* * *A M E N D E D * * *

NOTICE OF PUBLIC MEETING OF THE ARIZONA STATE PARKS BOARD

Notice is hereby given to Members of the Arizona State Parks Board (Board) and the general public that the Board will hold a Study Session and Discussion on Legislative Issues, Priorities and Potential Solutions for Upcoming Legislative Sessions open to the public on **WEDNESDAY, June 22, 2011 at 1:00 PM** pursuant to A.R.S. § 38-431.02 and A.R.S. § 41-511.01 *et. seq.* in **Canyon B Conference Room** of the **University Park Marriott** located at **880 E. Second St., Tucson, AZ.**

The Board may elect to hold an Executive Session for any agendized item at any time during the meeting 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). Items on the Agenda may be discussed out of order, unless they have been specifically noted to be set for a time certain. Public comment will be taken.

AGENDA

(Agenda items may be taken in any order unless set for a time certain)

A. **CALL TO ORDER - ROLL CALL – Time Certain: 1:00 PM**

B. **PLEDGE OF ALLEGIANCE**

C. **INTRODUCTIONS OF BOARD MEMBERS AND AGENCY STAFF**

1. **Board Statement - "As Board members we are gathered today to be the stewards and voice of Arizona State Parks and its Mission Statement to manage and conserve Arizona's natural, cultural, and recreational resources for the benefit of the people, both in our parks and through our partners."**

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.

E. **THE STATE OF ARIZONA STATE PARKS**

F. **BUDGET PRESENTATION**

1. **Staff will provide a presentation regarding:**

   a. **FY 2012 Operating Budget and Assumptions**

   b. **FY 2013 Proposed Operating Budget Request and Assumptions**

   c. **FY 2012 Off-Highway Vehicle Recreation Fund Allocations**

   d. **FY 2012 State Historic Preservation Office Work Plan**

   e. **FY 2012 and FY 2013 Capital Improvement Plan**

2. **Staff will provide a presentation on the Arizona State Parks Board approved Agency Strategic Plan and Revised FY 2012 and FY 2013 Strategic Plan to the Governor's Office of Strategic Planning and Budgeting (OSPB).**

G. **Priorities and Potential Solutions**

1. **Discussion on Priorities and Potential Solutions for Sustainable Funding**
2. **Discussion on Legislative Issues, Priorities and Potential Solutions for Upcoming Legislative Sessions**

H. **ADJOURNMENT**

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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, Nicole Armstrong-Best, (602) 542-7152; or TTY (602) 542-4174. Requests should be made as early as possible to allow time to arrange the accommodation.

6/17/11 2:19 PM

Renée E. Bahl

Renée E. Bahl, Executive Director

NOTICE OF QUORUM OF THE ARIZONA STATE PARKS BOARD

Notice is hereby given to Members of the Arizona State Parks Board (Board) and the general public that a **quorum of the Board** may be attending events surrounding the 9th Annual Arizona Historic Preservation Conference on **Wednesday, June 22, 2011.** No business will be conducted at these events.

AGENDA

June 22, 2011

12:30-1:00pm – Beverage Cart will be served nearby Canyon B Conference Room at the University Park Marriott Hotel – 880 E. Second Street, Tucson, AZ.

2:45pm – Beverage/Snack Cart will be served nearby Canyon B Conference Room at the University Park Marriott Hotel – 880 E. Second Street, Tucson, AZ.

5:00-7:00pm – Informal Pre-Conference Mixer will be held at Hotel Congress with light hors d'oeuvres, non-alcoholic drinks and a cash bar. Hotel Congress is less than 2 miles from the conference hotel. Free transportation will be available.

7:30pm – Dinner at Gentle Ben's Brewing Company – 865 E. University Blvd., Tucson, AZ.

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6/6/11 11:58 AM

Renée E. Bahl

Renée E. Bahl, Executive Director

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Arizona State Parks Board Discussion Report
Agenda Item #: F-1

Title: FY 2012 and FY 2013 Agency Budget Discussion
Staff Lead: Kent Ennis, Assistant Director
Date: June 22, 2011

Definitions of Budget Terms

- **Appropriation -** Legislative authorization to expend monies for a specific purpose. Appropriated Funds are those funds where annual fiscal year Legislative budget bills authorize spending.
- **Non-Appropriated Funds -** The Board's authority to expend non-appropriated funds is contained in Arizona Revised Statutes. Non-appropriated funds available to agencies are reviewed by the Legislature.
- **Fund Offset -** An authority designation by the Legislature to use a replacement-funding source, typically to replace General Fund monies.
- **Excess Balance Transfer (EBT) -** A "Sweep" or a draw from a fund's cash balance to the State's General Fund.
- **Fund Reduction and Transfer (FRAT) -** A reduction of expenditure authority and corresponding cash transfer to the State's General Fund.
- **Backfill –** A legislatively approved mechanism that allows transfer of cash from one Arizona State Parks fund to another Arizona State Parks fund in order to comply with a legislated transfer or reduction. Requires State Comptroller approval and coordination with Governor's Budget Office, and a review by the Joint Legislative Budget Committee (JLBC).

AGENCY BUDGET OVERVIEW

FY 2012 and FY 2013 Budget Environment and Outlook

The FY 2012 Arizona state budget will mark the 5th year of state budget reductions that started mid-year in FY 2008. From FY 2008 through FY 2011, state revenues declined from $10.2 billion to an estimated $7.3 billion, and the state employee count has declined 23 percent. The Legislature and Governor acted to attempt to balance the FY 2012 budget by cutting spending by another $1.1 billion.

State Parks has received large budget reductions to its appropriated and non-appropriated funds during this five-year period, as shown in the following table.

Arizona State Parks
FY 2008 - FY 2012 Legislative Sweeps and Reductions (Transfers to State General Fund)

Fund	Total Transfers to State Gen. Fund FY 2008	Total Transfers to State Gen. Fund FY 2009	Total Transfers to State Gen. Fund FY 2010	Total Transfers to State Gen. Fund FY 2011	Total Transfers to State Gen. Fund FY 2012	Total FY 2008 - FY 2012
General Fund		$5,112,200				$5,112,200
Reservation Fund		$48,900	$96,900	$103,100	$105,000	$350,600
State Lake Improvement Fund	$4,127,000	$16,820,300	$4,967,300	$2,462,100	$32,100	$24,239,400
Law Enforcement Boating Safety		$500,000	$5,200		$22,900	$505,200
Enhancement Fund		$5,391,800	$5,487,100	$2,106,000	$2,145,000	$15,058,900
Off-Highway Vehicle Fund	$1,518,600	$1,692,900	$584,700	$880,200	$140,100	$3,288,900
* Heritage Fund		$4,978,100	$11,390,550	$10,000,000		$26,368,650
Partnerships Fund		$5,900	$252,200	$70,300	$200	$328,200
Donations Fund		$8,300	$233,600	$19,700		$261,600
Publications Fund		$11,200	$203,200	$68,600	$69,100	$349,800
Totals	$5,645,600	$34,569,600	$23,220,750	$15,710,000	$2,514,400	$81,660,350

* Heritage Fund transfers include $3 million to the State Forester in each FY 2009 and FY 2010, and $465,000 to the State Land Department in FY 2010.

Arizona State Parks last received General Funds in FY 2008 and currently remains one of the Arizona agencies that does not receive such funding. Fund transfers from the agency's various operating funds have been paid from reductions to appropriated spending limits and also from non-appropriated funds. Appropriated spending limits to the Enhancement Fund, which receives park visitor fees and agency shared concession revenues, have been below its annual earnings for many years, while $15 million has been legislatively transferred during this five year period. Similarly, the State Lake Improvement Fund has transferred $24.2 million to the General Fund during this period, which has depleted its ability to provide capital and grant funding for projects at the state's lake parks. The elimination of the Arizona State Heritage Fund statutes permanently removed the annual $10 million source of capital, grant and operations

funding for park and many local government projects. (This is shown in the table as a one-time loss in FY 2011 but is in fact a loss in perpetuity.)

This month (June 2011) marks the second anniversary of the end of the national recession, but the Arizona economy is still far behind in terms of an economic rebound from the unprecedented downturn that started in December 2007. It remains to be seen whether Arizona eventually sees a sharp expansion out of the continuing state recession, but the current trajectory does not indicate this will happen for at least another year or two. As a result, balance in the overall state budget may be at risk in FY 2012 and FY 2013 and continued overall budget austerity will not be a surprise.

For Arizona State Parks, the proportionately large budget transfers have depleted operating, capital and grant funds that accumulated. Although the agency's legislated FY 2012 budget received the smallest level of legislated fund transfers since FY 2008, the continuation of fund transfers, appropriated spending limits below fund earnings, and the agency's total depletion of major capital funding sources create an ongoing challenge.

General Assumptions

The goal of the staff recommendation is to keep agency operations flat for FY 2012 and FY 2013. The FY 2012 and FY 2013 agency operating budgets recommended by staff are driven by a number of general considerations. If these assumption change, then Staff will come back to the Board as needed to discuss funding options. These assumptions include:

1) The Board will continue to emphasize keeping as many parks open as possible.
2) The 2011 First Regular Session fund sweeps of $2,514,400 must be applied to operating funds in FY 2012, which are shown in Table 1 (Page 6).
3) There will be no additional legislated sweeps of any State Parks funds in FY 2012 or FY 2013.
4) FY 2012 and FY 2013 budgets are limited by the levels of projected revenues available for operations in each year, including statutory restrictions.
5) The Board has one-time legislated authority to use the Law Enforcement Boating Safety Fund (LEBSF) for agency operations in FY 2012, including all receipts and cash balance forward above $750,000 reserved for pass through grants to three counties. The FY 2012 agency operating budget explicitly includes the expenditure of all cash in that fund by the end of FY 2012. There is no legislated authority to fund agency operations from LEBSF during FY 2013. However, staff recommends seeking session law that will allow full appropriation of LEBSF revenues to State Parks for FY 2013, with $750,000 reserved for pass through grants to three counties, and full use of all remaining revenues for agency operations.

6) Continued monetary and in-kind local partner contributions toward specific park operations will support the agency's effort to keep those parks open.
7) Ensuring that operating funds are set aside for on-going repair, replacement and maintenance within the parks. FY 2012 will be the first year after the permanent loss of the Arizona State Parks Heritage Fund, which provided the majority of the agency's capital and facilities maintenance funding.
8) FY 2012 and FY 2013 will start with operating cash balances that are at historic low levels for the agency.
9) On June 9, 2011, JLBC reviews the agency's request to transfer cash of $1.49 million from the Enhancement Fund to the State Lake Improvement Fund (SLIF), to address cash flow issues in the SLIF that resulted from the $1.49 million 2011 1st Regular Session sweep to the fund. A review of the request by JLBC will be required to secure permission from the State Comptroller to process the cash transfer.

Board Budget Policy Considerations

- State Lake Improvement Fund (SLIF) revenues are currently forecasted to be $4.9 million in FY 2012 and FY 2013. The FY 2012 and FY 2013 budgets approved by the Board in June 2010 showed planned SLIF spending at $5.25 million in those years for agency operations. Staff is currently recommending spending $6.0 million from SLIF in FY 2012 and $4.22 million in FY 2013. The higher SLIF operating budget of $6.0 million in FY 2012 is intended to offset a portion of the reduction to anticipated Law Enforcement Boating Safety Fund (LEBSF) revenues available for operations in FY 2012, the reduction in Land Conservation Fund interest revenues, and the loss of capital repair, maintenance and operating funds from Heritage Funds due to that fund's elimination. It also provides more flexible funding for general agency operations. The lowered SLIF operating budget of $4.22 million in FY 2013 reflects staff's recommendation to seek JCCR favorable review to use $1.12 million of SLIF for capital improvements at the agency's boating parks. This option is dependent upon enactment of session law that appropriates the Law Enforcement Boating Safety Fund (LEBSF) to State Parks for agency operations, and the full appropriation of the Enhancement Fund. One risk to this strategy is that FY 2012 and FY 2013 SLIF ending balances will be lower than otherwise and will not sustain any potential additional fund sweeps.
- Law Enforcement Boating Safety Fund (LEBSF) budget for FY 2012 assumes that all revenues and cash balance, in excess of $750,000 for grants, will be expended for agency operations. The LEBSF budget for FY 2013 reflects staff's recommendation to seek the enactment of session law that appropriates the Law Enforcement Boating Safety Fund (LEBSF) to State Parks in FY 2013 for agency operations and $750,000 of grants. Staff would pursue conversation with the Arizona Game and Fish Department to determine if other funding would be

available for pass through to the County Sheriff Departments to offset the portion of LEBSF that would be used for State Parks operations in FY 2013.

- Enhancement Fund (EF) budget for FY 2012 assumes full use of the currently appropriated $9,095,200 expenditure authority. Both FY 2012 and FY 2013 revenues from the EF are estimated to be $10 million, the same as estimated FY 2011 parks revenues. Staff recommends, through the agency's budget submission request to the Governor's Budget Office and the Joint Legislative Budget Committee (JLBC), to increase the FY 2013 Enhancement Fund budget to $10 million to partially offset other revenue losses for agency operations, and also to align expenditures from that fund with the level of anticipated Enhancement Fund visitor revenues. If the Legislature does not enact this appropriation increase, Enhancement Fund revenues in excess of the appropriated budget limit will continue to be unavailable to fund park operations and the agency's overall operating budget will likely be lower in FY 2013 than in FY 2012.
- Land Conservation Fund Interest (LCF Interest) - The FY 2012 Operating Budget recommendation does not include expenditures from this fund. Staff recommends reserving the current cash balance and FY 2012 revenues for operations in FY 2013 and future, to offset anticipated loss of other revenues. The cash balance in the LCF Interest account is estimated to reach $1.17 million at the beginning of FY 2013, and $850,500 of that balance is budgeted in FY 2013 for the continued support of the Growing Smarter Program and some contribution toward agency operating expenditures. This is a low risk policy because the LCF interest has been legislated for park and program operations.
- As in FY 2011, $1 million will be allocated within the agency Operating Budget for park repair and replacement needs across the Arizona State Parks system in each FY 2012 and FY 2013. The risk is that this amount will be insufficient to meet any large replacement or capital requirements.
- Reservation Surcharge Fund (RSF) revenues are currently forecasted to be $500,000 in FY 2012 and FY 2013, a $160,000 increase over FY 2011 original estimates due to the estimated new revenues from the online tour and camping reservation system. The additional revenues will be used to fund a portion of the cost of continued reservation system development and implementation, and also to fund one additional permanent FTE for management of system inventories and one seasonal FTE to address peak visitor demand within the park system. This is a low risk policy, although the amount of first year revenues from the new online reservation system is currently only an estimate. Although the initial appropriation for the RSF in the General Appropriations Act is only $206,400, a footnote to that Act allows expenditure of all receipts to the fund, with notification to the Joint Legislative Budget Committee regarding the agency's intended use of the additional funds.
- Arizona State Parks will continue to implement and expand the on-line reservation system in FY 2012 and FY 2013 at an annual estimated cost of $225,000, funded through the Kartchner Caverns line item appropriation and the State Lake Improvement Fund.

- The agency will continue to gradually shift from permanent staffing to more seasonal employees to reduce payroll costs.
- Changes to policies relating to the Off Highway Vehicle Recreation Program are addressed in Item J-4 of the June 23, 2011 Board package. These recommendations prioritize spending of OHV funds for FY 2012.
- In order to increase awareness and market share of Arizona State Parks relative to other recreational choices in Arizona, Staff recommends doubling the Marketing and Printing budget from $200,000 to $400,000, which will include contract services, but will not include additional staffing.
- Staff recommends a FY 2012 Donations Program Budget of $71,600 from the Park and Program Donation accounts. This budget level includes expenditure of the estimated $50,000 of new revenue and approximately 50% of the balance forward in those accounts. The staff recommendation does not currently include expenditures from the Asta Forrest bequest account, which has a balance of $143,000 and is subject to Board approval for its use. Staff will bring recommendations to the Board in September 2011 for specific scope items to consider for this bequest account.
- In better fiscal times, Arizona State Parks (ASP) reimbursed the volunteer Parks Board members and all of its Advisory Committees for travel expenses due to work associated on those Boards, Committees and Groups. Currently, due to ASP's budget situation, travel has not been reimbursed to Parks Board members or its Advisory Committees. This was decided through Parks Board consensus. The Board will be asked to decide if the Board and its Advisory Committees will be reimbursed for travel in FY 2012 on Item J-3 of the June 23, 2011 Board package. Funding would come from the existing FY 2012 and FY 2013 budgets as presented, and would not increase the overall budgets.

Specific Budget Assumptions for FY 2012

The FY 2012 General Appropriations Act was passed by the Legislature in the 2011 1st Regular Session. In addition to those budgeted appropriation limits, the following are some of the major assumptions used in the preparation of the agency's FY 2012 financial plan.

- Full usage of Law Enforcement Boating Safety Fund (LEBSF) in FY 2012, excluding the legislated pass through grants of $750,000 to Mohave, La Paz and Yuma counties. The FY 2012 LEBSF budget of $1.13 million for agency operations is an estimate only, but explicitly includes the expenditure of all operating cash in the fund by the end of FY 2012.
- The overall Enhancement Fund forecast for FY 2012 is $10 million.
- Interest earnings in the Land Conservation Fund will decline by half in FY 2012 and also FY 2013 due to anticipated grant expenditures of half of the remaining LCF in each of those years.
- Contingency capital projects for major structure or infrastructure replacement across the Arizona State Parks system in FY 2012 and FY 2013 are not currently addressed within the FY 2012 and FY 2013 agency budgets.

Specific FY 2013 Budget Proposal Recommendation

The FY 2013 budget request will be presented to the Governor's Office of Strategic Planning and Budgeting and the Joint Legislative Budget Committee in October 2011, and deliberated in the next year's Legislative Session. After final passage, the details of the budget signed by the Governor, and the agency's financial assumptions and recommendations for FY 2013, will be presented to the Parks Board in June 2012. At this time, key assumptions for that budget include the following:

- Staff will request a $10 million Enhancement Fund expenditure appropriation to the Office of Strategic Planning and Budgeting (OSPB) and the Joint Legislative Budget Committee (JLBC).
- Budget forecasts assume continuation of LEBSF for agency operations in FY 2013, but this was Session Law pertaining to FY 2012 only. However, Staff recommends requesting this continuation for the agency budget submittals to OSPB and JLBC.
- Staff will request that OSPB recommend to the Legislature to merge the Lump Sum Operating and Kartchner Caverns line items within the annual General Appropriations Act. This will provide the agency with flexibility to allocate the Enhancement Fund and Reservation Surcharge appropriations more effectively across the entire park system, and avoid the necessity of allocating more funds to Kartchner Caverns than are needed for the operation of that park.
- Staff will also request that OSPB recommend to the Legislature to remove the $75,000 ending cash balance cap from the Reservation Surcharge Fund statute, A.R.S. 41-511.24. Staff will also request that the FY 2013 appropriation from the Reservation Surcharge Fund be increased to reflect the estimated FY 2013 revenues of $500,000. This will provide the agency with flexibility to allocate the Reservation Surcharge appropriation more effectively throughout each quarter of the fiscal year.
- There will be $1 million set aside within the agency Operating Budget for on-going repair, replacement and maintenance needs across the Arizona State Parks system in FY 2013.
- Completion of the next Watercraft Survey, which repeats every 3 years and determines the share of boating related gasoline taxes that fund the State Lake Improvement Fund, is scheduled for the first half of FY 2013. The new estimated percentage is expected to take effect in January 2013, but the current forecast does not predict a change to the agency's SLIF revenues.
- Staff recommends seeking JCCR favorable review for capital improvements of $1.12 million to the agency's boating parks from the State Lake Improvement Fund from FY 2013 SLIF revenues. The Parks Board would recommend a project(s) after the FY 2013 budget is enacted.

Budget Tables for FY 2011, FY 2012 and FY 2013

Table 1 shows legislated fund transfers (sweeps) from State Parks appropriated and non-appropriated funds enacted for the five-year period of FY 2008 through FY 2012.

Table 2 shows the agency's estimated revenues, spending and cash balances for FY 2011. Final operating expenditures for FY 2011 may be less than the current Table 2 estimates, due to cost savings realized by transitioning to fewer permanent staff and more seasonal staff, and FY 2011 ending cash balances may be higher as a result. This will result in higher FY 2012 and FY 2013 cash balances. As approved by the Board at its June 16, 2010 Budget meeting, approximately $3.6 million of FY 2011 park system expenditures were sourced from LEBSF, which the Legislature allowed State Parks to use for operations that year. This diversion was intended to increase the balance forward into FY 2012 in the Enhancement Fund. However, an additional $2.09 million sweep to the Enhancement Fund was legislated for FY 2012. In addition, the 2011 First Regular Session imposed an additional $1.491 million sweep to the SLIF, a total of $2.5 million from that fund in FY 2012 and approximately 50% of the estimated ending FY 2011 cash balance. This prompted Board action to request the transfer of this amount from the Enhancement Fund to SLIF in order to maximize the flexibility of available cash in the SLIF during FY 2012. This transfer or "backfill" will be reviewed by the JLBC on June 9, 2011. Total expenditures in FY 2011 are currently expected to be $19.057 million compared to the revised (March 17, 2011) operating budget of $19.063 million.

Tables 3 and 4 show Staff recommendations to the Board for estimated revenues and expenditures by fund for FY 2012 and FY 2013. The recommended FY 2012 and FY 2013 operating budgets of $19.5 million and $19.6 million per year, respectively, are slightly higher than the FY 2011 budget largely because of higher planned spending in both years from the SLIF.

Tables 5 and 6 show the agency's operating budgets for a five-year period, including the FY 2012 and FY 2013 recommendations, by category of expense (Table 5) and by funding source (Table 6).

Table 7 shows park visitor attendance during FY 2010, and the estimated economic impacts of those visitors as reported in the 2007 NAU Economic Study.

Agency Budget Overview

Arizona State Parks (ASP) derives its operating, capital, and grant monies from a variety of funding sources. Some of the funds are appropriated by the Legislature ("Appropriated Funds"), and some of the funds are appropriated to the Board on an ongoing basis ("Non-Appropriated Funds"). Additionally, Arizona State Parks receives a federal apportionment to support the duties of the State Historic Preservation Office (SHPO). The Governor, acting as the single-point-of-contact for Arizona, accepts all federal funds on behalf of State agencies. Federal Funds are not appropriated by the Legislature, and Arizona State Parks classifies these as "Federal Funds" for accounting and auditing purposes. A definition of each fund, including sources and uses, can be found in the following sections of this report.

Arizona State Parks follows instructions prescribed by the Governor's Office of Strategic Planning and Budgeting (OSPB) and the Joint Legislative Budget Committee (JLBC) for appropriated funds. Similar methods are used for non-appropriated funds. The opportunities for funding, improved efficiency measures, customer service, and good business practices are often greater in the non-appropriated funds.

Traditionally, state government budgeting in Arizona can be described as incremental. An incremental budget usually begins with a budget base and is adjusted each fiscal year for such items as rent, risk management, employee benefits, and pay packages. In recent years starting in FY 2009 through FY 2011, baseline budgets for Arizona State Parks, and most Arizona state agencies, have been significantly reduced, including the elimination of agency General Funds and significant transfers of other Appropriated and Non-Appropriated Funds to the state General Fund.

The agency budget is split into three major Programs: Parks, Partnerships and Administration.

- The Parks Program includes the Development and Operations Sections.
- The Partnerships Program includes the State Historic Preservation Office (SHPO), the Public Information Office, and the Resources and Public Programs Section.
- The Administration Program includes the Director's Office, Administrative Services Division, and Agency-Wide Support. The Training, Computer Support, Printing and Marketing Plan budgets are included under Agency-Wide Support, along with the traditional budgets for ADOA Building Rent, Risk Management, and Motor Pool.

Arizona State Parks Funding Sources

Appropriated Funds
•General Fund (Eliminated from ASPB in FY2009)
•Enhancement Fund (Gate Fees)
•Law Enforcement and Boating Safety Fund (LEBSF)
•Reservation Surcharge Fund
Non-Appropriated Funds (Voter Protected) – including earned interest
•Land Conservation Fund
Non-Appropriated Funds (Special Funds) – including earned interest
•Heritage Fund (Eliminated in FY2010. Law and funding end June 30, 2011)
•State Lake Improvement Fund
•Off-Highway Vehicle Recreation Fund
•Partnerships Fund
•Publications Fund
•State Parks Fund (Donations)
•Arizona Trail Fund
Federal Funds
•Federal Recreational Trails Fund
•Federal Historic Preservation Fund
•Federal Land and Water Conservation Fund
•Federal Fund – Other Programs
Agency Budgeted Organizational Units Using Operating Funds
•**Parks Program** – Operations, Development
•**Partnerships Program** – Resources and Public Programs, Public Information Office, State Historic Preservation Office
•**Administration Program** – Director's Office, Administrative Services, Agency Support

OVERVIEW OF FUND SOURCES

A total of 11 different funding sources comprise the revenue for Arizona State Parks. After FY 2011, the Heritage Fund will be eliminated from this count, and after FY 2012, LEBSF may also be removed from the agency's budget. In FY 2011, total agency revenues are estimated to be approximately $47.0 million compared to $54.2 million in FY 2010 and $64.9 million in FY 2009. Each fund has its own set of rules for expenditures and is affected by different factors in estimating future revenues. These funds are usually classified by source as one of three groups, appropriated, non-appropriated and federal.

Appropriated funds are those funds appropriated by the Legislature. These funds include the General Fund (FY 2009 and prior) and other Appropriated Funds. Non-appropriated funds are those funds appropriated to the Board on an ongoing basis. Additionally, Arizona State Parks receives a Federal apportionment to support the duties of the State Historic Preservation Office.

The distinction between each funding source is important. Non-appropriated funds, under control of the Arizona State Parks Board, are dependent upon changes in revenue. Without an increase in revenue, the Board cannot increase an operating budget unless unspent funds are available from previous fiscal years. Likewise, with the exception of the General Fund, the Board may receive authority to expend Appropriated Funds but will be unable to exercise this authority if revenues fall short of projections.

The agency is assuming more and more risk in its funding for operations. In FY 2002, the General Fund was 47% of operating funds available. In FY 2006, this percentage dropped to 10.3%. In FY 2007, it increases to 27%. The General Fund increased again to 31% in FY 2008 and then to 17% in FY 2009. Since FY 2009, State Parks has received no General Fund operating appropriations.

Therefore, most operating budget discussions begin with revenues. However, this discussion is becoming more complicated as the agency assumes more risk in its revenue structure.

ARIZONA STATE PARKS FUND DESCRIPTIONS

APPROPRIATED FUNDS

Enhancement Fund

The Enhancement Fund derives its revenues from park user fees and concession sales. Beginning in FY 2004, all Enhancement Fund revenues have been entirely appropriated for operations with the exception of the annual Tonto Lease Purchase payment. In FY 2012, this exception will not be present as the Tonto Lease Purchase was fully paid off during FY 2011.

Law Enforcement and Boating Safety Fund (LEBSF)
LEBSF provides grants to county governments for boating safety personnel, boating law enforcement equipment and other related activities. Grant applications are reviewed by AORCC and approved by the Board.

Revenue is derived from 46.75% of the watercraft license tax collected by the Arizona Game and Fish Department (AGFD). Laws 1999 Chapter 177 increased the fee for non-resident owners of watercraft on September 1, 1999. Effective January 1, 2009, the AGFD began offering watercraft owners a license fee schedule that could include up to three years of advance payment. As a result, LEBSF revenue increased dramatically during FY 2009, remained strong for FY 2010, and has now dropped substantially for FY 2011. FY 2009 revenues of $2.35 million were the highest since the inception of the fund in FY 1987. FY 2010 revenues were $2.23 million. FY 2011 and FY 2012 revenues are projected to be $1.86 million, approximately 85% of recent prior years.

An annual footnote in the General Appropriations Act allows all cash in the fund to be disbursed annually, and this has been the long-standing policy of the Parks Board. However, the FY 2010 pass through grants to the counties were cancelled by the Parks Board at the April 21, 2010 meeting. The unexpended FY 2010 revenues remained in the fund as cash balance forward into FY 2011.

No State Parks operating expenses have been permitted from this fund, until recent legislation affecting FY 2011 and FY 2012. For FY 2011, $500,000 of the LEBSF was passed through to La Paz and Mohave counties, and approximately $3.6 million of the LEBSF was budgeted for agency operations. For FY 2012, Section 8 of SB 1624, passed in the 1st Regular Session 2011 and signed by Governor Brewer on April 6, 2011, appropriated all LEBSF funds above $750,000 for FY 2012 agency operations. The $750,000 may only be granted to La Paz, Mohave and Yuma counties based on historical percentages. Staff recommends that all revenue and cash balances above $750,000 for FY 2012, estimated $1.1 million, be used to support park system operations.

Changes to the LEBSF statutes during the 2011 1st Regular Session have transferred the revenue stream and expenditure authority for the fund to the Arizona Game and Fish Department beginning in FY 2013. Staff recommends seeking continuation of Session Law into FY 2013 that will again appropriate the LEBSF to State Parks for pass through grants of $750,000 and all remaining funds for agency operations.

Reservation Surcharge Fund
The Reservation Surcharge Fund, established by Arizona Revised Statutes 41-511.24, derives revenues from visitor fees for use of the reservation system. Until March 2011, only tours at Kartchner Caverns State Park included a fee for use of the pre-existing Paciolan reservation system. A new online web-based reservation system is currently being developed and implemented to expand reservations to camping parks. Phase I implementation for eight camping parks will be completed during FY 2011, and five additional camping parks are planned to come online in Phase II during FY 2012.

Although the fund is appropriated, all reservation revenues are appropriated to State Parks. However, the Joint Legislative Budget Committee must be informed of expenditures above the annual appropriation. For FY 2007 and future fiscal years, any ending cash balance in excess of $75,000 reverts to the General Fund.

The system-wide campground reservation system will significantly enhance Reservation Surcharge Revenues, although a reasonable estimate of new revenues will be possible only after full implementation.

NON-APPROPRIATED FUNDS

Partnerships Fund

Laws 1998, Chapter 242, eliminated three existing funds, and combined them into the newly established Partnerships Fund. The fund was established to allow the Board to collect and expend monies related to:

• Non-Federal Grants to State Parks: Formal grants awarded to Arizona State Parks by State, Regional, and Local governmental entities.

• Non-Federal Inter-Governmental Agreements: Receipts from non-Federal governmental entities through execution of Inter-Governmental Agreements (IGAs), and Inter-Service Agreements (ISAs – Arizona State agencies).

• Land and Water Conservation Fund Surcharge Account (LWCF SC):
A surcharge is assessed by State Parks to recipients of the Federal LWCF grant program. The surcharge may not exceed 10% of the cost of the total project. The surcharge amount is currently set at 10% of the grant amount. Monies are set aside to fund program administrative staff and support for the Federal LWCF program. (See Federal Funds for a description of the Federal LWCF grant program.)

State Parks Fund (Donations Fund)

In accordance with ARS § 41-511.11 and § 41-511.22, State Parks may receive gifts, grants and other donations for purposes of carrying out the duties and objectives of the Board. The Director or designee may use the funds in accordance with the contributor's request.

In FY 2003, ASP was the beneficiary of a gift of $242,925. Specific recommendations for the expenditure of the remaining $143,000 of the Asta Forrest bequest will be presented separately to the Parks Board in September 2011, and is not a part of the current FY 2012 Donation Program Budget request to the Board.

Receipts to the Donations Fund include contributions from all non-governmental entities, whether individuals, corporations, or non-profit organizations. Each state park, and several Arizona State Parks programs, has one or more donation account within the fund. Contributions received for specific and significant scope items are assigned to additional designated accounts.

Contributions from non-governmental entities that are intended to support fundamental park operations are included as part of the agency's Operating Budget. Interest earned

on the Donations Fund balance is also included as part of the Operating Budget. The majority of the agency's Donations Fund accounts are specifically designated for park and program projects.

Arizona State Parks Heritage Fund

In November 1990, the citizens of Arizona approved a ballot initiative establishing the Arizona Heritage Fund. This law provides up to $10 million annually each to Arizona State Parks and Arizona Game and Fish from the proceeds of the Arizona State Lottery. These Heritage Fund dollars provide opportunities for the public to enjoy outdoor recreation, to help preserve natural and cultural resources, and to promote environmental education. Historically, the State Parks Heritage Fund $10 million annual principal was available for the following purposes:

Local, Regional, and State Parks	35%
Trails	5%
Historic Preservation	17%
State Parks Acquisition and Development	17%
Natural Areas Acquisitions	17%
Natural Areas Operation and Maintenance	4%
Environmental Education	5%
Total	100%

Since February 1, 2010, all Heritage Fund revenues have been diverted to the State General Fund. Current legislation repeals the Heritage Fund statutes on June 30, 2011. The loss of these annual $10 million deposits to the State Parks Heritage Fund effectively eliminates the Heritage Fund Grant Programs and the major source of agency capital funding.

Funds allocated to State Parks capital outlay projects remain on deposit until project scope items are completed and paid out as contracted. In FY 2011 the interest earned on the deposited funds was used to support capital outlay programs. Due to the repeal of the Arizona State Parks Heritage Fund statutes, all remaining funds will be expended by the end of FY 2011 or revert to the General Fund.

Land Conservation Fund

In November 1998, Arizona voters approved Proposition 303, which annually appropriates $20 million from the General Fund to the Land Conservation Fund in each of FY 2001 through 2011, the final year of such transfers. Proposition 303, codified as A.R.S. § 41-511.23, directs that the appropriation be used to provide grants to purchase state trust lands for conservation purposes and up to 10% may be used for grants to landowners or lessees of public lands for conservation based management alternatives (CBMA). Only acquisition grants require a match by the applicant. From FY 2012 onward, the cash balance of the LCF will decline as grants are awarded and expended. A.R.S. § 41-511.23 further stipulates that beginning in FY 2001, the costs of administering the Land Conservation Grant Program be paid from interest earned on monies in the fund. These interest monies are not subject to appropriation.

Laws 2003, Chapter 252 created the Livestock and Crop Conservation Fund under the Department of Agriculture to replace the CBMA program and appropriated $2 million annually through FY 2011 from the Land Conservation Fund to the Livestock and Crop Conservation Fund. Previously, the Department of Agriculture assisted in the management of the CBMA program through an Inter-Governmental Agreement. Laws 2003, Chapter 252 still provides funding to the Department of Agriculture for the administration of the new program through FY 2011.

•**Land Conservation Fund (Interest Account)** - The LCF Grant account received an annual appropriation of $20 million from the General Fund for grants in each of FY 2001 through 2011, the final year of this transfer. A maximum of $500,000 of the interest earned on the fund balance is dedicated to the administration of the Growing Smarter Program. Interest earnings received during FY 2010 and FY 2011 have decreased substantially from prior year levels, due to the decrease in the federal funds target rate and the reduction of principal amount as grant awards are paid. Current balance in the Grant (principal) account is $80.9 million, with FY 2011 interest earnings estimated at $1 million.

Since FY 2009, the ASP Board may expend the interest earnings in excess of the $500,000 for Program Administration for the operation of Arizona State Parks. This expenditure authority is intended to offset a portion of the decrease and elimination of the General Fund support for agency operations. Prior to FY 2009, annual interest earnings in excess of $500,000 were reverted at the end of each fiscal year from the Interest Account to the Grant Account.

Proposition 301, which would have reverted all LCF monies to the General Fund, did not pass the November 2010 ballot. The LCF program funds are now expected to continue until all funds have been awarded. State Parks will remain responsible in perpetuity for administration and oversight of the program. The current forecast is that annual grants will expend half of the LCF balance in each of FY 2012 and FY 2013. From FY 2012 onward, interest earnings from the LCF are expected to decline as grants are awarded.

Arizona Trail Fund
Senate Bill 1468 created the Arizona Trails Fund and added statutory language in Arizona Revised Statutes § 41.511.15. Monies in the fund, consisting of appropriations and donations, are for the sole purpose of maintaining and preserving the Arizona Trail. The Arizona Trail extends approximately 800 miles between the southern and northern borders of the state.

Revenues to the fund come from an annual General Fund appropriation. However, no appropriation was made for FY 2010, FY 2011 or FY 2012.

Off-Highway Vehicle Recreation Fund
In 1989, the Legislature enacted S.B. 1280 establishing an Off-Highway Vehicle (OHV) program in Arizona. In 1991, the Legislature amended this legislation and provided for

.0055 or .55% of motor vehicle fuel taxes to be paid into the OHV Fund. In 2008, statute was changed to reflect a modified off-highway vehicle decal program (ARS § 28-1176 and ARS § 28-1177) providing additional monies for project purposes but altering the agency allocation ratios. Allocations to the separate agencies were amended to: 35% to Game and Fish, 5% to the State Land Department, and 60% to Arizona State Parks (a net 14% decrease in revenue allocation). The percentage of State Parks OHV revenue allocated for program administration was reduced from 18% to 12%.

The 60% of revenues to the OHV Fund that are retained by State Parks are administered by the Board as follows:

- Up to 12% for planning and administration of the program;
- To establish a facility development program based upon the priorities of the plan; and
- To provide a matching grants program for funding OHV-related law enforcement, informational and environmental education programs, mitigation of environmental damage, facility development, land acquisition and construction of OHV facilities.

The Board determines the allocations of the grant and aid program funds based upon recommendations of OHVAG and the OHV Plan. From FY 2003 through FY 2011, $692,100 has been appropriated from OHV program funds for state park operations to offset earlier permanent decreases to the agency's General Fund appropriation.

With the inception of the decal program ("Sticker Fund Project Selection Program") in January of FY 2009, revenues increased to $2.5 million in FY 2009 and FY 2010 from the FY 2008 level of $2.1 million.

Current FY 2011 and FY 2012 revenue estimates are both at $2.5 million.

In June 2010 the Board approved the use of OHV Recreation Fund Revenue be made available as it accrues and priority projects are reviewed and recommended. The Off-Highway Vehicle Advisory Group prioritized the criteria since then to include projects with education components and projects requesting funds for environmental and cultural surveys. Projected FY 2011 revenue for the "Sticker Fund Project Selection Program" is $1,005,319 and $1,200,000 for FY 2012.

Publications & Souvenirs Revolving Fund

In accordance with ARS § 41-511.21, State Parks may sell or operate concessions selling publications and souvenirs. In FY 2010, three FTE positions and purchases of resale items were funded from the revenues derived from this merchandising activity. Fund sweeps from FY 2009 through FY 2011 have substantially reduced the cash balance, which is required to cash flow expenditures for both merchandise purchases and retail program operations. The management transfer of several historic parks has eliminated the agency's best venues for generating revenues to this fund. FY 2009 revenues to the fund were $520,000. FY 2010 revenues were $502,000. Estimated FY

2011 revenues of $350,000 have been reduced by $68,600 of legislated fund sweeps. Projected FY 2012 revenues are $350,000 and FY 2012 legislated fund sweeps are $69,100.

State Parks directly operates Gift Shops within 14 parks, and one in the Phoenix Office. Contracted concessionaires, or local intergovernmental agreement partners, operate Gift Shops within an additional 12 parks.

State Lake Improvement Fund

SLIF consists of a portion of the motor vehicle fuel taxes, a portion of monies from the watercraft license tax, and interest earned on the fund. The fund is administered by the Board for staff support to plan and administer the SLIF and LEBSF programs, to fund design and engineering for acquisition and development projects that enhance boating opportunities, and to purchase watercraft, in conjunction with other recreation plans of the Board. The percentage of gas tax deposited with SLIF is adjusted every three years.

Operating budgets have historically been based upon 11.8% of the annual revenue, as stated in the Memorandum of Understanding (MOU) between the State Parks Board and AORCC and based on historical funding levels. The remaining 88.2% is split according to the MOU with 70% going to competitive grants and 30% to State Parks for qualified projects.

However in recent years these percentages have changed to provide operational monies for State Parks, and to comply with legislated fund sweeps. The Parks Board has awarded no funding for pass through grants or allocated additional funding for the State Parks capital improvement program from FY 2008 through FY 2012 SLIF revenues. At the February 20, 2009 meeting, the Parks Board cancelled the remaining $4.2 million of pass through grants, and cancelled $2.4 million of State Parks capital projects.

The fuel tax allocation percentage for FY 2007 through FY 2009 increased from 1.4514% to 1.7157%, an 18.2% increase. With revenues near $10 million annually, the legislature swept $4.1 million in FY 2008 and $16,820,300 in FY 2009 from the fund, effectively eliminating both the grant programs and capital project programs.

The three-year adjustment cycle was completed in FY 2010. Historically, the adjustment from the watercraft study tends to overcorrect, going up one cycle and decreasing the next cycle. In FY 2010, the watercraft percentage dropped dramatically to 1.0105%, a decrease of over 41% from the previous year. New estimates of income for FY 2011 through FY 2013 are now $4,981,600 based upon this lowered fuel tax percentage and lowered interest revenue. This will have a significant impact to agency and SLIF program operations through FY 2013. The next Watercraft Survey report is scheduled to be completed in the first half of FY 2013. Implementation of the newly estimated SLIF portion of total gasoline sales will start in January 2013. At the present time, no change to agency SLIF revenues is expected.

Federal Funds
For FY 2011 through FY 2013, Federal Funds comprise $1 million of the agency's operating budget for program administration, with $897,500 from the Historic Preservation Fund and $103,500 from the Recreational Trails Fund.

Historic Preservation Fund
The Historic Preservation Fund (HPF) is an annual federal grant to the State of Arizona awarded by the National Park Service (NPS). Funds are appropriated and apportioned annually to the States by Congress. Monies are granted on a federal fiscal year basis (October through September) and must be matched with non-federal funds (60% fed / 40% non-fed). The State Historic Preservation Office (SHPO) administers this grant on behalf of the state. Up to 90% of each annual apportionment may fund the operation of the SHPO. At least 10% is passed through to Certified Local Governments for historic preservation planning and projects. The program is reimbursement-only, requested at quarterly intervals, and requires at least six months advance agency funding for cash flow. The FFY 2011 total apportionment is $847,967 – a decrease of approximately $1,500 from prior year.

The federal monies may be used for:

1) Compliance with State and Federal cultural resource laws
2) Survey, planning and protection of historic and pre-historic sites
3) Determination of eligibility for placement on the National and Arizona Registers of Historic Places.
4) Certified Local Government (CLG) assistance in preservation planning and ordinance development (10% of federal funding is allocated to the CLG).
5) Preservation awareness programs
6) A matching grants program
7) Historic Property Tax Incentive Program
8) Administration of the above programs and support activities.

The NPS provides guidelines for various program costs that are eligible for reimbursement, and the program's performance is evaluated by NPS. Within these broad guidelines, the Board may determine how to allocate this fund.

Through FY 2010, the match requirement for the HPF program has been met through: funding three positions in the State Historic Preservation Office (SHPO) from the State Parks general fund appropriation or Heritage Fund Interest; providing general program support and administration to the SHPO from the State Parks agency operating budget; expenditures made from the Heritage Fund Historic Preservation programs; expenditures for archaeological compliance programs made by the Arizona Department of Transportation. During Federal FY 2011, additional matching funds are eligible from the Coconino County acquisition of Rogers Lake, a Land Conservation Fund program grant. The Rogers Lake acquisition preserves 24 archaeological sites.

During FY 2010, the three match positions within SHPO, formerly funded from the General Fund, were budgeted from Heritage Fund Interest. During FY 2011 through FY 2013, funding for those positions has been shifted to the HPF grant itself. The required match funding will continue to be met through the remaining sources described above.

Recreational Trails Program Fund (RTP)

The Recreational Trails Program (RTP) provides funds to the States to develop and maintain recreational trails and trail-related facilities for both nonmotorized and motorized recreational trail uses. The Recreational Trails Program (RTP) was authorized in the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) in 2005. The RTP is the successor to the original National Recreational Trails Fund program (also known as NRTFA or the Symms Act), which was authorized by the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA) and the Transportation Equity Act for the 21st Century (TEA 21) of 1998.

The 109th Congress enacted the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU). It authorizes the Recreational Trails Program (RTP) (from 2005-2009) as a Federal-aid program, and codifies it in Federal statutes under section 206 of title 23, United States Code (23 U.S.C. 206).

Arizona State Parks is the agency responsible for administering RTP funds in Arizona. Forty-four percent (44%) of Arizona's RTP funds are available for competitive motorized trails project grants, while another forty-four percent is available for non-motorized trail purposes. For the Motorized portion of these funds, Arizona's competitive grant program provides funds for motorized trail uses including: snow-mobiling, off-road motorcycling, all-terrain vehicle riding, four-wheel driving, support facilities, and user information such as maps and brochures containing safety and environmental protection messages.

Approximately $4.45 million of Education and Aid Project funding is currently unexpended from the FFY 2010 and prior apportionments. Expenditures during FY 2012 and FY 2013 from these apportionments are estimated at 50%, or $2.225 million, in each fiscal year. Staff anticipates that the apportionment for FFY 2011 funds will be authorized at the FFY 2010 level of $1.45 million. The estimated FY 2011 apportionment is not included in the current expenditure documents.

Land and Water Conservation Fund (LWCF)

The Land and Water Conservation Fund was established by Congress through Public Law 88-578 as amended, and receives its revenue primarily from the Outer Continental Shelf oil and gas leasing.

This program provides federal funds for outdoor recreation and open space acquisition and development. Prior to FY 2009, thirty percent of the revenues were directed to projects in State Parks; the remainder was awarded as competitive 50/50 match grants to municipalities, counties, and Indian tribes. On August 3, 2009, the Board approved to allocate the full FFY 2009 LWCF apportionment to State Parks capital projects, and allocated matching funds from the Heritage Fund. The Board has not yet awarded

grants from the FFY 2010 apportionment of $729,400. The FFY 2011 apportionment has not yet been announced.

INTERNAL BUDGET PROCESS

The Arizona State Parks budget process normally begins in March with submissions by individual parks and the Phoenix Office. The requests are reviewed by budget staff and discussed with individual section chiefs, then forwarded to Executive Staff. Based upon revenue estimates and discussions with agency leadership as to overall agency priorities, Executive Staff crafts a budget to meet the Strategic Plan goals of the agency. Executive Staff meets again with agency leadership to discuss the budget and make revisions as necessary. The recommendations are then forwarded to the Board for consideration.

AGENCY BUDGET REQUESTS FY 2012 AND FY 2013

Agency Operating Budget Request

Operating Funds are the main focus of the agency budgeting process. The operating budget includes funding for both permanent and seasonal full-time equivalent (FTE) positions, employee benefits, rent/leases, risk management and operating needs and other necessary expenditures to operate and support the agency.

One key assumption for the FY 2012 and FY 2013 budgets is the continuation of the partnership agreements put in place between Arizona State Parks and local partners who have committed to providing valuable financial or in-kind resources to maintaining these valuable assets. As of June 2011, the following represents a summary of where the parks system stands:

PARKS OPERATED SOLELY BY ARIZONA STATE PARKS

1. Buckskin Mountain State Park/River Island unit
2. Catalina State Park
3. Cattail Cove State Park
4. Dead Horse Ranch State Park
5. Fool Hollow Lake State Park
6. Kartchner Caverns State Park
7. Lake Havasu State Park
8. Patagonia Lake State Park
9. Slide Rock State Park

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PARKS OPEN AND OPERATED BY AGREEMENT WITH ASP STAFF

1. Alamo Lake State Park
2. Fort Verde State Historic Park
3. Homolovi Ruins State Historic Park
4. Jerome State Historic Park
5. Lost Dutchman State Park
6. Lyman Lake State Park (open Summer 2011)
7. Picacho Peak State Park (closed Summer 2011)
8. Red Rock State Park
9. Riordan Mansion State Historic Park (operated in cooperation with AZ Historical Society)
10. Roper Lake State Park
11. Tonto Natural Bridge State Park

PARKS OPEN BY AGREEMENT WITHOUT ASP STAFF

1. Boyce Thompson Arboretum State Park
2. McFarland State Historic Park
3. Tombstone Courthouse State Historic Park
4. Tubac Presidio State Historic Park
5. Yuma Prison State Historic Park
6. Yuma Quartermaster Depot State Historic Park

PARKS CLOSED TO THE PUBLIC

1. Oracle State Park
2. San Rafael State Natural Area

Attachments:

Arizona State Parks – FY 2008 – FY 2012 Legislated Sweeps – Table 1 (Page 6)
Arizona State Parks – FY 2011 Estimated Budget –Table 2
Arizona State Parks – FY 2012 Budget Recommendation – Table 3
Arizona State Parks – FY 2013 Budget Recommendation – Table 4
Arizona State Parks - FY 2009 – FY 2013 Budgets by Expense Category – Table 5
Arizona State Parks – FY 2009 – FY 2013 Budgets by Funding Source – Table 6
Arizona State Parks – FY 2010 Attendance and 2007 Park Economic Impacts – Table 7

Arizona State Parks - FY 2011 Budget

Fund Source		FY 2011 Adjusted Beginning Cash Balance	FY 2011 Estimated Revenue	FY 2011 Legislated Sweeps	FY 2011 Backfill Cash Transfers	FY 2011 Approved Budget 3-17-11	FY 2011 Estimated Ending Cash Balance
Agency Operating Funds:		\1		\4		\5	
Agency-Wide Operating Funds:							
Enhancement Fund - Lump Sum and Kartchner Line		$5,333,132	$10,000,000	($2,106,000)	($1,491,100)	($5,790,200)	$5,945,832
Heritage Fund - Interest		136,466	26,336	0	0	(162,802)	0
Land Conservation Fund - Interest		515,319	1,012,251	0	0	(955,000)	572,570
Law Enforcement and Boating Safety Fund		2,278,117	1,370,000	0	0	(3,613,600)	34,517
Off-Highway Vehicle Fund - Agency Operations		0	692,100	(11,400)	0	(680,700)	0
Reservation Surcharge Fund		75,000	392,287	(103,100)	0	(289,187)	75,000
State Lake Improvement Fund		4,260,945	4,992,306	(2,462,100)	1,491,100	(5,250,000)	3,032,251
Subtotal Agency-Wide Operating Funds		**$12,598,979**	**$18,485,280**	**($4,682,600)**	**$0**	**($16,741,489)**	**$9,660,170**
Special Program Operating Funds:							
Donations Fund - Interest		$175,791	$3,430	($19,700)	$0	($90,000)	$69,521
Federal Funds - Agency Operations	\2	901,332	866,901	0	0	(1,000,000)	768,233
Off-Highway Vehicle Fund - Program Operations		0	300,000	(57,200)	0	(242,800)	0
Partnerships Fund - Agency Operations		211,575	610,938	(70,300)	0	(637,900)	114,313
Publications & Souvenirs Fund		138,873	351,019	(68,600)	0	(319,800)	101,492
Subtotal Special Program Operating Funds		**$1,427,571**	**$2,132,288**	**($215,800)**	**$0**	**($2,290,500)**	**$1,053,559**
Total Agency Operating Funds		**$14,026,550**	**$20,617,568**	**($4,898,400)**	**$0**	**($19,031,989)**	**$10,713,729**
Donations Program Funds:							
Donations - Asta Forrest Bequest Account		$143,052	$0	$0	$0	$0	$143,052
Donations - Park & Program Accounts		211,730	91,319	0	0	(260,000)	43,049
Total Donations Program Funds		**$354,782**	**$91,319**	**$0**	**$0**	**($260,000)**	**$186,101**
Project and Grant Funds:							
Federal Funds - Projects and Pass-Through Grants	\3	$50,365	$4,321,577	$0	$0	($4,371,942)	$0
State Lake Improvement Fund - Capital Projects		694,693	0	0	0	(694,693)	0
Law Enforcement Boating Safety Fund - Grants & Aid		0	500,000	0		(500,000)	0
Off-Highway Vehicle Fund - Grants & Aid		2,012,531	1,513,376	(811,600)	0	(768,500)	1,945,807
Heritage Fund - Capital Projects		5,501,455	6	0	0	(5,501,461)	0
Partnerships Fund - Projects & Grants to State Parks		67,808	27,951	0	0	(95,759)	0
Total Project and Grant Funds		**$8,326,852**	**$6,362,910**	**($811,600)**	**$0**	**($11,932,355)**	**$1,945,807**
Subtotal Non-Voter Protected Funds		**$22,708,184**	**$27,071,797**	**($5,710,000)**	**$0**	**($31,224,344)**	**$12,845,637**
Land Conservation Fund - Grants & Aid		**$104,901,934**	**$20,000,000**	**$0**	**$0**	**($43,982,616)**	**$80,919,318**
Total All Agency Funds		**$127,610,118**	**$47,071,797**	**($5,710,000)**	**$0**	**($75,206,960)**	**$93,764,955**

\1 Beginning cash balances are adjusted to reflect transactions that have occurred during FY 2011 that apply to prior fiscal year obligations or activity.
\2 Federal operating funds include $103,500 from Recreational Trails Program (RTP) Administration, and $896,500 from the Historic Preservation Fund (HPF).
\3 Federal project and grant funds include $127 K for Historic Preservation, $2.86 M for Recreational Trails, and $1.26 M for Land and Water Grants.
\4 FY 2011 Legislated Sweeps include $30K of final Salary/Furlough reductions published May 24, 2011 in the FY 2012 Appropriations Report.
\5 The FY 2011 operating budget reflects the final furlough sweeps and the current Reservation Surcharge Fund and Heritage Interest revenue estimates. The total FY 2011 operating budget approved by the ASP Board on 3-17-11 was $19,063,300.

Arizona State Parks - RECOMMENDED FY 2012 BUDGET

Fund Source		FY 2012 Adjusted Beginning Cash Balance	FY 2012 Estimated Revenue	FY 2012 Legislated Sweeps	FY 2012 Backfill Cash Transfers	RECOMMENDED FY 2012 Budget	FY 2012 Estimated Ending Cash Balance
Agency Operating Funds:				\3		\4	
Agency-Wide Operating Funds:							
Enhancement Fund - Lump Sum and Kartchner Line		$5,945,800	$10,000,000	($2,145,000)	$0	($9,095,200)	$4,705,600
Heritage Fund - Interest		0	0	0	0	0	0
Land Conservation Fund - Interest		572,600	600,000	0	0	0	1,172,600
Law Enforcement and Boating Safety Fund		34,500	1,120,000	(22,900)	0	(1,131,600)	0
Off-Highway Vehicle Fund - Agency Operations		0	692,100	(11,400)	0	(680,700)	0
Reservation Surcharge Fund		75,000	500,000	(105,000)	0	(397,600)	72,400
State Lake Improvement Fund		3,032,300	4,900,000	(32,100)	0	(6,000,000)	1,900,200
Subtotal Agency-Wide Operating Funds		**$9,660,200**	**$17,812,100**	**($2,316,400)**	**$0**	**($17,305,100)**	**$7,850,800**
Special Program Operating Funds:							
Donations Fund - Interest		$69,500	$1,900	$0	$0	($25,000)	$46,400
Federal Funds - Agency Operations	\1	768,200	866,400	0	0	(1,000,000)	634,600
Off-Highway Vehicle Fund - Program Operations		0	300,000	(62,400)	0	(237,600)	0
Partnerships Fund - Agency Operations		114,300	602,400	(200)	0	(602,400)	114,100
Publications & Souvenirs Fund		101,500	350,000	(69,100)	0	(319,800)	62,600
Subtotal Special Program Operating Funds		**$1,053,500**	**$2,120,700**	**($131,700)**	**$0**	**($2,184,800)**	**$857,700**
Total Agency Operating Funds		**$10,713,700**	**$19,932,800**	**($2,448,100)**	**$0**	**($19,489,900)**	**$8,708,500**
Donations Program Funds:							
Donations - Asta Forrest Bequest Account		$143,000	$0	$0	$0	$0	$143,000
Donations - Park & Program Accounts		43,100	50,000	0	0	(71,600)	21,500
Total Donations Program Funds		**$186,100**	**$50,000**	**$0**	**$0**	**($71,600)**	**$164,500**
Project and Grant Funds:							
Federal Funds - Projects and Pass-Through Grants	\2	$0	$3,039,200	$0	$0	($3,039,200)	$0
State Lake Improvement Fund - Capital Projects		0	0	0	0	0	0
Law Enforcement Boating Safety Fund - Grants & Aid		0	750,000	0	0	(750,000)	0
Off-Highway Vehicle Fund - Grants & Aid	\5	1,945,800	1,507,900	(66,300)	0	(2,158,600)	1,228,800
Heritage Fund - Capital Projects		0	0	0	0	0	0
Partnerships Fund - Projects & Grants to State Parks		0	0	0	0	0	0
Total Project and Grant Funds		**$1,945,800**	**$5,297,100**	**($66,300)**	**$0**	**($5,947,800)**	**$1,228,800**
Subtotal Non-Voter Protected Funds		**$12,845,600**	**$25,279,900**	**($2,514,400)**	**$0**	**($25,509,300)**	**$10,101,800**
Land Conservation Fund - Grants & Aid		**$80,919,300**	**$0**	**$0**	**$0**	**($40,000,000)**	**$40,919,300**
Total All Agency Funds		**$93,764,900**	**$25,279,900**	**($2,514,400)**	**$0**	**($65,509,300)**	**$51,021,100**

\1 Federal operating funds include $103,500 from Recreational Trails Program (RTP) Administration, and $896,500 from the Historic Preservation Fund (HPF).
\2 Federal project and grant funds include $85 K for Historic Preservation, $2.225 M for Recreational Trails, and $729 K for Land and Water Grants.
\3 FY 2012 Legislated Sweeps include final Salary reductions published May 24, 2011 in the FY 2012 Appropriations Report.
Final Salary Reductions include $30K for additional Furloughs, $43K for Delayed Benefits, and $48K for Retirement Savings
The sweep amount for Health Savings Account has not yet been published by the Arizona Department of Administration as of May 24, 2011.
\4 FY 2012 includes an additional 27th pay period with an estimated cost of $461K agency-wide.
\5 Off Highway Vehicle (OHV) Grants & Aid expenditures reflect staff recommendation to the State Parks Board in Agenda Item J-5.

Table 3

Arizona State Parks - RECOMMENDED FY 2013 BUDGET

Fund Source		FY 2013 Adjusted Beginning Cash Balance	FY 2013 Estimated Revenue	FY 2013 Legislated Sweeps	RECOMMENDED FY 2013 Budget	FY 2013 Estimated Ending Cash Balance
Agency Operating Funds:						
Agency-Wide Operating Funds:						
Enhancement Fund - Lump Sum and Kartchner Line		$4,705,600	$10,000,000	$0	($10,000,000)	$4,705,600
Heritage Fund - Interest		0	0	0	0	0
Land Conservation Fund - Interest	\3	1,172,600	300,000	0	(850,500)	622,100
Law Enforcement and Boating Safety Fund	\5	0	1,120,000	0	(1,120,000)	0
Off-Highway Vehicle Fund - Agency Operations		0	692,100	0	(692,100)	0
Reservation Surcharge Fund		72,400	500,000	0	(500,000)	72,400
State Lake Improvement Fund	\6	1,900,200	3,780,000	0	(4,222,600)	1,457,600
Subtotal Agency-Wide Operating Funds		**$7,850,800**	**$16,392,100**	**$0**	**($17,385,200)**	**$6,857,700**
Special Program Operating Funds:						
Donations Fund - Interest		$46,400	$1,100	$0	($10,000)	$37,500
Federal Funds - Agency Operations	\1	634,600	866,400	0	(1,000,000)	501,000
Off-Highway Vehicle Fund - Program Operations		0	300,000	0	(300,000)	0
Partnerships Fund - Agency Operations		114,100	602,400	0	(602,400)	114,100
Publications & Souvenirs Fund		62,600	350,000	0	(319,800)	92,800
Subtotal Special Program Operating Funds		**$857,700**	**$2,119,900**	**$0**	**($2,232,200)**	**$745,400**
Total Agency Operating Funds		**$8,708,500**	**$18,512,000**	**$0**	**($19,617,400)**	**$7,603,100**
Donations Program Funds:						
Donations - Asta Forrest Bequest Account		$143,000	$0	$0	$0	$143,000
Donations - Park & Program Accounts		21,500	50,000	0	(60,800)	10,700
Total Donations Program Funds		**$164,500**	**$50,000**	**$0**	**($60,800)**	**$153,700**
Project and Grant Funds:						
Federal Funds - Projects and Pass-Through Grants	\2	$0	$3,039,200	$0	($3,039,200)	$0
State Lake Improvement Fund - Capital Projects	\6	0	1,120,000	0	(1,120,000)	0
Law Enforcement Boating Safety Fund - Grants & Aid	\5	0	750,000	0	(750,000)	0
Off-Highway Vehicle Fund - Grants & Aid	\4	1,228,800	1,507,900	0	(2,189,400)	547,300
Heritage Fund - Capital Projects		0	0	0	0	0
Partnerships Fund - Projects & Grants to State Parks		0	0	0	0	0
Total Project and Grant Funds		**$1,228,800**	**$6,417,100**	**$0**	**($7,098,600)**	**$547,300**
Subtotal Non-Voter Protected Funds		**$10,101,800**	**$24,979,100**	**$0**	**($26,776,800)**	**$8,304,100**
Land Conservation Fund - Grants & Aid		**$40,919,300**	**$0**	**$0**	**($20,000,000)**	**$20,919,300**
Total All Agency Funds		**$51,021,100**	**$24,979,100**	**$0**	**($46,776,800)**	**$29,223,400**

\1 Federal operating funds include $103,500 from Recreational Trails Program (RTP) Administration, and $896,500 from the Historic Preservation Fund (HPF).
\2 Federal project and grant funds include $85 K for Historic Preservation, $2.225 M for Recreational Trails, and $729 K for Land and Water Grants.
\3 Land Conservation Fund (LCF) Interest budget includes $500K for LCF Program Administration, and $350,500 for agency operations.
\4 Off Highway Vehicle (OHV) Grants & Aid expenditures reflect 80% of funds available for award by the State Parks Board.
\5 Staff recommends requesting session law for use of FY 2013 LEBSF revenues for agency operations, in excess of the $750,000 for pass-through grants.
\6 Staff recommends seeking favorable JCCR review for use of $1.12 million of FY 2013 SLIF revenues for capital improvements at agency boating parks.

Table 4

Arizona State Parks
FY 2009 - FY 2013 Agency Operating Budgets and Recommendations by Category of Expense

Category of Expense	FY 2009 Original Budget Before Sweeps	FY 2010 Per 4-21-10 Board Action	FY 2011 Per 3-17-11 Board Action	RECOMMENDATION FY 2012 Operating Budget Estimate	RECOMMENDATION FY 2013 Operating Budget Request
Personal Services	$13,998,500	$10,096,600	$8,695,500	$8,623,900	$8,304,500
Employee Related Expenditures (ERE)	5,856,000	4,399,800	3,839,400	3,849,200	3,706,600
Subtotal Personal Services and ERE	**$19,854,500**	**$14,496,400**	**$12,534,900**	**$12,473,100**	**$12,011,100**
Professional and Outside Services	$241,200	$221,700	$273,500	$357,200	$357,200
In-State Travel	447,700	124,100	131,600	139,400	139,400
Out-of-State Travel	5,000	100	5,000	5,000	5,000
Other Operating Expenditures	5,656,300	5,501,900	5,759,600	6,206,300	6,754,700
Non-Capital Equipment	35,000	90,300	58,700	100,000	100,000
Capital Equipment	50,000	32,300	300,000	208,900	250,000
Subtotal All Other Operating	**$6,435,200**	**$5,970,400**	**$6,528,400**	**$7,016,800**	**$7,606,300**
Total Annual Agency Operating Budget	**$26,289,700**	**$20,466,800**	**$19,063,300**	**$19,489,900**	**$19,617,400**

Arizona State Parks
FY 2009 - FY 2013 Agency Operating Budgets and Recommendations by Funding Source

Fund Source	FY 2009 Original	FY 2010 Per 4-21-10	FY 2011 Per 3-17-11	RECOMMENDATION FY 2012 Operating Budget	RECOMMENDATION FY 2013 Operating Budget
General Fund	8,338,200	0	0	0	0
Reservation Surcharge Fund	$548,000	$307,400	$237,600	$397,600	$500,000
Enhancement Fund	7,344,000	7,762,200	5,789,100	9,095,200	10,000,000
Law Enforcement Boating Safety Fund	0	0	3,538,100	1,131,600	1,120,000
Federal Historic Preservation Fund	940,000	832,800	896,500	896,500	896,500
Federal Recreational Trails Fund	125,000	97,000	103,500	103,500	103,500
State Lake Improvement	3,150,000	5,294,200	5,250,000	6,000,000	4,222,600
Off-Highway Vehicle - Program Admin.	360,000	261,500	244,700	237,600	300,000
Off-Highway Vehicle - Agency Operating	692,100	692,100	680,700	680,700	692,100
AHF - Interest	2,000,000	1,270,000	160,000	0	0
AHF - Acquisition and Development	0	187,400	0	0	0
AHF - Environmental Education	615,000	907,400	0	0	0
AHF - Natural Areas Oper. & Mgmt.	555,000	345,900	0	0	0
AHF - Trails	0	100,000	0	0	0
AHF - Historic Preservation	0	69,000	0	0	0
Land Conservation - Program Admin.	500,000	500,000	455,000	0	300,000
Land Conservation - Agency Operating	0	1,255,000	500,000	0	550,500
Partnerships Fund	207,400	112,400	798,300	602,400	602,400
Donations Fund Interest	265,000	10,000	90,000	25,000	10,000
Publications & Souvenirs Fund	650,000	462,500	319,800	319,800	319,800
Total Annual Agency Operating Budget	**$26,289,700**	**$20,466,800**	**$19,063,300**	**$19,489,900**	**$19,617,400**

Table 6

Arizona State Parks: FY 2010 Attendance and Estimated Economic Impacts from 2007 NAU Economic Study					
Park Name	FY 2010 Attendance	Economic Impact	Estimated Federal Taxes	Estimated St/Local Taxes	Est. County Jobs Created
Parks Never Closed and Operated by Arizona State Parks					
Buckskin Mountain	95,496	$10,456,400	$613,113	$874,477	
Catalina	170,344	19,604,659	1,462,337	1,696,602	262
Cattail Cove	84,940	13,184,301	1,014,556	1,225,859	187
Dead Horse Ranch	157,432	10,135,704	734,247	913,026	143
Fool Hollow Lake	99,051	5,824,980	371,487	500,533	73
Kartchner Caverns	139,086	30,087,905	2,283,589	2,552,229	422
Lake Havasu	340,269	34,514,609	2,594,748	3,154,582	484
Patagonia Lake	190,303	8,974,109	591,121	752,336	128
Slide Rock	237,676	30,087,905	2,283,589	2,552,229	422
Subtotal	1,514,597	$162,870,572	$11,948,787	$14,221,873	2,258
Parks Operated by Arizona State Parks Through Partnership Support					
Alamo Lake	66,447	$5,608,937	$320,635	$453,678	73
Fort Verde	12,021	2,420,337	170,423	207,461	33
Homolovi Ruins	-	3,501,468	244,599	362,264	44
Jerome	-	7,006,241	496,815	556,237	93
Lost Dutchman	103,727	4,190,586	249,675	348,155	46
Picacho Peak	85,000	2,453,130	139,796	198,552	26
Red Rock	68,394	17,005,170	1,216,035	1,340,187	225
Riordan	21,850	6,781,494	492,172	526,501	101
Roper Lake	73,450	5,724,685	385,608	531,491	77
Tonto Natural Bridge	58,640	3,621,346	177,335	237,022	38
Subtotal	489,529	$58,313,394	$3,893,093	$4,761,548	756
Total Parks Operated by Arizona State Parks					
Subtotal	2,004,126	$221,183,966	$15,841,880	$18,983,421	3,014
Parks Operated by Partners without State Parks Staff					
Boyce Thompson	77,875	$2,644,753	$92,008	$133,465	20
McFarland	-	613,318	30,006	40,753	6
Tombstone Courthouse	33,918	7,225,150	408,672	542,472	101
Tubac Presidio	8,515	256,377	13,819	16,251	4
Yuma Crossing	1,164	1,826,521	117,551	150,158	26
Yuma Prison	56,674	5,815,585	383,131	507,180	84
Subtotal	178,146	$18,381,704	$1,045,187	$1,390,279	241
Parks Currently Closed to Public					
Oracle	28,951	$2,447,506	$121,130	$197,332	35
San Rafael	3,457	217,474	10,551	14,265	3
Subtotal	32,408	$2,664,980	$131,681	$211,597	38
Total ASP System	2,214,680	$242,230,650	$17,018,748	$20,585,297	3,293

Arizona State Parks Board Discussion Report
Agenda Item #: F-2

Title:	Discussion on Proposed Amended Objectives of the Arizona State Parks Agency Strategic Plan
Staff Lead:	Jay Ziemann, Assistant Director
Date:	June 22, 2011

Status to Date:
The Board adopted a Strategic Plan in October 2010 that highlights five goals: Resources, Visitors, Planning, Partnerships and Communications. Arizona State Parks captures the agency's accomplishments and communicates them to the Parks Board and the public through the Strategic Plan updates.

Staff recommends that the Board adopt the amended Objectives, which were modified slightly. These minor clarifications do not change the intent of the Goals or Objectives that the Board adopted in October 2010. The changes were brought to the attention of the Board at their previous (May 11, 2011) meeting.

Arizona State Parks will continue to report on the accomplishments. The progress and accomplishments are not part of the Board's action, but instead are an update to the Board.

Time Frame:
The Strategic Plan is updated continuously. Attached to this report is a copy of the Plan through April 30, 2011.

Staff and Financial Resources:
The execution of the Strategic Plan is ongoing.

Relation to Strategic Plan:
Planning Goal: To document our progress through planning, analysis and research.

Relevant Past Board Actions:
The Parks Board formally adopted the Strategic Plan on October 20, 2010.

Attachments:
Agency Strategic Plan 2010 with Goals and Objectives – Updated April 30, 2011 – Pages 26a-26f

ARIZONA STATE PARKS
AGENCY STRATEGIC PLAN 2010
GOALS AND OBJECTIVES
Adopted October 20, 2010
UPDATED APRIL 30, 2011

MISSION: **Managing and conserving Arizona's natural, cultural and recreational resources for the benefit of the people, both in our parks and through our partners.**

VISION: **Arizona State Parks is indispensable to the economies, communities and environments of Arizona.**

GOAL: **Resources**
To provide sustainable management of our natural, cultural, recreational, economic and human resources.

Objective A. By keeping all parks economically viable and open to the public.

Status	*October 2010*	*April 2011*	*Change*
Parks Open to Public	*79%*	*89%*	*+10%*
Parks Closed to the Public	*21%*	*11%*	*-10%*
Parks Open Full Time 7 days/week	*68%*	*75%*	*+7%*
Parks Open on Reduced Schedules	*11%*	*14%*	*+3%*
Parks Managed by ASP w/o assistance	*32%*	*32%*	
Parks Managed by ASP w/assistance	*29%*	*36%*	*+7%*
Parks Managed by Others	*18%*	*21%*	*+3%*

Objective B. By standardizing and upgrading the information technology infrastructure.
Awarded a contract to provide on-line Internet reservations for Kartchner Caverns tours and also reserved camping sites throughout the camping parks. On-line reservations are currently available at Kartchner Caverns, Dead Horse Ranch, Lake Havasu, Fool Hollow and Cattail Cove State Parks. The first phase of this project will be completed by the end of FY 2011.

Objective C. By efficiently processing grants, projects, paperwork and documents through the agency.

Listed 14 properties on the National Register of Historic Places, completed 748 compliance project reviews, and 253 State Property Tax Reviews.

Awarded 13 Off Highway Vehicle projects from state and federal funds totaling $939,700.

Objective D. By increasing each staff member's knowledge, skills and abilities through training opportunities.

- *Seventy-five percent of supervisors successfully completed the Arizona Learning Center Supervisor Academy.*
- *One hundred percent of law enforcement officers completed AZPOST requirements for Continuing, Proficiency and Firearms training.*
- *Examples of additional training completed by employees are: Bureau of Land Management - the Consensus Institute, Governor's Conference on Tourism, The Best of SCORP, Arizona Summit on Volunteerism, Employment Law, AZ Mature Workforce Initiative, Conflict Management, Water/Wastewater Certification, EMT, CPR instructor, CPR and First Aid, PreHospital CE Training, and Landscape Professional Training, Defensive Driving, and Diversity.*

Objective E. By providing agency staff with a stimulating, safe, and challenging work environment.

Based on the 2010 Employee Survey, the percentage of employees who agreed with the statement, "I am proud to be an Arizona State Parks employee" increased by 10% from 2009 (74% to 84%).

GOAL : Visitors

To provide safe, meaningful and unique experiences for our visitors, volunteers and citizens.

Objective A. By working with agency personnel to implement and update the master list of economically feasible facility upgrades that improve the visitor experience and increase revenue.

Fiscal Year 2011 Capital Funds beginning balance $7,123,359
Percent of Funds spent, per Board approved CIPs, from October – April FY2011 – 38%
Percent of Funds spent, per Board approved CIPs, July –April FY2011 – 57.3%
Upgrades in progress that improve visitor experience:

- *Group Use Ramadas-7 parks*
- *Launch Ramp Improvements and Design- 2 parks*
- *Vault type Restrooms – 4 parks*
- *Restroom/Shower Buildings – 2 parks*
- *Campground Electrification – 2 parks*

Objective B. By working with agency personnel to market events and improve the overall quality of existing events.

- *Picacho Peak's "Civil War in the Southwest" hosted more than 3,200 visitors and 200 reenactors (March 12 and 13, 2011).*
- *Homolovi greeted 800 people at its Grand Re-Opening (March 18 and 19, 2011).*
- *The Arizona Archaeology Expo, staffed by 26 archaeological and historical organizations and agencies, hosted over 1,300 visitors (March 26 and 27, 2011).*
- *Fort Verde hosted 414 visitors for History of the Soldier (April 8-10)*
- *The Solar Potluck at Catalina had 150 guests (April 16)*
- *Fool Hollow hosted 280 firefighters and 17 park rangers for a Wildland Firefighter refresher class (April 15-16)*
- *Lake Havasu's April special events included Spring Break (26,000 visitors), the annual Boat Show (6,500) and Desert Storm (900 visitors)*
- *Red Rock hosted 100 people on moonlight hikes in April.*

Objective C. By striving to operate the visitor interface component of the park system with a "cost neutral" budget where visitor revenue equals or exceeds direct visitor costs.

Underway. State Parks is calculating estimates of all parks' minimum operating costs necessary to meet visitors' requirements and compare these to the unavoidable overhead costs for each state park. [Park Costs with Visitors – Costs of Inactive Park.]

GOAL: Planning

To document our progress through planning, analysis and research.

Objective A. By collecting scientific and historical data on natural and cultural resources to better inform decision-making.

Continuously. State Parks gathers research data and formats it to be placed in the Park Asset Management System (PAMS) to enhance agency decision-making. Staff will tabulate PAMS updates at the end of each fiscal year.

Objective B. By updating the long-term Capital Improvement Plan.

Underway. Capital Improvement Plan to be completed in July.

Objective C. By continuing to provide accurate, timely, and targeted agency reports on program management and analysis for internal and external use.

Posted the agency Annual Report on the agency website prior to December 31, 2010.

Provide monthly required agency cash flow reports to the Governor's Office of Planning and Budgeting, the Joint Legislative Budget Committee, and the State Comptroller.

Provide monthly individual park and park system attendance and revenue statistics for staff and many interested outside recipients.

Objective D. By continuing to implement the Revised State Historic Preservation Plan.
Completed National Park Service/Historic Preservation Fund Grant Application. The final appropriation was tied to the approval of the federal budget, which was agreed upon in April 2011.

GOAL: **Partnerships**
To build lasting public and private partnerships to promote local economies, good neighbors, recreation, conservation, tourism and establish sustainable funding for the agency.

Objective A. By continuing and expanding collaboration with federal, tribal, state, and local governments, non-governmental organizations (NGOs), concessionaires and private sector individuals whose objectives or duties are similar to State Parks.

- *Established agreements with local governments and non-profit organizations to help keep the following parks open to the public: Alamo Lake, Fort Verde, Homolovi, Jerome, Lost Dutchman, Picacho Peak, Red Rock, Riordan Mansion, Roper Lake, Tonto Natural Bridge, Boyce Thompson Arboretum, McFarland, Tombstone Courthouse, Tubac Presidio, Yuma Territorial Prison, Yuma Quartermaster Depot, and Lyman Lake.*
- *Awarded a fixed price contract for the first phase of on online, web based tour and campground reservation system.*
- *Issued a Request For Proposal for operation of Oracle State Park, but did not receive any responses.*
- *Received six responses to a Request for Information seeking information about what products or services potential, private concessionaires might be interested in providing.*
- *Parks Board approved RFPs for the operation of Lyman State Park and Tonto Bridge State Park were put on temporary hold. The RFPs are expected to be issued in late summer of 2011.*
- *Approved 314 AZSITE (an electronic inventory of archaeological sites, surveys and projects in Arizona) users from 85 organizations. The AZSITE website receives approximately 200 visits per day.*
- *Oversee 654 active Site Stewards monitoring over 1595 sites. This is the 25th anniversary of the program.*
- *Approved the first county Certified Local Government - Pima County. Three CLGs were monitored.*

Objective B. By implementing a community relations ~~plan~~ strategy that addresses each park's unique location, program audience, and adjacent and thematic communities.
Implemented strategies with community leaders, friends groups, State Parks Foundation and the media to enhance the visibility of ASP's parks and programs, as well as enhance our working relationships with our partners.

Objective C. By continuing partnership ~~training~~ awareness/education on agency programs, planning and activities.

Ongoing. Staff and Parks Board members continuously meet with community groups and trade organizations to educate parties on the benefits of Arizona State Parks and the agency's current financial situation, including:

- *Rural Legislative Caucus (approximately 25 legislators).*
- *Winslow Chamber of Commerce Annual meeting (150 people)*
- *Greater Association of Mayors (30 people)*
- *Yuma City Council (50 people)*

Objective D. By working with stakeholders to create and promote a strategy for sustainable agency funding.

Ongoing. Continue to work with stakeholders and leaders to develop and implement a sustainable funding stream.

GOAL : Communications

To effectively communicate with the public, policy makers, our partners, our peers and ourselves.

Objective A. By enhancing ~~the~~ marketing ~~plan~~ strategies.

Utilize Traditional marketing strategies (e.g. Print, Radio, Internet, Printed Collateral, Out of Home Advertising like the new light-rail posters and photo contest, Outreach Events and Partnerships).

Utilize Emerging marketing strategies (e.g. Social Media like Facebook [5,446 fans] and Twitter [3,598 followers], Cell Phone Text messages, and Crowd Source coupons).

Objective B. By enhancing the public relations plan.

Ongoing. The public relations plan is a daily document that is updated to reflect activities with the media and support for our partners.

Visitation	***2010***	***2011***	***Change***
(July 2010 – April 2011)	*1,820,269*	*1,534,387*	*-15.71%*

Event attendance:	***2009***	***2010***	***2011***	***Change***
Fort Verde SHP – Fort Verde Days (October)	*407*	*799*		*+96.31%*
Jerome SHP – Grand Re-Opening (October)		*849*		*+100%*
Kartchner Caverns SP – CaveFest		*200*	*250*	*+25%*

Kartchner Caverns SP – Star Party		*200*	*270*	*+35%*
Verde River Days (September)	*3,500*	*3,100*		*-11.5%*

Objective C. By enhancing agency internal communications including electronic posting of information.

Based on the 2010 Employee Survey, the percentage of employees who agreed with the statement, "I think communication in the agency has improved in the past 12 months" increased by 6% from 2009 (56% to 62%).

Arizona State Parks Board Discussion Report
Agenda Item #: F-2

Title:	Discussion on Revised FY 2012 and FY 2013 Strategic Plan to the Governor's Office of Strategic Planning and Budgeting (OSPB)
Staff Lead:	Kent Ennis, Assistant Director
Date:	June 22, 2011

Status to Date:
The State of Arizona passed the Arizona Budget Reform Act in 1993, which requires a formal identification of all state programs and compels agencies to craft mission statements and strategic plans against which each program can be evaluated. The law requires agencies to prepare two-year plans that include mission statements, goals, objectives, and performance measures for each budget program. Strategic plans are used to aid the development of Strategic Program Area Reviews (SPAR), which is program evaluation that crosses agency boundaries. Beginning with FY 1996, biennial budgeting was established for state agencies. These changes move Arizona toward linking strategic planning with program budgeting, focusing on meaningful results and performance accountability.

Following guidelines from the Governor's Office of Strategic Planning and Budgeting (OSPB), each agency must prepare full strategic plans for the agency as a whole and individual strategic plans for each program component. State Parks is composed of three programs: Parks, Partnerships, and Administration.

OSPB has not yet released the forms for the Strategic Plan available to the state agencies. These forms are expected to be available in late June or July of 2011. The Parks Board adopted a Strategic Plan on October 20, 2010, which is significantly different from the plan submitted to OSPB last September. Parks Staff will enter the appropriate components of Board-approved Strategic Plan into the OSPB forms by the due date, which is expected to be September 1, 2011.

Time Frame:
Staff will work with OSPB during the summer of 2011 to summarize the agency's new Strategic Plan into a format, probably abbreviated, that will be used in the Governor's FY 2013 Budget Recommendation documents.

Staff and Financial Resources:
No additional staff resources will be required.

Relation to Strategic Plan:
Planning Goal: To document our progress through planning, analysis and research.

Relevant Past Board Actions:
- The Parks Board approved the three-year Strategic Plan for FY 2011, FY 2012 and FY 2013 to the OSPB on September 15, 2010 (attached).
- The Parks Board formally adopted the Agency Strategic Plan on October 20, 2010.

PRA 0.0 Agency Summary

STATE PARKS BOARD

Renee Bahl, Executive Director
(602) 542-7102
A.R.S. §§ 41-511. seq.
Plan Contact: Kent Ennis, Assistant Director, Administrative Services
(602) 542-6920

Mission:

To manage and conserve Arizona's natural, cultural, and recreational resources for the benefit of the people, both in our parks and through our partners.

Description:

Under the direction of the Arizona State Parks Board, the agency develops and manages thirty State parks and natural areas and provides safe and enjoyable facilities and programs for over two million visitors annually. The Board also, upon recommendation of several advisory committees, provides approximately $40 million in financial incentives annually to government and nongovernment entities through eight different grant programs. Through the State Historic Preservation Office, the Agency preserves Arizona's prehistoric and historic resources. The Agency also coordinates two Recreational Trails programs, one for motorized and one for non-motorized trail activities. The Agency coordinates statewide resource planning, public involvement and educational opportunities through partnerships for public purposes. State Parks is comprised of the Director's Office and three divisions: Parks, Partnerships, and Administration.

Strategic Issues:

Issue 1 ***As the agency moves towards its vision, funding constraints require us to seek new solutions in Information Technology, Training and Partnerships.***

As Arizona State Parks moves towards its vision "to be recognized nationally and locally as the outstanding resource management organization," funding is not available to expand programs. As the agency earns over forty percent of its operating revenues, revenue shortfalls continue to create operational and capital needs backlogs. Three areas were identified as having the most promise in helping achieve our new vision.

In technology, the development of a Geographic Information Systems database will change the way we manage our assets in the future. In partnership with the Arizona Department of Administration, we are already changing the way we manage our employees through the implementation of the Human Resource Information Solution, Your Employee Services and the Hiring Gateway. New technology issues relate to revenue generation with the implementation of an internet reservation system for Kartchner Caverns State Park, a campground reservation system at our other parks and the leveraging of these technological enhancements through marketing to result in increased visitation and revenues at our parks.

To ensure the best use of our employees, a survey was conducted to pinpoint professional development and training needs as articulated by both supervisors and employees. In addition, focus groups were conducted throughout the state to identify training and communication issues. Arizona State Parks will develop a strategic relationship with the Arizona Government University to meet these identified professional development and training needs.

Finally, as Arizona State Parks cannot employ all the people it needs to accomplish its mission, partnerships will be developed with the universities, other agencies and non-profits. Arizona State Parks will also endeavor to expand its volunteer base and friends groups. By focusing these organizations on specific issues, Arizona State Parks hopes to raise the bar of resource management in Arizona.

Issue 2 ***To communicate the new vision, the agency will establish and present a clear and consistent image to its internal and external customers.***

Internally, Arizona State Parks will establish a new "Contact Us" e-mail account so employees can submit questions, even if they are unsure who might have the pertinent information to answer their question. Arizona State Parks will recognize and post on the agency website efforts made by each park or section to achieve the new vision. Retreats and training will be conducted with managers that focus on natural and cultural resource issues. Finally, a communication initiative will ensure all employees understand the new direction of Arizona State Parks and their role in achieving the new vision. As part of this initiative, more frequent staff meetings will occur and detailed minutes of Executive meetings will be provided to all staff. Executive meetings will make time available to answer questions from the agency and include those answers in the minutes.

Externally, Arizona State Parks, in conjunction with its advisory groups, will continue to evaluate grant programs to incorporate the new vision. Arizona State Parks will also pursue conservation projects and programs that illustrate areas of strategic concern. These include invasive species, open space, riparian habitat and historic preservation, to name a few.

Issue 3 ***This Strategic Plan will provide a systematic approach to move the agency toward the vision.***

Too often, Strategic Plans only document what an agency already does. Arizona State Parks' vision is where we want to be, not where we currently are. Therefore, quarterly reports are given to the Arizona State Parks Board by the Executive Director documenting the steps taken to move the agency towards the vision. These strategic issues all have goals and objectives separate from the Strategic Plan completed in FY 2008. These issues, goals and objectives will be evaluated by the Arizona State Parks Board annually.

PRA 1.0 Program Summary

PARK DEVELOPMENT AND OPERATION

Jay Ream, Assistant Director
Assistant Director's Office (602) 542-7103
A.R.S. §§ 41-511 et. seq.

Mission:

To acquire, develop, manage and conserve Arizona State Parks' natural, cultural, educational and recreational opportunities.

Description:

The Operations, Development, and Resources Management Section are responsible for acquiring, planning, developing, managing, and maintaining natural, cultural, and recreational resources within the State Parks System for public use, education, enjoyment and safe visitor experiences. The Operations Section hosts well over two million visitors annually at the thirty State Parks and natural areas and manages park programs, activities, maintenance, visitor services and visitor safety. The Development Section is responsible for the construction of park amenities and the development of Parks' properties along with administering the capital improvement program. The Resources Management Section is responsible for the acquisition of Park properties and natural areas. Responsibilities also include master planning, real estate management, historical preservation, protection of historical and cultural sites, environmental and science issues confronting Park resources, as well as developing comprehensive long-range plans that deal with statewide recreational and cultural issues.

◆ **Goal 1** To consistently provide a safe, accessible, and enjoyable system of State Parks and natural areas for public use.

Performance Measures	FY 2009 Actual	FY 2010 Estimate	FY 2011 Estimate
Annual park attendance (in thousands)	2,378.6	2,450	2,500
Percent of park visitors that are satisfied	97	95	95
Number of new acres of open space and parkland space purchased by State Parks or facilitated through its grant programs	1,276.9	2,000	2,000

Performance Measures	FY 2009 Actual	FY 2010 Estimate	FY 2011 Estimate
Average cost per state park visitor (in dollars)	0.73	1.20	1.20

Performance Measures	FY 2009 Actual	FY 2010 Estimate	FY 2011 Estimate
Ranger-led interpretive program participants (in thousands)	185	210	225

◆ **Goal 2** To Improve Arizona State Park's effectiveness at conserving and protecting Arizona's natural and cultural resources (all are contingent on receiving sufficient funding)

Performance Measures	FY 2009 Actual	FY 2010 Estimate	FY 2011 Estimate
Percentage of Collection in management system.	65	70	80

Performance Measures	FY 2009 Actual	FY 2010 Estimate	FY 2011 Estimate
Percentage of exhibits created/updated.	45	55	60

PRA 2.0 **Program Summary**

PARTNERSHIPS AND GRANTS

Jay Ziemann, Assistant Director

Assistant Director's Office (602) 542-7104

A.R.S. §§ 41-511 et. seq.

Mission:

To enhance, preserve and conserve Arizona's significant natural, cultural, and recreational resources for the public benefit.

Description:

Arizona State Parks is not just responsible for managing a system of thirty State Parks, but also for enhancing a statewide system of parks and cultural and recreational opportunities. The Partnerships Division is the component of the Agency that oversees numerous programs of a statewide nature, such as historic preservation, grants and research and marketing, that goes beyond our own system of parks, relying on strong partnerships with other entities to accomplish State Parks' goals.

The State Historic Preservation Office (SHPO) is responsible for the identification, evaluation and protection of Arizona's prehistoric and historic heritage resources and compliance with federal and state laws. The SHPO also oversees many educational and stewardship programs and events that engage it with the general public concerned about historic resources. The Grants Section is responsible for managing the grant programs administered by the Arizona State Parks Board. More than $40 million is available annually to Arizona's communities, resource managers and agencies to preserve and enhance Arizona's significant natural, open space, cultural and recreational resources. Programs include grant funds for Local and Regional Parks, Land and Water Conservation, Lake Improvements, Boating Law Enforcement and Safety, Trails, Off-Highway Vehicles, Historic Preservation and Open Space conservation. The External Affairs section develops and pursues legislation, provides policy analysis and research to support all programs, and coordinates marketing and public information for the Agency.

The Partnerships Division is served by seven standing advisory committees who work with staff and advise the Parks Board on a number of matters. Members of the Arizona Outdoor Recreation Coordinating Commission (AORCC), Conservation Acquisition Board, and Archaeology Advisory Commission are appointed by the Governor; the Arizona State Committee on Trails, Off-Highway Vehicle Advisory Group, and Historic Preservation Advisory Committee by the Arizona State Parks Board; and the Historic Sites Review Committee by the State Historic Preservation Officer. Staff coordinate with these advisory committees and other partners to plan, inventory, enhance, preserve, manage and interpret Arizona's significant natural, cultural and recreational resources for the education and enjoyment of the public.

◆ **Goal 1** To effectively provide the appropriate services, information and grants for land and water-based recreation and open space opportunities by involving our customers and partners in our programs, parks and planning efforts.

Performance Measures	FY 2009 Actual	FY 2010 Estimate	FY 2011 Estimate
Percent of Trails grant projects funded as high priority	100	50	50
Percent of OHV grant projects funded as high priority	84	50	50
Percent of LRSP grant projects funded as high priority	75	75	75
Percent of SLIF grant projects funded as high priority	0	50	50
Percent of Historic Preservation grant projects funded as high priority	75	75	75

Performance Measures	FY 2009 Actual	FY 2010 Estimate	FY 2011 Estimate
Percent of satisfactory compliance findings of grant audits	0	85	85

◆ **Goal 2** To foster and streamline the identification and preservation of Arizona's significant cultural resources by offering technical assistance, educational opportunities, written guidance, financial assistance and other incentives to our preservation partners.

Performance Measures	FY 2009 Actual	FY 2010 Estimate	FY 2011 Estimate
Percent of SHPO paper records converted	77	85	90

Performance Measures	FY 2009 Actual	FY 2010 Estimate	FY 2011 Estimate
Percent of pass-through funds obligated to CLGs	100	100	100

◆ **Goal 3** To increase awareness of, visitation to and support for Arizona State Parks.

Performance Measures	FY 2009 Actual	FY 2010 Estimate	FY 2011 Estimate
Annual Park Attendance (in thousands)	2,378.6	2,450	2,500

Performance Measures	FY 2009 Actual	FY 2010 Estimate	FY 2011 Estimate
Park Visitor Satisfaction rating	97	95	95
Historic Park Visitor Satisfaction rating	97	95	95

PRA 3.0 **Program Summary**

ADMINISTRATION

Kent Ennis, Assistant Director

Assistant Director's Office (602) 542-6920

A.R.S. §§ 41-511 et. seq.

Mission:

To provide leadership, advice and guidance in managing the business, financial, technological and human resources of the agency.

Description:

Administration is accomplished through the Director's Office and the Administrative Services Division. The Director's Office manages the three programs of the agency, oversees implementation of the Strategic Plan and monitors progress toward meeting the Agency's goals. The Administrative Services Division provides support to all the activities, responsibilities and programs and assures that the Agency has the necessary authority, financial resources, human resources, management information and technical capability to accomplish their mission.

◆ **Goal 1** To maximize agency resources and enhance information

sharing.

Performance Measures	FY 2009 Actual	FY 2010 Estimate	FY 2011 Estimate
Percentage of invoices paid within 30 days of receipt	98.7	95	95

Performance Measures	FY 2009 Actual	FY 2010 Estimate	FY 2011 Estimate
Amount of concession revenue collected	402,601	450,000	450,000

Performance Measures	FY 2009 Actual	FY 2010 Estimate	FY 2011 Estimate
Administration as a percentage of total cost	3.0	5.0	5.0

◆ **Goal 2** To create a positive environment that encourages professional development and employee retention.

Performance Measures	FY 2009 Actual	FY 2010 Estimate	FY 2011 Estimate
Percentage of employee turnover	15.8	15	15

Performance Measures	FY 2009 Actual	FY 2010 Estimate	FY 2011 Estimate
Percent of park rangers trained - CPR	99.4	85	85
Percent of park rangers trained - First Aid	49	50	50
Number of Officers meeting AZPOST training requirement.	53	55	55
Percent of park rangers trained - Wild Land Fire Fighting	47	35	35
Percent of park rangers trained - EMT	7	5	5
Number of park rangers trained - Interpretation	154	145	145