

ARIZONA STATE PARKS BOARD
1616 W. ADAMS , PHOENIX, AZ.
AUGUST 3, 2009
MINUTES

Board Members Present:

Reese Woodling, Chairman
Tracey Westerhausen, Vice Chairwoman (Arrived at 9:20 a.m.)
William Scalzo
Arlan Colton
Walter C. Armer, Jr.
Maria Baier

Board Members Absent:

Larry Landry

Staff Members Present:

Renée E. Bahl, Executive Director
Jay Ziemann, Assistant Director, Partnerships and External Affairs
Jay Ream, Assistant Director, Parks
Kent Ennis, Assistant Director, Administrative Services
Brad McNeill, Administrative Services
Debi Busser, Executive Secretary
Doris Pulsifer, Chief of Grants
Ellen Bilbrey, PIO

Attorney General's Office:

Theresa Craig, Assistant Attorney General
Laurie Hachtel, Assistant Attorney General

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

Chairman Woodling called the meeting to order at 9:10 a.m. Roll Call indicated that a quorum of the Board was present to begin the meeting.

Chairman Woodling then moved to Agenda Item C.1.

C. INTRODUCTIONS

The Board and staff introduced themselves. Board Member Mr. Scalzo then 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."

Mr. Armer made a motion that the Board go into Executive Session to consult with counsel for legal advice regarding compliance with recent budget enactments. Mr.

Colton seconded the motion and it carried unanimously. The Board went into Executive Session.

Chairman Woodling called the meeting back to Order at 10:10 a.m.

D. CALL TO THE PUBLIC – Consideration and discussion of comments and complaints from the public. Those wishing to address the Board must register at the door and be recognized by the Chair. It is probable that each presentation will be limited to one person per organization. Action taken as a result of public comment will be limited to directing staff to study or reschedule the matter for further consideration at a later time.

Chairman Woodling recognized Ms. Janice Miano, representing the Heritage Fund, to address the Board. Ms. Miano stated she was relinquishing her time to Mr. Jeff Williams.

Mr. Williams stated he operates the Phoenix Zoo. Today he is present representing the Heritage Alliance. He noted that they represent close to 3,000,000 people. He knows what a tough economy this is. He stated that the Heritage Alliance will do anything in their power to help preserve revenue. It is important to find a way to keep the parks open and the programs operating. He added that the Board can call on them and their affiliate organizations to help work its way through financial situations.

Chairman Woodling recognized Mr. Bob Biegel, member of the Off Highway Vehicle Advisory Committee (OHVAG), to address the Board.

Mr. Biegel stated that he noticed on the Agenda there was a recommendation for funding for grants, including small programs. He noted that between the gas tax money and OHV fees, the Board has an income source that includes a lot of money – well in excess of \$10M. This money was originally dedicated by law to be used for OHV purposes and law enforcement. By sweeping this money, the Board is breaking the public trust and ruining programs that took 35 years to develop and be recognized as a useful and necessary program in the field. Without funding for these programs, volunteers will go away. The agency will lose staff. He has a good relationship with everyone here. He would love to see the Parks Board stand up and give this money to the specific entities and not let the state take these programs away.

Chairman Woodling recognized Ms. Karla Brady of Bullhead City to address the Board.

Ms. Brady stated she is the Director of Bullhead City Parks and Recreation. She extended greetings to the Board from the Mayor of Bullhead City. She stated that she was here in support of Agenda Item 5G. The Board has suspended the Local, Regional, and State Parks (LRSP) grant for their city. This project has significant community support. The voters approved \$900,000 in project-specific funding. The grant is only for \$38,000 of the project. They will not be able to pave the parking lots without this money. Bullhead City made a commitment to hold a California soccer organization's

qualifying tournament. The economic benefit to Arizona is obvious. She asked that their \$38,000 grant be reinstated.

E. CONSENT AGENDA

- 1. Approve Minutes of April 3, 2009, Arizona State Parks Board Meeting**
- 2. Approve Minutes of April 14, 2009, Arizona State Parks Board Meeting**
- 3. Approve Executive Session Minutes of April 14, 2009 Parks Board Meeting**
- 4. Approve Minutes of April 23, 2009, Arizona State Parks Board Meeting**
- 5. Approve Executive Session Minutes of April 23, 2009 Arizona State Parks Board Meeting**
- 6. Approve Minutes of July 2, 2009 Arizona State Parks Board Meeting**
- 7. Consider Adoption of the State Historic Preservation Office FY2010 Work Program Task List** – Staff recommends that the Arizona State Parks Board approve the SHPO “Work Program Task List” for inclusion in our Historic Preservation Fund application to the National Park Service later this year.

Mr. Scalzo made a motion to approve the Consent Agenda; Ms. Westerhausen seconded the motion and the motion carried unanimously.

F. BUDGET PRESENTATION

- 1. Staff will provide a presentation regarding Revised FY 2010, FY 2011, and FY 2012 Operating Budgets; FY 2010, FY 2011, and FY 2012 Strategic Plan; and FY 2011 and FY 2012 Capital Improvement Plan.**

Ms. Bahl presented a PowerPoint slide show to the Board (included at the end of the Minutes. She noted that it is tactical rather than strategic. It includes Ongoing Operations of \$19,345,000 and One-Time/Prior Year Cash of \$2,057,700 for a total budget of \$21,402,700.

Mr. Armer noted that the interest we are earning is now less than 1%. He asked who controls the interest rate.

Mr. Ennis responded that most of the money is in short-term accounts, but the yields are the lowest. For those moneys that are infrequently touched, the yields are in excess of 3%. If it's appropriate, perhaps we can explore that. We are following the market and the interest earnings are off.

Mr. Scalzo noted that the Board will hold some money in abeyance. One of those funds will be OHV.

Ms. Bahl responded that staff estimate that after the sweeps and reductions, that fund will bring in \$1M. If the Budget Reduction Bill (BRB) passes, there will be slightly under \$1M (\$950,000) for operating.

Mr. Scalzo asked if that money could be held for future grants.

Ms. Bahl responded affirmatively.

Ms. Westerhausen asked what it means when staff do not support backfills (slide 8). The OHV community taxed themselves for OHV rather than parks operating. She asked what is happening to those things such as the Ambassadors program.

Ms. Bahl responded that \$116,000 and \$467,000 were swept by the legislature on July 1, 2009. If we chose to backfill that money, it could not be used for Arizona State Parks' (ASP) funding. It is for programs only. If the Board takes the Heritage Fund and uses it to backfill, then there would be \$600,000 more for OHV projects. It would be \$600,000 less for un-suspended grants and less for grants next year. There are specific rules for using specific funds. The legislature appropriated the green sticker program. That money can be used for backfill. This is part of the "notwithstanding" language.

Ms. Westerhausen asked what that means for the Ambassador program.

Ms. Bahl responded that, for now, that program has been stopped. There is not enough money for everything and priorities must be set.

Ms. Westerhausen noted that the Joint Legislative Budget Committee (JLBC) has to review the Board's budget. That is not the same thing as "approving" it.

Ms. Bahl responded that Ms. Westerhausen is correct. The review can be either favorable or unfavorable. If their review is unfavorable, she would let the Board know. The Comptroller still transfers money whether the review is favorable or unfavorable.

Mr. Colton asked if it's as simple as the \$6.5M we need to operate versus not funding suspended grants or is it two numbers that happen to look similar.

Ms. Bahl responded that it is a case of two numbers that happen to look similar.

Mr. Colton asked what would happen if the Board decided to keep those grants suspended and what would happen to that money in the future.

Ms. Bahl responded that the Heritage Fund statute has limitations on how much we can use from Trails and LESBF (Law Enforcement Safety and Boating Fund). Both are capped at 20%.

Mr. Colton referred to slide 10 where it says, "Assumes no new Lottery income in Spring 2010" and asked what that means.

Ms. Bahl responded that was to give a point in time cash balance. Staff expect to receive \$10M from the Lottery.

Mr. Colton noted that there are risks that we could get swept again in this or the next calendar year. If that happens, the Board will have another problem to contend with. He's not sure what's left to sweep other than the floors.

Ms. Bahl responded that there is such a risk. There is not much left to take.

Mr. Ziemann noted that they can sweep money we don't have and ask us to backfill with money we do have.

Mr. Colton noted that he saw the FY 2012 Capital budget. He did not see one for FY 2012 Operating.

Chairman Woodling responded that FY 12 will be the same as FY 11.

Ms. Westerhausen asked how the cuts ASP suffered compare to other agencies.

Mr. Ennis responded that the Commerce budget was cut 80%. Others are suffering as badly as ASP.

Ms. Westerhausen asked how much the legislature cut its own budget.

Mr. Ziemann responded that their cuts have been minimal in comparison with the amount of cuts to the agencies. He also noted that they do not have a 30% vacancy rate.

Chairman Woodling asked if there is a sunset on the Heritage and Enhancement Funds when Tonto is paid off.

Mr. Ream responded that our last lease/purchase payment on Tonto will occur in 2011. At that time, we could lose the 50/50 split in the Enhancement Fund. We haven't had it since 2003. He noted that there is no sunset on the Heritage Fund.

Mr. Ziemann added that they audit the Heritage Fund every 10 years.

Ms. Baier added that the State Land Department (SLD) is also in dire straits. She asked if the difference with ASP is that, while a lot of agencies had a loss in General Funding, ASP had revenue sweeps.

Mr. Ziemann responded that there is some truth to that. In July 2008 the Board's General Funding stood at \$8.6M. Our General Fund Budget has been hit as hard as anyone else's. The transparency of the budget is very difficult for the public to understand and it is difficult for legislators to understand what is going on. They rely on their leadership to make appropriate decisions on how our appropriations and sweeps will be made. It is difficult for staff to educate people. Our General Fund is obliterated. Ours is a difficult budget to deal with.

Ms. Baier noted that there are a number of people on the Board and staff who have dealt with JLBC. This is a delicate issue. She felt it is fair to say that a negative review from JLBC can be harmful. A positive review is a significant step. It is a rigorous review and important to the process.

Ms. Bahl responded that if staff did not get a positive review, they would come back to the Board to see where the Board wants to go from there.

Ms. Westerhausen asked if restoring the suspended grants is an all or nothing decision.

Ms. Bahl responded that staff does not have a recommendation on anything less than all. There is no criteria in place to determine what projects would have a higher priority

than others. They were all deemed worthy and were all awarded a grant. They were all suspended.

Mr. Scalzo noted that the legislators have been talking about some issues going to the public in November. He asked what the status is of the Governor and legislature using Growing Smarter money.

Mr. Ziemann responded that would be modifying the Voter Protection Act, which is something the legislature has sought doing for many years. It universally draws support from the legislative leadership side. They see it as a potential chip on one side of the equation with the potential tax increase on the other. At this point in time, they do not have 16 votes in the Senate to move forward on a budget package. They will need to come back and redo legislation on those functions. They are asking voters to give a blanket OK.

Ms. Bahl added that staff don't know what that would mean in the future.

Chairman Woodling added that the Board does not have a budget for FY 2010. He asked where the money is coming from now that we are spending it. He asked if the Governor has released any funds.

Ms. Bahl responded that the legislature approved a budget that has some of our operating authority. That is what we are using now.

Chairman Woodling asked how much money is involved if the BRB is not signed.

Ms. Bahl responded it would be \$12.8M if the BRB doesn't pass and the Board passes staff's recommendation. The Enhancement Fund would be hit hard; OHV would be capped at 12% (\$261,000); the Land Conservation Fund would be capped at \$500,000 whereas the BRB allows the Board to use interest accrued for operating. We are operating closer to the \$19M with the assumption the BRB will be reinstated. If it is not, then that will be the September 11 Board meeting.

Mr. Ziemann added that the legislature passed a budget and the Governor signed the feed bill portion but not the BRBs.

Mr. Colton asked what the next FY looks like and if staff has an estimate for each park on what it would cost or save if we closed those parks.

Ms. Bahl responded that staff have a general sense of what it would be. The general rule of thumb is that a closed park costs 10% of what it needs to stay open. Staff have that information. Staff will talk with the Board about this later during the meeting.

G. ACTION ITEMS

1. **Consider Approval for FY 2010 (revised), FY 2011, and FY 2012 Operating Budgets** – Staff recommends that the Board consider approval of the FY 2010 revised, FY 2011 and FY 2012 operating budgets as a lump-sum and that the Executive Director be authorized to implement the programs, including

submittal to the Governor's Office and legislature as required, this recommendation is contingent upon the enactment of the Environmental Budget Reconciliation Bills (previously bills SB 1258, SB 1476 and HB 2651) which provide operational authority for the State Parks Board.

Board Action

Mr. Scalzo: I move that the Board approve the FY 2010 revised, FY 2011 and FY 2012 operating budgets as a lump-sum and direct the Executive Director or her designee to implement the programs, including submittal to the Governor's Office and Legislature as required.

Mr. Colton seconded the Motion.

Mr. Armer stated that, as painful as it may be, from a tactical standpoint the Board has to do everything in their power to keep the parks open at the expense of other things so that we can go back and continue to fund those other worthwhile projects. He is glad to see those suspended grants will be unsuspending.

Chairman Woodling called for a vote on the Motion on the Floor. The motion carried unanimously.

Chairman Woodling moved to Agenda Item G.5.

- 5. Consider Staff Recommendations to Reinstate the Funding and Lift the Suspension of the Heritage Fund Grants Suspended in FY 2009 –** Staff recommends the Board authorize the Executive Director to reinstate the funding of the Heritage Fund Grants and SHPO set-asides suspended in FY 2009 and further provide the Executive Director the authority to extend the terms of the affected Grant Contracts up to 12 months. This authorization is contingent on: 1) a favorable review by the Joint Legislative Budget Committee of the agency's request of cash transfers, between its own funds, to comply with reductions and transfers from the state budget bills, and 2) the enactment of the Environmental Budget Reconciliation Bill (previously SB 1258), which provides operational authority for the State Parks Board.

Board Action

Mr. Scalzo: I move that the Board authorize the Executive Director to reinstate the funding of the Heritage Fund Grants suspended in FY 2009 and further provide the Executive Director the authority to extend the terms of the affected Grant Contracts up to 12 months. This authorization is contingent on: 1) a favorable review by the Joint Legislative Budget Committee of the agency's request of cash transfers, between its own funds, to comply with reductions and transfers from the state budget bills, and 2) the enactment of the Environmental Budget Reconciliation Bill previously SB 1258, which provides operational authority for the Arizona State Parks Board.

Mr. Armer seconded the motion.

Mr. Colton noted that the Board may be voting to cancel grant cycles later in this meeting. He noted that staff and the Board have tried to honor the Heritage Fund to the maximum possible. In consideration of our dire situation, the Board has done whatever they could to avoid having to make those choices, yet we have to make those choices. Revoking suspension of the grants is not only appropriate, but shows the commitment of the Board to the Heritage Fund and doing whatever we can within our budget to recognize while we have to dip into it, we are still strongly committed to them.

Ms. Westerhausen added that, regarding taking all the money from OHV, we need to make it a priority to fund OHV again when we can.

Chairman Woodling agreed. He noted that this state has problems with some OHV riders. A small percentage of them do things they shouldn't.

Mr. Scalzo added that the Board is trying to make good the action they had to take in the past. There is still money for OHV. He is pleased that the budget doesn't wipe it all out. He believes that the Board needs to be protective of its funds and hopes things will get better.

Chairman Woodling called for a vote on the Motion on the Floor. The Motion carried unanimously.

Chairman Woodling then moved to Agenda Item G.4.

4. **Consider Staff Recommendation to Cancel the FY 2010 Grant Cycles for the SLIF, Heritage Fund, OHV, and LWCF Grant Programs** – Staff recommends the Board authorize the Executive Director to cancel the FY 2010 Grant cycles for the State Lake Improvement Fund (SLIF), the Local, Regional and State Parks Heritage Fund (LRSP), the Historic Preservation Heritage Fund, the Trails Heritage Fund, the Off Highway Vehicle Recreation Fund (OHV), and the Land and Water Conservation Fund (LWCF) Grant Programs.

Board Action

Ms. Westerhausen: I move that the Board authorize the Executive Director to cancel the FY 2010 Grant Cycles for the SLIF, LRSP Heritage Fund, Historic Preservation Heritage Fund, Trails Heritage Fund, OHV Recreation Fund and LWCF Grant Programs.

Mr. Colton regrettably seconded the motion.

Chairman Woodling asked how much money will be saved.

Ms. Bahl responded that savings will be: \$2.8M from LRSP; \$400,000 from Trails; \$0 from Historic Preservation; \$0 from LWCF; and \$1M from OHV Recreation Fund.

Chairman Woodling asked what the possibility or likelihood is that the legislature will sweep that money because it's there.

Ms. Bahl responded that it is as available to them like as anything else.

Chairman Woodling asked why the \$6.1M in suspended grants wasn't swept.

Ms. Bahl responded that the sweep was \$168,000. She has no idea why the rest wasn't swept.

Mr. Ziemann responded that the cut to the Heritage Fund was operational and similar to what other agencies received.

Ms. Westerhausen ask if it is better-protected by going forward with grant programs.

Ms. Bahl responded that money is less likely to be swept if it isn't there. The Board needs to put together a grant program. It is not as easy awarding \$1M that comes to us throughout the year in bits and pieces. There is no grant cycle planned at this time.

Chairman Woodling called for a vote on the Motion on the Floor. The Motion carried unanimously.

2. **Consider Approval of Revised FY 2009, FY 2010, and FY 2011 Agency Strategic Plan** – Staff recommends that the Board consider approval of the 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 noted that he lost two of the members on his Strategic Planning Subcommittee – Mr. Winkleman and Mr. Travous. He requested Ms. Baier and Ms. Bahl replace their predecessors.

Board Action

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

Ms. Westerhausen seconded the Motion. The Motion carried unanimously.

3. **Consider Approval of Arizona State Parks Capital Improvement Plan for Fiscal Years 2011 and 2012** – Staff recommends that the Arizona State Parks Board approve the Arizona State Parks Capital Improvement Plan for Fiscal Years 2011 and 2012 as presented.

Mr. Ream referred the Board to page 50 of the Board Packet. He noted that the budget allows staff to use \$1.7M. As we move right on the chart, there is no funding. There is no Natural Areas acquisition funding. Under Heritage Fund Trails, the Board gave \$100,000 for operation and not capital. EF is being used for other purposes. We are required to program funds per DOA.

Mr. Ream stated that this document should be considered as the "wish list" of things the agency would like to do. In the future, more capital improvement projects will come before the Board. Historic parks were moved to top priority.

Mr. Colton noted that this is a list reflecting no prioritization or funding ability.

Mr. Ream responded that it is a list of priorities by project. It is a rehash of previous lists that have been given to the Board.

Mr. Colton noted that it would make some sense to have those types of priorities noted so the Board could see them.

Ms. Bahl stated she believes we can do a better job of what's in the works now and what the full picture looks like.

Mr. Colton responded that he understands the purpose of the document. It would help to know if it's funded or needs to be funded.

Chairman Woodling asked if the Board has money to travel.

Ms. Bahl responded that that is the Board's decision. Staff are trying to limit use of travel money.

Board Action

Mr. Armer: I move that the Arizona State Parks Board approve the Arizona State Parks Capital Improvement Plan for Fiscal Years 2011 and 2012 as presented.

Ms. Westerhausen seconded the motion. The motion carried unanimously.

Chairman Woodling called for Recess at 12:10 for lunch.

Chairman Woodling re-convened the meeting at 1:00 p.m.

H. DISCUSSION ITEMS

1. Discussion regarding park and program priorities for FY2010, including but not limited to, reduction actions to be taken in the current fiscal year to manage the agency.

Ms. Bahl began a discussion regarding park and program priorities for FY 2010. She noted that staff will come back in September with suggestions on how to improve the budget. We cannot absorb this kind of decrease. The discussion today will be about parks in general and not be park-specific. We will discuss what the Board wants to maintain. The Board's decision may need to be tactical – what we need to do to get through to the next year. There may be other things the Board wants to discuss. During this discussion, nothing is off limits. Staff needs to understand what the Board's priorities are.

Ms. Bahl noted that staff provided the Board with charts in their packets. The Board may not agree with them. She referred the Board to the last chart in the document – Park Closure Criteria.

Mr. Ream discussed each item on the chart.

- Attendance and Revenue is obvious. Attendance is the least important.

- Local Support - Alamo doesn't have the opportunity even for the Sheriff's Office response.
- Infrastructure and maintenance at parks are expensive and cannot be shut down (i.e., shared treatment centers).
- Trespassing Frequencies are where trespassers come through and may cause problems.
- Land status has to be considered.
- There is a cost-per-visitor – a criteria staff have always talked about.
- Economic Impact - in some cases, parks make money; others do not. The parks create an economic impact to the communities they serve. There is a new NAU study that will show how parks impact the local communities.
- Minimum FTEs is how many people it takes to operate a park at a bare minimum.
- Seasonal operations includes the ability to physically close a park.
- Ability to physically close - Catalina State Park is surrounded by an urban interface. Barbed wire will not stop anyone from coming in.
- Cost to cancel Concession contracts - there are concession contracts throughout the park system. Is there a possibility of having the concessionaires take over the parks?

In summary, he noted that closure of each of the parks hold serious ramifications.

Ms. Bahl asked the Board for their discussion on the above.

Ms. Westerhausen noted that the Board needs to discuss the feasibility and advisability of turning some parks (historic parks) to local governments.

Mr. Scalzo suggested that the Sustainability Task Force has to have their report to the Governor by the end of October. That group is going through strong recommendations for funding of state parks so we don't need funding in the future. One of the issues is historic parks and partnerships with local communities. Perhaps it would be a good idea to have Mr. Dozier attend the September 11 Parks Board meeting.

Ms. Baier noted that when she was with the Trust for Public Land there was always greater demand for their services than resources to meet those demands. Rather than going through value judgments, their first test was the, "but for" test. To the extent it is possible, that might be a test or analysis for each of the Board's properties. Then talk about partnerships. They found it to be an important analysis. She explained that the test worked by asking, "but for us, if it would not go forward, would we do it?" Each project is dependent on ASP; are there other entities that could do it if they made it a

priority? Can we reallocate funding of these projects with all of the other entities if it is that important?

Mr. Armer asked if Northern Arizona University's (NAU) study is completed.

Mr. Ziemann responded that it was done 6-7 years ago but has recently been updated. It is on our website. He added that the Morrison Study is about done. They have a draft they are not very happy with. They are reluctant to have it circulated at this time. Mr. Gammage would be good to have at the September 11 Board meeting. The Task Force will not have a recommendation at that time.

Mr. Armer noted that it seems to him that land status – reversion of ownership – would be costly. Those questions need to be looked at by each park. Some can not be closed for various reasons.

Chairman Woodling noted that he looked at all 12 criteria for closing parks. It looks like every park will have to be looked at on all of these criteria. We have to look at the economic impact in the community. Some parks have concessionaires. Everything has an equal value depending on the park. Every one is important under a different priority.

Mr. Baier noted that the threshold question for parks is whether the only criteria is return on investment. If it is, then we can get to the answer quickly. The challenge is that the answer to the threshold will not always be return on investment. May be the exercise will be to assign ranking to what these considerations are, add or delete some of the things on the list so it is not lost in a sea of emotions. The Board owe it to themselves to think about whether we endorse that list or not. The Board should produce the return on investment list because the legislators will expect it. We would have to be able to defend something that is divergent from the return on investment.

Chairman Woodling as what the rate on investment is.

Ms. Baier responded that the Board can define it any way they want. It is money in and money out. It has always been thrust on the state agencies – especially ASP. It is a challenge for agencies that are not traditional.

Chairman Woodling noted that asp is different from a regular business. We have a different charge.

Mr. Baier responded that she is not suggesting that is the appropriate measure. More and more the paradigm with state agencies is to look at that. She is not suggesting she agrees; it is who analyzes budgets who often look at it that way. They are less likely to look at intangibles. Sometimes we live in a subjective world. We have to subject ourselves to objective scrutiny. Return on investment is that those who would analyze this would look at all expenditures going in and what revenue is generated from them. The hard part of this is to say we don't like the framework that has been used.

Ms. Westerhausen asked if Ms. Baier was saying that is what the legislature will look at.

Ms. Baier responded that the Board will be asked to defend the way we arrive at a strategic plan.

Mr. Colton noted that the Board could go through an exercise. If a park consistently has more revenue, skim them off the top. For the remainder, we could go through a process of ranking them. Looking at a blank slate will be difficult. Board members will find it difficult not to say one rating is more important than another in order to “bump up” a more “liked” park over the others.

Ms. Westerhausen asked if there is statutory language available as to what the Board is supposed to do.

Mr. Scalzo noted that one of the issues we will have to look at is staffing. When staff funding is reduced, it affects what the Board can do and where we can do it. It is cost-related. One can't operate certain things without staff available to do it. The number of facilities and hours of operation will be confusing. The Board is going to have to make some hard decisions. The historic facilities are important, but cannot override other things we do. They are going to have to have their own legs. The cities and towns will need to pick them up and operate them. The Board needs new revenue sources to continue funding historic preservation resources.

Mr. Armer added that either ongoing or plant construction projections need to be included. That could decide temporary shutdowns.

Ms. Westerhausen asked if someone was interested in buying the Board's interest in Homolovi.

Ms. Bahl responded that an entity has asked to come to the September Board meeting. They are interested in taking ownership of the land.

Mr. Ziemann added that they would like to have the park open, but they don't have the expertise to operate a state park. Their ultimate concern is that they want to own the land that is their home. They have a number of ideas to present to the Board.

Chairman Woodling noted this is a process for the Tribe to own the land because they would have to go through the federal and state processes. He asked how much land they are talking about.

Mr. Ream responded that the Board has 3,120 acres, the State has 80 acres, and there is a patent of 1,280 acres. The Boardowns in fee.

Mr. Ziemann added that there are other parcels around the park.

Ms. Baier added that the Hopis are a non-gaming tribe, but have slot rights they can trade or sell. There are a lot of different landlords. She doesn't see it as an impossible concept. Water is a little bit of an issue. Their challenge is their lack of expertise to operate it as a park. The Hopis can certainly learn how to do it. From the Land Department's perspective, if the Hopis went to Congress they could be successful. They

also have cash in-hand. There may be people at the legislature who would never want to see it transferred to the Hopis.

Mr. Ziemann noted that it would difficult to think that anyone would stand in their way.

Mr. Scalzo stated that the University of Arizona (UofA) should be willing to put more money into the Boyce Thompson Tri-Partite agreement.

Ms. Westerhausen referred to emergency responders. She asked if ASP is the only source of emergency first responders at Homolovi.

Mr. Ream responded that the closest is in Wendon, AZ. There is a sheriff's office in Salome. The county sheriffs are responsible for all law enforcement throughout Arizona. La Paz is responsible for law enforcement and visitors at the state parks.

Chairman Woodling asked if the City of Yuma is willing to take the Prison and Quartermaster station over.

Ms. Bahl responded that the City made a proposal that they would: operate the park and buildings, move some of their staff from the Forester and its Information Center, and waive fees at the park. The devil is in the details on the types of partnerships we have in the future. Right now they would like to keep the Prison open seven-days-a-week. Staff haven't hammered out where maintenance ends and capital improvement begins. They gave us \$150,000 per year and a match of \$25,000 more if we put in \$25,000 in infrastructure.

Ms. Bahl suggested that a new column on the chart might include what the partners contribute is what it costs the agency to operate it. This can be discussed in September. The Board should be making short-term decisions. We are not looking to close parks. We are looking for a short-term solution. Is it more important to keep more parks open some of the time or less parks open all of the time?

Chairman Woodling asked whether minimum FTEs are only in the parks.

Ms. Bahl responded affirmatively. If it goes below a certain FTE count at the parks, we cannot stay open.

Mr. Colton asked if the FTEs include Superintendents, Assistant Superintendents, Volunteer Coordinators, etc.

Mr. Ream responded that at Lost Dutchman, they protect the trails. A minimum of four FTEs is required to run the park seven days a week. There is a campground there. There are two law enforcement personnel there. This is a small recreation park.

Ms. Bahl added that a historic park would need four FTEs. They need a Park Ranger who would coordinate the volunteers.

Mr. Ream added that there is a person at Kartchner Caverns State Park (KCSP) who acts as a Volunteer Coordinator as part of the job. Very often one person may be an EMT, Waste Water Coordinator, and Assistant Park Manager.

Ms. Westerhausen asked if these are temporary measures.

Ms. Bahl responded that if these are short-term solutions, we don't expect them to last into the next FY. She noted that the Board will have information relating to seasonality on September 11.

Chairman Woodling noted that the trespassing issue is important. He doesn't know how the Board can prioritize these items when we are in a government mindset.

Mr. Colton suggested going through this list and removing some of them and defining "temporary". Based on that, Board members rank the items on the list. From that, the Board makes a list. That is the simplest mechanism to get the Board to where a natural ranking occurs. There may be items that supersede everything else on the list (staffing).

Ms. Bahl responded that staff don't want to look at individuals and specific parks. The other option is to go through everything on the list.

Chairman Woodling noted that it wouldn't take much to go down to see, regarding return on investment, to see what parks would not be included. There are a lot of other issues in closing parks. The Board could go down and look at all the negatives and then see if there is a concession, the ability to physically close a park (what do we do with the artifacts?), etc. There are a lot of issues that he doesn't know we can solve in an hour or so.

Ms. Bahl responded that staff will make recommendations on what they want to do for each park. Staff will discuss what to do at parks where changes would be made. Staff are trying to get information from the Board on what is important to them. She is more than happy to come before the Board on what she would recommend. She would look at partnerships and support and put a dollar value to that.

Mr. Ennis added that staff need the Board to come up with what is important to them.

Mr. Colton responded that staff recommendations should only be given if the Board can give staff priorities.

Ms. Westerhausen responded that the Friends group at Oracle went out and worked to keep that park open.

Mr. Ream responded that if the Friends group gives money to Oracle, it would go into the donation fund.

Mr. Armer noted that the parks with the most visitors should be looked at. They are not necessarily also the ones who make the most money. There was a time when the McFarland family offered to kick in some money.

Mr. Ziemann responded that there was a budget meeting where Dell Lewis offered to provide \$80,000 to keep McFarland as a state park. Then one of the legislators moved to take an additional \$80,000 from our budget. If the Board decides from the hard, cold numbers what these parks cost, staff need to be able to justify them to the legislature and public-at-large.

Ms. Baier stated she does not think that a pure return on investment is appropriate for ASP. There needs to be a defensible analysis available. It may not be justified. The amount of visitors is a very defensible criteria. A meaningful criteria is to protect those parks that benefit the most people in Arizona. There is a bigger cause for ASP, and sometimes it is what best serves the public. The criteria of visitors is important. Some are hard to quantify. Economic impact is attractive in keeping parks afloat. It is quantifying those numbers that is difficult. It is a very important criteria. The number of visitors at the parks is easy to quantify. We need to know how other people think. We need to build a structure of decision that pays attention to how other people think and builds on it and reflects on what ASP does. Staff is a huge criteria. The personnel issue cannot be overstated. People and places are not fundable. There is a pecking order of who's being displaced over someone else. Management of this operation is mindboggling. It is one think when everyone is in one structure and another when the staff is scattered all over the state.

Ms. Bahl noted that it is easier to move people from some places than others.

Mr. Scalzo noted that some criteria seem to stick out over others. He sees them as being Visitation, Staffing, and Revenue. They need to be looked at. Visitation is a no-brainer. There are some places the Board can't close. The Morrison Institute and the Sustainability report will be of help.

Chairman Woodling noted that, going by Revenue, there are 10 parks the Board can eliminate right now.

Mr. Colton responded that anything the Board can't change in the next couple of weeks could go into how we would apply these criteria to the state parks.

Ms. Bahl responded that what we have today is what we have to work with.

Mr. Colton noted that we don't have the ability to renegotiate concessions by Thursday. We are looking at the parks. He is hearing the number of visitors, revenue raised, physical ability to close or operate seasonally, ability to staff it, the economic impact to the small communities as being important. He is not hearing emergency responders, partnerships, potential concessions, land status, infrastructure, and trespassing as being important. It seems there are high priority items and low priorities.

Ms. Bahl responded that staff will add "cost to close" to the equation. "Revenue" will include Quartermaster Depot donation from the City of Yuma.

Chairman Woodling noted that San Rafael Ranch shows no visitors with a negative \$180,000 in Revenue. He suggested shutting San Rafael down and moving the FTEs out.

Mr. Colton noted San Rafael is not open to the public. There is a cost there because of the potential for fires and the historic property there might make this a cost to close San Rafael.

Chairman Woodling noted that all 12 points have value depending on the park being looked at. Every park will have exceptions. The Board is asking staff to do an impossible exercise.

Mr. Colton noted that if the Board closes any park, there is a cost to close it. Considering San Rafael doesn't receive visitors but has to spend money, it is already closed. It would be safe to say that it will take \$180,000 to close it. It would cost a little more to close Boyce Thompson. The analysis would be different for each park. The \$180,000 to close San Rafael would be indicative of what it costs to close the park.

Ms. Bahl added that the task is in front of us. It will just be ugly. Staff's recommendation will be made with a lot of thought, care, and variables. Priorities will be applied. Staff will explain their rationale behind recommending something staff don't want to recommend.

Chairman Woodling reminded the Board that they are looking at a \$2M shortfall.

Ms. Bahl reminded them that it is a \$19M ongoing budget compared to \$21M in January. Two million dollars will not go all that far, knowing that we are in the FY now. Staff will contact each partner and let them know we lost \$2M and ask if they can help us operate for another year. The department will be sending out those letters this week to follow-up. Getting back to \$19M includes our programs. It is important to talk about what's most important now: partnerships; operating our internally, park development, or grants. The Board doesn't have grant money to give out next year. SHPO has a lot of regulations. They are basically super-funded. Development of our parks, the Natural Resources Management Section, and Administrative Services will be relative to whatever else happens. There are certain positions that need to be kept.

Mr. Scalzo noted that the OHV group is more concerned about having someone on the Board they can talk to. That is probably true with the Grants groups as well.

Chairman Woodling responded that in discussing not having grants, we need to keep the Grants staff on board. He hopes that can be done. Those people could be doing other things until we can bring the programs back. He stated that this Board will have to look at some things in a hard, cold way. He would like more specifics on programs.

The Assistant Directors reviewed the main components of their divisions:

Mr. Ziemann – Assistant Director of Partnerships and External Affairs:

- SHPO

- Grants,
- Public Information
- Research and Marketing

Mr. Ream – Assistant Director of Parks:

- Resources Management (includes Archaeology, Water Rights, Water Quality, Real Estate Management and Acquisition, OHV Trails, Non-Motorized Trails, Motorized Trails Planning, Cave Scientist, and Geologist)
- Parks Division (Operations) Programs
- EE Programs, Gift Shop Program
- Volunteer Program Development Section

Mr. Ennis – Assistant Director of Administrative Services

- Procurement
- Finance (Accounting and Budgets)
- Information Technology
- Human Resources

Ms. Bahl summarized that Messrs. Ziemann and Ream oversee what ASP does and Mr. Ennis oversees the support for what the agency does. Some of what we do is related to parks proper; some announce to the world what we do.

Mr. Scalzo asked if there is any duplication between what Messr. Ziemann and Ream do.

Mr. Ziemann responded that the OHV grant program falls under Mr. Ream because it deals with trails.

Mr. Ream added that there is more to trails than what is given in grants. Grants is about contracting for grants. They work closely together.

Mr. Scalzo noted that Mr. Ziemann doesn't have as many specialists as Mr. Ream.

Mr. Ziemann agreed. He noted that the Grants staff could be shuffled to keep them fresh. The downside is that the communities have people they are used to working closelywith.

Ms. Bahl noted that she is not looking for a decision today. This will be discussed at a strategic planning meeting in the future. She asked what the Board is looking for from staff. We may need to build the cost of certain things into the cost of the project rather than keep someone on-board to do that.

Mr. Colton asked, if the Board is looking at three years of hard times, what do we need to really have done during those three years? We have the trails plan update; perhaps it

gets changed to an 8-year cycle. Are gift shops being run by staff? Perhaps that is where volunteers should be placed. Perhaps the Board should let gift shops be run by an outside entity or foundation. He doesn't know what "water quality" means.

Mr. Ream responded that a lot of equity in many parks are the water rights that come with land and ensure that they are not confiscated by upstream users. Water quality is maintaining the quality of the water.

Mr. Scalzo asked if some of those rights would be listed as revenue.

Ms. Baier suggested that the Board members think carefully about what is going into the public record.

Mr. Colton noted that in Pima County they took away administrative staff in Public Works and share staff from Human Resources and other areas. The Transportation Department, Wastewater, Parks, and Planning and Development all share their administrative resources.

Mr. Ennis responded that at ASP, Payroll and Procurement could be sent back to ADOA.

Mr. Colton noted that it might save money. It is a horrible situation to be in.

Chairman Woodling asked if it is correct to say as parks are reduced in hours or closed for a year that the programs associated with those parks would also be reduced.

Ms. Bahl responded that they are two separate baskets of what we do. We operate parks. We have programs (trails connectivity). That is where our Mission comes in, "through our parks and our partners." She is trying to get an idea on where to focus.

Chairman Woodling noted parks would have to come first over programs just mentioned. We need to keep our park system operating. We may not be able to do some of the programs. In a situation of park closures or maintaining the trails program, he is supportive of parks.

Mr. Scalzo stated that the answer to the question is that parks are the Board's number one priority. The trick is how many we can keep open.

Chairman Woodling stated that this is the clearest, most organized way he has ever seen the budget situation explained to him. He is very impressed. He noted that the Board is in a horrible situation and complimented staff on what they have done to illuminate the Board.

Ms. Baier added that she has watched Ms. Bahl work for a number of years. In addition to good staff, the Board hired the right Executive Director.

Chairman Woodling stated he is sick at heart at what is going on. He had no personal idea what he was getting into when he joined the Board. He has gone through two years of personal tragedy with his family. Now he and the Board must make decisions that will affect 2.3 million visitors. We are affecting people who have given their lives

to this agency. He doesn't like being in this position. Our parks should be protected. To see it crumble like this tears his heart out.

Ms. Westerhausen stated she feels the State of Arizona is well served by having Chairman Woodling in its service in this difficult year.

Mr. Woodling added that he feels badly for staff. They are going to have to make some hard decisions. He noted that one of his friends is a freshman legislator. While staff was explaining our budget, this legislator sat there cleaning his fingernails, ignoring staff, and clearly not interested. It makes him sick when he sees that from a representative of the people. It upsets him that the Board's new Executive Director comes on board and has to deal with all these negatives from our state legislature.

Mr. Scalzo thanked the Chairman for the interviews he's given to the media. He felt good about un-suspending the grants today. The Board just has to work one year at a time. The Sustainability Task Force will give the Governor things that, if she follows up on, will make good changes.

Ms. Baier noted that she needed to leave the meeting for another commitment. She noted that, having been an observer and participant in government, she believes the Board would be better off to have someone to serve the way this Board Chairman has served the agency. We couldn't have a better Chairman. Things will be better in the future. We are all glad he is here. It is difficult to be in leadership at this time. She appreciates him.

Ms. Baier left the meeting at 3:05 p.m. A quorum was maintained.

Ms. Bahl stated she felt she has a basic understanding of what the Board wants. Staff will have recommendations to meet the \$19M operating budget at the September Board meeting. Representatives from the Hopi Tribe want to talk to the Board about their proposal. There will be some grants awarded. Representatives from the City of Yuma may come to discuss the partnership. The Trails Plan will be presented.

I. 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 September 11, 2009 at the Peoria City Council Chambers.**
- 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.**

Mr. Colton stated he would like to explore opportunities with SHPO at a future meeting – not September 11.

J. ADJOURNMENT

Mr. Scalzo made a motion to adjourn the meeting. Ms. Westerhausen seconded the motion and it carried unanimously. Chairman Woodling adjourned the meeting at 3:15 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 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.

Renée E. Bahl, Executive Director