Mr. Ziemann responded affirmatively.

Mr. Scalzo added that those funds don't have to be used only on state parks – they can be used on federal parks. The Forest Service has county lakes.

Ms. Bahl returned to the presentation with slides 28 through 40. She noted that the Board needs \$30M to operate the system right; \$26M to limp along; \$21M requires closing of parks, reduced hours, and programs that will not go forward. Slide 40 shows we have \$11.69M.

Ms. Westerhausen noted that is less than half of what the Board needs.

Chairman Woodling noted that at \$26M we are really hurting.

Ms. Bahl responded that, under the FY 2009 adjusted budget, the Board has \$21M. She stated that the agency cannot continue with the programs and parks the Board is offering today with \$21M. There is a 30% vacancy rate, which makes it impossible to keep parks staffed. We're not doing things well. We need to stop doing things – whether it's parks or programs. We cannot continue to be spread out like this. It was one thing to say, "let's get us through to the next FY." If it continues at \$21M we'll be an even lesser agency than we are today.

Mr. Scalzo noted that that includes several parks that are closed and some that have only been open through local efforts.

Chairman Woodling added that we're at about half of that and 1/3 of what we need.

Ms. Bahl stated that, that said, she would take questions. She noted that there are some options – they are not pretty; but they are options. The Board needs to weigh its priorities.

Mr. Colton referred to slide 38, the line referencing the Land Conservation Fund (LCF). He noted that that money isn't really there.

Ms. Bahl responded that if one goes by the vetoed BRB today, it reduces OHV because we lost the \$690,000; it reduces the LCF down to \$500,000; and it reduces the Enhancement Fund because only half of our Enhancement Fund can be used for operating.

Chairman Woodling referred to the interest from LCF and noted that that money was not available until the legislature added the authority for FY 2010.

Mr. Ziemann responded that our General Fund appropriation and the appropriations in our other funds have shrunk since 2003. This provision to use the interest in the LCF over and above what is statutorily dictated (\$500,000) has shown up. Governor Napolitano always insisted that it was illegal and violated the Voter Protection Act. She would veto that provision, as it would come through on a BRB. In February when they adjusted the 2009 budget, they put it in again and the Board's authority to use the interest went through. They are giving the Board the authority to use the money in excess of \$500,000 for parks' operations. That provision was included in the budget reconciliation bill to use for an entire year. The BRB got vetoed. There is every promise that those things will be re-established.

Mr. Landry asked how much of the \$21M in FY 09 was for Heritage Fund grants funds. As staff will recall, the Board suspended a number of grants. He asked whether that money that was suspended or not awarded part of that \$21M and if so, how much.

Mr. Ziemann responded that Mr. Landry's question would be answered later in the presentation. He noted that the funds from the grants that were suspended are in the Heritage Fund account drawing interest. The agency was not operating on those dollars. The cancelled grant funds were put back in to backfill sweeps. The suspended grant money is still there.

Chairman Woodling asked if the legislature has swept that money.

Ms. Bahl responded that they swept \$120,000 from the Heritage Fund.

Mr. Ziemann added that in the Budget Reconciliation Bill there were sweeps out of the Heritage Fund of more than \$3.5M that went to the Land Department, of which \$3M went at the request of the State Forester for fire suppression. Approximately \$600,000 was for operation of the Natural Resources Conservation Districts, and some environmental county grants, for a total of \$3.6M that was swept out of the Heritage Fund. The \$3.5M to the Forester was included in the Environmental Reconciliation Bill that was also vetoed.

Ms. Bahl added that that's the same one the Governor has said are expected to be added back. She believes that the intent is that the \$3.6M will be transferred for that purpose just as those funds that were cut from ASP will come back in the same BRB.

Ms. Westerhausen asked how much is coming back. If the Board is to operate on \$11.7M, staff might as well tell them to simply abolish the State Parks Department. If that is what is going on, now is a good time to make that statement because it is the 4th of July weekend.

Ms. Bahl responded that she did not believe it would be any more than that. She does not believe that the intent is to add any additional money. She hasn't heard a call to add money back to the Parks Department beyond restoring the BRBs. It's certainly

something this Board can ask for as the legislature is going into Special Session. However, she wouldn't count on it. They won't want to play with the bottom line too much.

Ms. Bahl stated that she believed staff and the Board had two things to talk about. We need to discuss what this means (i.e., what are the priorities), and there are some opportunities (i.e., the money that goes to Capital and Grants can be used to backfill sweeps). The Board and staff need to have that bigger discussion on where the priorities are. There's not enough money to do everything. In fact, the bottom line is that it's not even close enough. When staff have a better sense of the Board's priorities and balance, especially if we have the \$30M versus the \$21M they will be able to provide options.

Mr. Landry asked if the real issue is how much operating funds the Board has and then how much money is available for Board decisions on how much to put into operating funds – at what cost – and what the trade-offs are. The real issue isn't \$30M. The real issue is what the Board's authority is, and then what fund decisions the Board has at its discretion, and then what the consequences may be and what they mean. He asked what was done to allow the agency to keep operating until the next Board meeting.

Ms. Bahl went to the slide that included sweep backfill total amount (not included in the Board's copy). To answer Mr. Landry's second question, the Governor called the agencies before the normal workday on July 1 and said it was "business as usual", which was substantiated by some legal authority that we could all open and expend money. She noted that the Board has a budget now that gets it through the end of July and, more likely, through the end of August with every expectation that the BRBs will be added back. We are not at a cash flow issue now. If the BRBs were not added back, there would be a quick meeting to discuss shutting much of the department down.

Ms. Bahl added that Mr. Landry's first question related to operational authority. If the BRB veto is ignored and we go back to last Friday's version of the budget, there was \$5.3M that could be used as operating appropriated - the operational backfill. If one looks at all the sweeps from the Enhancement Fund, SLIF, and the other small funds, that could go towards operations gets us to a \$19M operating budget. That is basically raiding \$14M out of other State Parks funds to put toward operating funds. The Board also has authority to spend more money toward operating for some of these funds than it has traditionally has. For instance, from SLIF, the Board can spend the entire amount on operations. The Board has discretion on that authority. The Board has been working through a Memorandum of Understanding (MOU) with AORCC. It is not a legally binding document. The Board can amend or cancel that MOU. There are portions of the Heritage Fund that the Board may not have used wisely but that can be used for operations. The Board can use, for instance, the Historic Preservation portion. There is no limitation that it has to go to grants or capital. It can't go to property, but it can go for operations. The Board has not traditionally used it for operations. There are pieces of money from different funds where the Board has that authority to use.

Ms. Bahl added that it also means:

1. There's a risk. If the Board starts using Heritage Funds and the Heritage Fund goes away or gets raided next year (she has every expectation that we'll have more sweeps in January) and 2011 will be even worse than this FY. Then the

Board will have built up something that will quickly have to be cut down. She doesn't know that saving it does any good because it just gets taken.

2. The Board would essentially be eliminating or greatly reducing Capital programs

Ms. Bahl noted that using these backfills for non-traditional purposes is perfectly legal.

Mr. Landry referred to slide 43 and asked if the \$7.4M are the options the Board has to work with.

Ms. Bahl responded affirmatively. She noted that those funds were what was swept or reduced that the Board can report as a request for JLBC Review.

Mr. Landry noted that the Board is not noticed to take any action today. He asked if she is saying that if everything in the BRBs comes out right, the Board will have less money than we ended with in FY 09. Even that was probably not sustainable because the agency was running on a 30% vacancy savings and reduced hours and done several other things. He asked if Ms. Bahl was saying in the best-case analysis, unless the Board does very non-traditional things, is about \$2M less than that.

Ms. Bahl responded that she is saying that the analysis is \$2M less and then the Board needs to go to non-traditional uses – which she strongly thinks the Board should consider.

Mr. Landry stated that budget information would come to the Board prior to the August meeting. At the August staff will expect the Board to give direction. By then the legislature won't be in Special Session.

Ms. Bahl responded that staff would not expect the legislature to be in Special Session at that time. She also expects a budget decision in August for this FY. When the legislature goes back to the bottom line, it could be different from what staff projected. The Board will have to approve the amended FY 2010 budget.

Mr. Landry noted that what Ms. Bahl was saying today is based on staff's best forecast. Even if all the BRBs come back the way everyone would hope they would, it would be at least \$2M less than the \$21M. That \$21M as it is not sustainable to the agency's current operations. We can't just keep putting baling wire and duck tape on things to hold them together. Staff needs to come back to the Board with some suggestions on the 2010 budget similar to the meeting in the spring. He asked if that's what will happen.

Ms. Bahl responded that she will need Board action on the budget, and the Board will have to consider non-traditional uses of certain funds..

Mr. Landry noted that staff will have an idea of the numbers before August and will recommend to the Board the options the Board has (buckets of money) and the consequences of those options. Staff will have to come to the Board with a sustainable number and whether or not we can get there.

Ms. Bahl responded that that will come before the Board for a decision at the August meeting. Some of that will be discussed later today. As that discussion progresses she will be able to hear the Board's priorities and that will make the August meeting go smoother.

Mr. Colton noted that the Board is making an assumption that the legislature and Governor will be done with the budget by August 3. He asked if that's a good assumption or could we be like California and never have a budget.

Ms. Bahl responded that:

1. We don't know
2. The Governor emphasized that there need to be budget decisions at least on education by July 15.

Ms. Bahl added that she believes it is the Governor's intent to have it all wrapped up quickly. However, Mr. Colton is correct in that we don't know for sure how long it will take.

Mr. Ziemann added that there is no place more rampant with rumors than the legislature, especially after what we've gone through the last couple of months. Some of the rumors he's heard on his way down here was that the legislature would come in Special Session on Monday, Pledge, pray, and Adjourn *sine die*. At this point in time they haven't done any negotiations. We just don't know.

Mr. Scalzo asked if all of state government would shut down if July 15 rolls around and there's nothing for education.

Mr. Ziemann responded that he didn't think so. The issue with the July 15 date is that they could lose stimulus money from the federal government because of cuts they made in the education budget. It would roll federal dollars back to Washington, which would make the state's problem that, much worse. That's why the Governor was line-item vetoing things and asking the legislature to come back in and put more money into public education so they don't lose federal stimulus dollars.

Ms. Westerhausen asked counsel if she has the statute that says what the ASP Board is supposed to be doing and what its responsibilities/obligations are.

Ms. Hachtel responded that there are two different sections; one states what the Board "shall" do and one that states what the Board "may" do.

Chairman Woodling called for a Recess at 2:27 p.m. He reconvened the meeting at 2:38 p.m.

Chairman Woodling noted that Mr. Landry could not remain at the meeting past 3:00 p.m. Mr. Landry will work with staff after next week to get caught up.

Ms. Bahl suggested that this might be an appropriate time to discuss priorities of the Board and issues with the 2010 budget with or without the BRB issue, in general. She referred the Board to slides 41 and 42 of the presentation. She noted that these are by no means all of the issues. She added that these are short-term strategies rather than long-term solutions. The Board will need to consider if it wants to spend all its money, or try to save any cash balance for next year. It will also have to discuss priorities of operations versus capital versus grants since there's not enough money for all of them.

Ms. Bahl stated that she believed staff and the Board need to have this discussion. There has been discussion on short-term solutions rather than long-term strategies; the backfill to the Enhancement Fund was discussed; SLIF funding has the most flexibility of any funding (it can all be used for operating purposes). Next year will be worse than

this year. Another issue that is hampering us is that we are making less interest. We have less cash balance in our funds so the interest is less. On top of that, interest rates are low. Interest used to be a substantial portion of our operating funding. There will be no growth (i.e., new acquisitions, development, programs, etc.) with any of our funding scenarios.

Ms. Bahl then reviewed slide 42.

Mr. Armer noted that, while he is the newest Board member he has served six years as a Board member in the past, it seems to him that the Board needs to look at short-term priorities rather than long-term priorities. He doesn't think long-term priorities have a place on the docket at this point. It seems to him that priority number one should be in the O&M area to try to maintain what we have as best we can. That's not to say the Board won't have to close some parks down. Florence in the summer is probably not a popular place to be; Lyman Lake in the winter isn't, either. The Board may have to consider closing some parks based on where the potential is for revenue sources. The second priority would be to maintain at least some capital expenditures. Even if one park is closed down, if it's not taken care of it will end up on the ground. Lastly would be the grants, SLIF, and those sorts of things which will entail some adverse affects from minimizing or cutting them out completely. Quite frankly, there can be some benefits, too. Those are the ones who will affect the people in Globe, Payson, Yuma, Kingman, and wherever it may be. If it starts affecting them with their grants they may start talking to their legislators about the need to reestablish some of the funding to the agency and its importance to those rural communities.

Ms. Westerhausen asked what the statutes say. Under current law, what is the Board's obligation to fund grants? For instance, the \$10M that's supposed to come from the Lottery.

Ms. Hachtel asked if Ms. Westerhausen was asking for a particular statute.

Ms. Westerhausen responded affirmatively. She is looking at the purposes of what the Board is. It looks to her like the Board is supposed to acquire these properties using certain criteria like historical and scientific interest. It doesn't say anything in the purposes and objectives about issuing grants for public projects. She asked what money is earmarked and must be used for grants such as the Puppet Theater.

Ms. Hachtel responded that the question might be two-fold – first, the authority for ASP to enter into contracts; secondly, the Heritage Fund statutes. She asked for a few minutes to research those questions.

Mr. Scalzo suggested asking Mr. Ziemann or Ms. Pulsifer to answer those questions. The questions are not so much legal as they are operational questions.

Ms. Westerhausen noted that she and Ms. Hachtel can discuss the actual authorizing statute later.

Ms. Bahl stated that she believed the Board would have two different statutes involved in answering Ms. Westerhausen's questions. One is the purposes of the Board. The second is the allowable uses of each fund (such as the Heritage Fund). In the purposes of the Board it says that the Board shall receive applications for projects to be funded with the Land and Water Conservation Fund (the federal fund), SLIF, and the LEBSF on behalf of AORCC. That is all she sees in terms of grants related to what the Board

“shall” do. Under the Heritage Fund, it says that all moneys of the ASP Board Heritage Fund shall be spent by the ASP Board only for the purposes of the percentages set forth in the article. The Heritage Fund statute number is 41.502. Copies were made for the Board of the two documents referred to in this discussion.

Ms. Bahl stated that, with the Heritage Fund, staff looked at what the statute said in terms of operating authority. For the Local, Regional, and State Parks (LRSP) and the Trails portion, it says not more than 20% can be used for any single entity. That means that ASP couldn't use more than 20%. Historic Preservation does not have to go out as grants according to the statute. It needs to be used for historic preservation. Natural Areas is very clear that it can only be used for acquisition (\$1.7M). Environmental Education has always been used for operations of state parks. While it may not completely answer Ms. Westerhausen's question, it gives an idea of these funds may be used for.

Ms. Bahl stated that when talking about options, while they're not pretty, the Board could use \$5.3M of the Heritage Fund for operations. There are risks associated with that – not using it for capital; not using it for grants; and are using money for operating that may not be available next year given what the legislature is doing. The Board would be building an operating budget on money it does not have control over.

Mr. Landry stated that it's really a difficult set of policy criteria. He's found nothing to disagree with what Mr. Armer said. However, the devil's in the details. What does it mean on each of the 30 parks? What does it mean specifically as it pertains to certain grant programs? He is struggling with that. No matter what the Board does, people will be unhappy. He commended staff for the work they put into this. This is the first time the Board has received it this way. It would help him in the future if we don't change the status quo. Where are the gradations of intervention and non-intervention and what does it mean specifically. While the Land Conservation Fund (LCF) is in the Board's budget, it really isn't.

Mr. Landry stated that he needed to leave the meeting and that he would contact staff and help them in any way he could.

Chairman Woodling stated that the Board is at a real crossroad. He has to agree with Mr. Armer's and Mr. Landry's comments. He suggested that the Board should face reality. He believes that bottom line and the reality is that we have an agency for another year. Will the parks be sold off? Will the legislature, through strangulation of money or philosophy cause us to lose all of our historic parks? Will the parks revert to the counties and cities they are in? The Board needs to look at this budget, FY 2011, and the economy. He noted that we can't maintain what we have. We're way behind on our capital. Everyone on this Board knows that. He believes that the Board has to make a decision quickly whether this agency will continue under the current circumstances to run our 30 parks. If this economy continues and the legislature continues on its current course, 2011 will be even worse.

Ms. Westerhausen asked if the Board has any state parks that it could sell.

Mr. Ziemann responded that almost every park has strings attached to it regarding its acquisition and disposition. Each one would have to be looked at individually. They are all fraught with consternation and woe.

Mr. Ream added that most of the land that we own in fee is titled as "Arizona State Parks Board for the State of Arizona". Yes, there are parks that the Board could sell, but they belong to the State of Arizona. The Board may not have any gain from such sales. It would have to be researched. Would they become "surplus property"? He doesn't know.

Mr. Armer added that, from an appraisal standpoint, most of the parks aren't worth anything because no one can make any money off of them. From a practical standpoint, even if the Board could legally sell them (regardless of where the money would go), who would buy them?

Mr. Scalzo stated that he generally agrees with the other Board members' comments. He believes that the agency has to be as lean as possible and as mean as we have to be. The "mean" means that staff may have to go back to some of the cities and ask them to help get us through the next several years until the budget situation gets better. We need to look at our essential functions. He doesn't believe the Board needs to stay away from funding. He believes that the Board needs to fund, and that the Board needs to go after every potential use of funds that comes to this agency and use them to sustain a viable parks system for as long as we can. Otherwise, it's giving up – and he doesn't like giving up. This will obviously have an impact on grants, but it doesn't necessarily mean that all grants will disappear. It just means that the Board wants to sustain the agency with as much of those resources as is needed to maintain and operate our parks for the next year or two. He believes we have to be aggressive about it and look at every option out there and not be afraid to make decisions. The longer the Board waits, the more difficult it is for the staff to operate it. They must be in great anxiety as to whether or not they are going to have a job. This has not been handled well statewide. It make the Board cringe when they think about how these public servants are treated. They give 24 hours a day and we don't overpay them. Moving people all over the state to keep these parks open is not the way to treat our staff or the public. The Board needs to make some hard decisions to keep some of the parks open while closing some that we can't afford to operate.

Mr. Colton stated that he is not quite prepared to weigh in on what he thinks should happen. One issue relates to revenue enhancement. When the Board was presented with the fee schedule, the comparison was with other state parks' systems around the west. We were on the high side of that. Maybe we need to be on a higher side. He doesn't know where we were in the comparison between federal facilities that are in the state or privately run facilities that may be options. He doesn't remember those comparisons. His second question deals with the Board's relationship with the ASP Foundation. He doesn't know if there are any options that will help with private financing of anything or taking over roles that they don't get swept. A third question relates to the 30% vacancy. He's not sure where that vacancy is – how much is in the Phoenix Office and how much is in the Field. Are there parks that, based on where they are, that we can't fill those jobs through reassignment of existing staff?

Ms. Bahl responded that the short answer to that is the office vacancy rate is 27% and the field vacancy rate is around 32%. It's not that we're having trouble finding anyone to fill those positions, it's that we can't afford to do it.

Ms. Bahl stated that she has full hope and sees the agency's future full of opportunities for ASP. Not having an ASP department is nowhere near to being on her radar screen. Despite the lack of support that we need in the legislature, she does not believe that the people of Arizona would allow this department to extinguish. That said, it's a rough year. A lot of her hope is resting on the Task Force that Mr. Scalzo sits on. She believes that the people of Arizona would support some sustainable funding source, especially if it's a reasonable amount. She thinks that we just have to get through this intermediate time. She doesn't know if November 2010 is a reasonable expectation for a ballot initiative or get to the legislature in the next Session. She doesn't know how long the agency can limp along with these cuts. She does not see the future as dismal; she sees it as a really bumpy road ahead. When she came here, she thought we could only go up. Now she knows we have to move down a little bit more. She has full hope, optimism, and confidence that we will get there.

Chairman Woodling stated his agreement with Ms. Bahl's statement. He noted that the agency began getting swept and cut in 2002. There's been some good years in there. However, a lot of those cuts were not restored. A lot of those funds have not been forthcoming that were taken. This concerns him. If the Governor or legislature perceives that we can survive on \$11M rather than \$21M, that may be all we get. He is concerned that there doesn't seem to be a real push that Arizona needs to have state parks from those who are in politics.

Ms. Baier stated that she shares the Chairman's frustration with what appears to be a clear disconnect between the general public's regard for parks in general and, certainly, the ASP system and the amount of funding and intention and regard that is given by the state legislature. It is incomprehensible. She stated that she couldn't agree more with Ms. Bahl in that she believes that ASP will remain an entity within state government. There are issues within the economy that do affect us and no one can say how long the duration of this decline will be. We will come out of it. She tends to think that as we come out of it, the problem at the legislature will diminish over time, too. It's very challenging because the mentality at the legislature, for as long as she can remember, has always been that this is a non-essential function. A lot of governing bodies recognize how vital parks are to the general public, but for whatever reason it seems that in the legislature's mind it is a non-essential function. It's interesting because when asked what is essential, it usually comes back as corrections and public safety and streets. Everything else apparently are non-essential. She feels that ASP has suffered a lot this year. A lot of agencies suffered a lot – in a different way. The SLD received a 42% cut from the legislature. This is a bad time and we should not make decisions about the long-term viability of the agency based on this short-term problem. The economy and the nature of this legislature is perhaps more challenging than anyone here can remember. What happened a couple of days ago is different from what happened in the past. She believes that the Board should focus on getting through this rough spot. We're going to have to be scrappy and a little bit aggressive about the decisions we make. We need to get through the next couple of years. When it gets down to the "nitty gritty" we are going to have to rely heavily on staff when it comes to understanding what "lean and mean" means. Does it mean operating a higher percentage of our existing facilities at a more skeletal level or does it mean figuring out what the core is that we should continue to open and maintain for the quality of system. She believes that's a decision that the Board is just going to have some hard, fast

information on. ASP is a little bit harder, but one of the things the Board has to look at is the return on investment. Staff may be better suited to understand what a few different scenarios exist in terms of fewer people / more places or more people / fewer places. She would like to see some of staff's ideas on how to manage through this. She hopes the Board does not make sweeping long-term changes to the parks system.

Mr. Colton stated his agreement that the Board needs focus on getting through the next year. He also has a sense that in addition to the decisions the Board makes within the next year or two still requires keeping an eye on the future and what those decisions make over the long-term as well. If the Board doesn't do that, it may work just fine for the next year or two but kill us over the long-term. We might make decisions that are irreparable and let things fall into such disrepair that there would never be enough capital to fix it up. Another scenario could be that something is in such disrepair today that the decision would be to not bother with it now and then it is lost. Regarding the grant program, he believes that if the money isn't there to give out, then the Board doesn't give it out. That doesn't affect the long-term mission. It may, in fact, help people perceive what's happening here. Those are tough realities that people will just have to understand or come to accept as choices. He does not want to be in a position where the Board just pulls the rug out with any decisions that the Board makes that impact advisory committees, such as the AORCC MOU. Anyone we need to consult with, whether it's AORCC or the Heritage Alliance or any of the Board's other advisory committees, are contacted and provided with the options the Board has – none of which are good.

Chairman Woodling asked the Executive Director if she or her staff have come up with a way to bring in \$21M for operating in the upcoming year.

Ms. Bahl responded that if the BRB gets restored (forgetting all these changes that were just vetoed), with significant changes in how we use funds, we can do it. For instance, with SLIF we have \$8.2M in revenue.

Chairman Woodling ask, if all the BRBs were restored and we were able to come up with \$21M-\$22M, what would that leave for capital and for grants? He heard Board members say that the priority is operations. The next priority is capital. As Mr. Armer stated, we have parks that if we don't fix them now, they are unfixable even if we had \$100M. He's heard that awarding some of the grants is the least important of the three issues being dealt with here. If we can operate the way we operated the last year, what is left over for capital and grants?

Ms. Bahl responded that she can't answer that question right now. Should the BRBs go through, she will be able to provide the Board with information in August on how to do things differently. She will look at \$21M, but she will also tell the Board that to sustain the system will take more than \$21M. There will either be \$21M with additional closures because we can't sustain the 30% vacancy, or we keep the parks that are already closed; keep the parks that have reduced hours with reduced hours. What does that really cost? She suspects it will be more like \$23M. She will provide the Board with that information in August. She will provide the Board with a list of grant programs that can't go forward because that was what was used to backfill. She will aim for an operating number that is sustainable with what the Board is currently doing in its programs. She will work from there and let the Board know all the consequences.

Chairman Woodling stated that he understands that if the Board doesn't come up with \$23M, then Ms. Bahl will give the Board a scenario of where the Board can reduce its operating, capital, and grant funding and what we can backfill and what we can't backfill. He noted that staff have done a tremendous job. He's never seen anything as concise and as well put-together and as well presented as this. He commended staff.

Ms. Bahl thanked the Chairman and stated that the staff is great – in particular Mr. McNeill and Ms. Snyder have probably worked 100 hours in 3 ½ days.

Chairman Woodling responded that this was a lot of work. It clarifies a lot for him. He would love to keep every park open, and he would like to expand parks, and he'd like to give out all the grants, but the Board is in a tight place.

Ms. Bahl requested to give the Board just one example of the type of things that staff would look at to make recommendations to get that \$23M. She referred to Slide 35, SLIF Detail. She noted that the Board has the ability to build it with other funding sources. The Board has the most flexibility with SLIF.

Chairman Woodling asked if Ms. Bahl could also take a look at the Heritage Fund and what can be taken from that program.

Ms. Bahl responded that staff looked at every component of the Heritage Fund and, by statute, determined if it could be used for operating or not. From LRSP, the Board could use 20%, (\$700,000) for state parks' operating. No single entity can use more than 20% of the fund. The \$2.8M will have to go to other entities. Or, the \$2.8M can be used to backfill a sweep. The Board can only use up to \$700,000 for operating; the \$2.8M can backfill a sweep; or go out as grants. It's the same thing with Trails – 20% of the \$500,000 for Trails can be used for operating. Traditionally, the Board has not done so. It has not even been used for state parks. It can also be used to backfill the SLIF sweep. It's an option. Historic Preservation has traditionally gone out as grants. It could either all be kept for ASP capital or it can be used for ASP operating related to historic preservation parks. A&D is Acquisitions and Development for state parks. It can be used for acquisitions and development for ASP and has traditionally been kept for capital. The Board can use it to backfill a sweep if it wants to. The Natural Areas is for acquisition. It may not be used for operating. It could be used to backfill a sweep. Any of these can be used to backfill a sweep. That will probably be part of staff's recommendation. If growing and acquisitions is not where the Board wants to go, then maybe it goes back to the Enhancement Fund sweep or the SLIF sweep, or one of those other little sweeps. She noted that the Board has, and staff have budgeted, using what is called Natural Areas Operation and Management Environmental Education and Interest. It's all part of the operating budget already. The operating budget would be reduced if we didn't use that money for operating.

Chairman Woodling noted that the Board could look at that \$4.9M and take some of it and put into the \$5.36M.

Ms. Bahl responded that the Board could look at that \$4.9M and use it to backfill sweeps. There is \$3.05M of the legislative sweeps in SLIF so there would be \$1.8M left to begin backfilling with.

Mr. Ziemann drew the Board's attention to Slide #43. It shows all the sweeps to the Board's operating budget.

Chairman Woodling stated that his personal feeling is that the Board's main job is to manage the parks on the ground and have enough administrative support in the office to continue to do their jobs. That's all under operating. The next thing he would go for, if the Board has enough money to keep parks going they way they were going in February, would be to critically look at the parks and see which ones we really need to fix.

Mr. Ziemann read the language that allows the transfer of money.

Ms. Westerhausen asked if the JLBC could decline to review it so the money would never be transferred. They could just postpone the review.

Mr. Ziemann responded that they have never done that; but they could. The legislature acknowledged the fact that they just need the money to fill this \$3B-\$4B hole. They are not really looking at how the agencies are going to manage. They have never not put these things on an agenda. To some degree, they could be liable to all kinds of lawsuits if state agencies start shutting down for lack of their putting these things on an agenda rather than for lack of cash.

Chairman Woodling asked, if the Board gave no capital or grants, what it would do to operations and if it would allow the Board to keep parks open.

Ms. Bahl responded that she would need more time to perform a better analysis. Staff would take a hard look at the other parks in terms of being open seven versus five days and continue to work with partnerships. Funding permitting, staff would fill some of the vacancies so that we are not sending staff all over. Staff would probably increase the tours at Kartchner Caverns State Park that are currently cutback.

Chairman Woodling responded that his concern would be that if the Board had \$26M we could treat our park personnel a lot better as far as moving them around and causing uproar in their lives. The Board could probably close some parks in the summer and close some other parks in the winter and put some of that money into capital.

Ms. Bahl added that the Board could keep its parks open and generate more revenue. The revenue the parks generate for the Enhancement Fund goes back into Capital.

Chairman Woodling stated that, from what he hears from his fellow Board members, that is something the Board needs to seriously look at in August.

Mr. Colton asked if there's any way to make any new revenue received from parks to go somewhere other than the Enhancement Fund, which is subject to sweeping again.

Mr. Ziemann responded negatively. He noted that the concession revenue also goes to the Enhancement Fund.

Mr. Colton noted that, if we get to the point where we're talking about the options that sit on the table for closing parks or reduced hours at parks or shifting things around, it needs to be more of a matrix rather than making decisions on revenue per visitor. At the end of the day the Board may need to be looking at temporary closures. He noted that the Board has had discussions in the past regarding what Capital Improvements are needed to make the parks functional. Perhaps there are somewhere Capital Improvements are needed to actually solve the problem that could better be deferred with a closed park. Some of them are on the lake. It may be, even though some are

revenue-generating parks, the Board may have to theoretically look at having to close that park because the Capital facility needs are so great there that SLIF money needs to be transferred to operating to specifically operate that park rather than take that SLIF money from operating and use it to operate a non-lake park.

Ms. Bahl then answered the Chairman's question on how much money would be needed to backfill the operations. She stated that staff have some very rough estimates now and would have better estimates for the Board in August. She began with OHV and went through all of the funds. She noted that the suspended grants could become cancelled grants and used to backfill sweeps. There are options.

Chairman Woodling referred to the slide entitled, "Legislative Sweep Options," and asked if those are moneys the Board could use to sweep into another fund for backfill or does this mean that the legislature has the option to sweep that fund.

Ms. Bahl responded that staff are saying that these are moneys the Board could decide to use to backfill the sweeps. She added that the Board cannot backfill with Heritage Fund suspended grants because that was not a legislative sweep. Staff are currently performing a cash balance analysis of the Heritage Fund. She assured the Board that suspended grants will be a priority in that analysis. The Board needs to keep in mind that \$3.6M will have to go to the State Forester if the BRB is reinstated and that money cannot be double obligated.

Ms. Baier noted that the Forester and the State Land Commissioner are now separate officers. That money actually goes to the Forestry Division and not the Land Commissioner.

Ms. Baier stated that she agrees that this meeting has provided a lot of education and an excellent presentation. She asked if there is anything the Executive Director thinks the Board ought to be discussing that would help as staff creates various scenarios for the Board to contemplate at the next meeting that hasn't been discussed to this point. She wants to be sure that the Board provide staff the flexibility to present back to the Board whatever would be best in that context.

Ms. Bahl thanked Ms. Baier for her comments and noted that the August Board meeting will be important and will require Board action.

Ms. Bahl suggested that the last remaining item is comments from individual Board members on things that are not palatable and not acceptable so that it helps as the opposite of a priority. She hears one priority that is to at least keep our operations going as they are and work to prioritize funding suspended grants. The priorities, in order, are operations, capital, and grants, and understanding what the consequences are. She asked what she should not consider.

Chairman Woodling responded that his one concern is that the Board members make sure that they are aware of their personnel – their staff in both the field and the Phoenix Office. If the Board decides not to award grants, what does that do to the Grants department? Can those staffs work in another area that would help the agency in another way? He is concerned that we have a 30% vacancy right now. He wants to make sure that people who are still on staff can remain on staff if at all possible.

Mr. Scalzo noted he has issues with cash flow. He knows the Board has been talking about SLIF grant and Heritage Fund and we know they all come in at different times.

He asked if that will be an issue as the Board looks at a budget based on the whole year – when will those dollars come in and whether the Board can count on them coming in at a certain level.

Ms. Bahl responded that cash flow is a huge issue because there's nothing left in the fund balance. It is part of the analysis staff are working on and is one of the reasons she was hesitant to show this slide because the agency may need some of this money just for cash flow. The \$1.9M loan from the General Fund does need to be repaid. She added that staff might come back to the Board and say that the OHV cash balance is needed for cash flow. We can't use it for backfill. The agency has never experienced such low fund balances before. There used to be millions of dollars in them. It is an issue.

Ms. Westerhausen asked what the suspended grant total is and if it's possible to tell the Board what its checkbook balance was as of 11:59 p.m. June 30th.

Ms. Bahl responded that she could tell the Board that the suspended grant total is \$6.11M, and she can tell the Board that once the obligations are removed from the balance in their funds there is something between \$12M-\$13M. She still has to check on (with that number) big projects that are still obligated with ASP and what happens with the BRB on the transfers to the Forester and other items in the BRB that have been vetoed that will be added back. That is part of the analysis staff will have final numbers on to bring to the Board in August. Staff will have a significant recommendation to make to the Board related to the suspension of grants.

Ms. Bahl stated that the budget presentation is now concluded. While the Board has taken no action, it is her understanding that the top priority is Operations; then the Board would like to fund the suspended grants; Capital is the next priority; and lastly new grants. Staff will put together a budget that the Board will have to take action. To that end, staff will identify the kinds of funds in the recommendations. The meeting will last a full day.

Chairman Woodling added that another priority is the awareness of personnel.

Ms. Bahl responded that the August 3 meeting will begin at 9:00 a.m. and go as long as the Board needs. Traditionally this has been a two-day meeting that we are condensing down to one day. The meeting will be held at the Land Department's Auditorium at 1616 W. Adams.

Ms. Westerhausen referred to a comment Mr. Colton made about a matrix that is something beyond revenue that is based on visitation to the parks for dealing with other park closures.

Ms. Bahl responded that staff have already begun that. Whether it will be discussed on August 3 or some time out in the future will depend on what kind of budget the Board can cobble together.

Mr. Colton stated he wanted to discuss something that has been discussed in the past. While he is not suggesting, from a personnel and a cost standpoint, that the State of Arizona create one Department of Natural Resources, there may be some cost efficiencies in sharing support personnel. As we think long term – not for August – there might be some opportunity for sharing people among different agencies.

Ms. Bahl responded that the Morrison Institute has brought up a number of issues, and that is one of them.

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

- 1. Staff recommends that the next Arizona State Parks Board Meeting be on August 3, 2009 at a place to be determined.**

The next Parks Board meeting will be held at the State Land Department Auditorium, 1616 W. Washington, Phoenix beginning at 9:00 a.m.

- 2. Board members may wish to present issues of interest to Arizona State Parks and request staff to place specific items on future Board meeting agendas.**

No Board members had issues to present.

F. ADJOURNMENT

Mr. Colton made a motion to adjourn, Mr. Scalzo seconded the motion and it carried unanimously. Mr. Scalzo seconded the motion and it carried unanimously. Chairman Woodling adjourned the meeting at 4:15 p.m.

Pursuant to Title II of the Americans with Disabilities Act (ADA), Arizona State Parks does not discriminate on the basis of a disability regarding admission to public meetings. Persons with a disability may request a reasonable accommodation, such as a sign language interpreter, by contacting the acting ADA Coordinator, Karen Farias, (602) 364-0632; or TTY (602) 542-4174. Requests should be made as early as possible to allow time to arrange the accommodation.

Reese Woodling, Chairman

Renée E. Bahl, Executive Director