



Governor Brewer's Task Force on Sustainable State Parks Funding

Date of Report: October 30, 2009

October 31, 2009
Hon. Jan Brewer
Governor of Arizona
1700 W. Washington
Phoenix, AZ 85007

Dear Gov. Brewer:

We are pleased to submit to you the report and recommendations of your Task Force on Sustainable State Parks.

It is our judgment that the State Parks system is in imminent danger of complete collapse as a result of financial starvation during most of this decade. A chronic lack of capital funding has led to the devastation of Parks infrastructure. In addition, budget cuts in Fiscal Years 2009 and 2010 so far have forced the closure of several parks and reduced hours at 17 other sites.

The Task Force believes that allowing State Parks to wither and die would be an irresponsible economic decision because the Parks system brings far more economic benefit to the state than it costs to run the system and maintain it. Yet that is exactly what is happening under current fiscal policy.

This plight is not simply the result of the current state budget crisis. While that has greatly exacerbated an already critical set of problems, the reality is that it is not likely the parks situation can be stabilized even if state government recovers from its overall shortfalls. The current system of erratically funding state parks in Arizona is broken in both bad and good times. It must change or our parks will not survive.

This assessment is also shared by our research partner, the Morrison Institute for Public Policy at Arizona State University, whose study, "The Price of Stewardship," is appended to our report.

If the Parks structure should collapse, Arizona would become the only state in the country without a state parks system.

While the Task Force report addresses all of the issues raised in Executive Order 2009-3, the fact is that the plight of State Parks will be solved only by providing a reliable source of funding to address accumulated capital needs and system operations.

In this regard, our chief recommendation is that the State should implement a Sustainable State Parks Fund, which would be financed by a \$14 to \$15 annual contribution to be collected from owners of non-commercial vehicles as a part of the vehicle registration process. The proceeds would be dedicated to the operation, maintenance and capital needs of State Parks. In return, private vehicles bearing Arizona license plates would be admitted free to State Parks.

The enactment should include a provision to allow individual license holders to opt out of paying the surcharge, so it would not burden those who are least able to afford higher expenses.

The Task Force believes that the vast majority of Arizonans will embrace this proposal as a fair and necessary solution. Arizona citizens value water resources, natural beauty and open spaces as the state's greatest assets, according to the largest public opinion survey ever performed in Arizona, released earlier this month by the Center for the Future of Arizona. These are the kinds of assets that are protected by the State Parks system.

Given the growth projections for Arizona, we also determined that State Parks must prepare for system expansion in or near projected growth corridors or we may be overwhelmed by unmet recreation needs. State Parks must be equipped to plan and build new parks.

These findings dictate the need for at least a modest level of continuing support from the state General Fund.

We thank you for the opportunity to address an issue so important to the future of our state. Any of the Task Force members would be happy to discuss our findings with you and your staff.

Sincerely,




Richard H. Dozer, Chair



Bill Scalzo, Vice-Chair



Sam Kathryn Campana



William C. Cordasco



Susan Culp



Diana Freshwater



Grady Gammage, Jr.



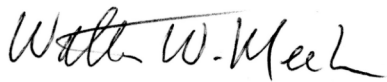
Richard R. Hubbard



Glen Kerslake



Bob McLendon



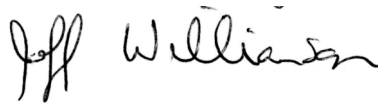
Walter W. (Bill) Meek



Harry Papp



Bill Roe



Jeff Williamson

REPORT OF THE GOVERNOR'S SUSTAINABLE PARKS TASK FORCE

Introduction

Arizona's 30 state parks protect some of Arizona's scenic wonders, like Red Rock State Park in Sedona and world famous Kartchner Caverns near Benson. State Parks also preserve nine historical treasures such as the 17th century Presidio at Tubac and the Yuma Territorial Prison. And they include a bevy of wildly popular water-oriented recreation sites like Slide Rock in Sedona and Lake Havasu State Park on the Colorado River.

These splendid assets, acquired by Arizona citizens over the past 50 years, should be a source of intense pride, a legacy to be passed on to future generations – our children and grandchildren.

Instead, the condition of the State Parks system inspires a deep sense of shame in those who look below the surface. Arizona Parks are crumbling before our eyes and the entire system is on the verge of collapse. Why? Because we have been starving the Parks system financially for most of this decade.

The Parks system has had no operating fund increases since 2002 and hasn't had a meaningful capital budget since 2003. As a result, State Parks has massive unmet capital needs and its facilities are falling into ruin. Historic buildings, like Jerome's Douglas Mansion, are collapsing due to disrepair. Wastewater and drinking water systems throughout the parks are disintegrating and have been condemned by environmental regulators. Unrepaired beaches are eroding and docks are splintering at state rivers and lakes.

Prior to 2003, State Parks had a business plan that was working. With a base level of support from the General Fund (in the \$8 million range) to support operations, growing park revenues would sustain and enhance the system. But when the state has run into budget deficits, as in 2003 and 2009, the money accumulated for park improvements has been swept away to help balance the state budget.

As a consequence, State Parks has capital needs totaling more than \$150 million. About one-third of that is critical to continuing operations.

Until this year, the state Legislature has provided just enough funding to shield Parks staff from major layoffs, but the depth of the 2009 budget cuts has

produced personnel casualties. Nearly 40 percent of Parks positions are now vacant. Nearly all Parks are operating on reduced hours, several have been closed and many more are threatened with closure if finances get worse.

The goal of saving Arizona's cultural and environmental heritage represented by State Parks is enough to persuade most people that a permanent financial solution must be found for the Parks system, but there is also a compelling economic argument.

To be blunt: a decision to allow the Parks system to wither and die would be economically reckless and irresponsible. State Parks generates far more economic benefit for the state and its subdivisions than it costs to run and maintain the system.

According to a 2007 study by Northern Arizona University, the 2.3 million visitors to State Parks produced a combined economic impact of \$266 million in Arizona counties and cities where the Parks are located. That is nearly 10 times what it costs to operate the Parks system annually.

Moreover, tourist expenditures attributed to Parks visitations generated more than \$22.7 million in state and local taxes. That is nearly three times the General Fund appropriation the Legislature granted to State Parks in 2008.

The Task Force concluded that State Parks, as we know it, is threatened with extinction and cannot survive under a roller coaster system of financial support. Therefore, chief among our recommendations are three financial proposals:

First: In order to provide State Parks with long-term financial stability, the state should implement a Sustainable State Parks Fund, which would be financed by a \$14 to \$15 annual contribution to be collected from owners of non-commercial vehicles as a part of the vehicle registration process. Proceeds would be dedicated to the operation, maintenance and capital needs of State Parks.

The Task Force also recommends that there be a mechanism for registrants to opt out from the contribution.

As a consequence of the Sustainable State Parks Fund, every vehicle with an Arizona license plate would receive free day use admission to Arizona State Parks. To be clear, Parks visitors would be required to pay for special services, such as overnight camping, boat launching or tours through Kartchner Caverns, although we anticipate that these fees will be greatly reduced for Arizona residents.

The funds generated by this proposal will not fully equip State Parks to expand to meet the pressures of future population growth, but we expect that the surcharge will pay for the annual operation of the Parks system, plus a reasonable amount to cure the most critical unmet capital needs within five to six years.

Second, we urge the Governor and the Legislature to confront the crisis facing State Parks in the next fiscal year (2011) by providing a General Fund appropriation that is sufficient to prevent further Parks cutbacks and service deterioration. In succeeding years, the minimum General Fund appropriation should be set at the 2008 baseline level (\$8.3 million) plus an inflation factor to allow the Parks Department to carry out centralized functions such as system evaluation, planning, marketing and grant administration to maximize taxpayer value.

Third, several programs with separate funding sources have been assigned to the State Parks Department. Parks budgeting is repeatedly confused by addition and subtraction of these funds, most of which are beyond the control of State Parks. **If State Parks is tasked with administering these programs, the programs should provide discrete funding that is entirely separate from Parks operating funds.**

It is time for Arizonans to make a decision. Do we want the 50-year investment we have made in a State Parks system to bear fruit for Arizona's current and future residents, or are we content to watch these assets disintegrate? If we want to preserve Arizona's heritage and leave a legacy to future generations, the Task Force proposal is a crucial but reasonable beginning.

Background

Arizona was the last of the contiguous 48 states to create a state park system. Since 1957, the state has accumulated 30 very diverse properties, including recreation sites, natural conservation areas and historic and cultural resources. In addition to serving the public need for recreation and cultural education, each park is an important economic engine for nearby communities.

Through the years, financial support from state government has been sporadic and unpredictable. When the state economy dipped slightly in 2003, Parks revenues, half of which had been dedicated to ongoing maintenance and capital needs, were converted to operating dollars and the agency's General Fund support

was cut. When the economy rebounded in 2005 and 2006, state government expenditures increased in double-digit amounts, but State Parks was never made whole for its loss of capital funds. The result: a park system whose infrastructure is crumbling to the ground.

Among many examples: Adobe walls at the Douglas Mansion in Jerome and the old McFarland Courthouse in Florence have failed. The roof on the lodge at Tonto Natural Bridge, listed on the National Register of Historic Places, was compromised by leakage to such a degree that the structural integrity of the whole building was threatened. The entire Parks system is under orders from the Arizona Department of Environmental Quality to bring its aged drinking and waste water systems into compliance with modern codes. Altogether, the Parks system has more than \$150 million of unmet capital needs.

Since July 2008, State Parks operating budgets have also been slashed. At the start of the 2009 fiscal year, Parks had a \$26 million operating budget, including \$8.3 million from the General Fund. In 2010, ongoing operating funds have been cut 27%, to \$19 million. For the first time in 50 years, State Parks will receive no money from the General Fund. The agency has had to lay off staff, reduce parks' hours of operation and close some parks outright. Almost 40% of Parks positions are now vacant.

Clearly, the mission of Arizona State Parks is severely impaired under these circumstances. But, what of the future? Population projections predict that some 10 million people will live in Arizona in the next quarter century. They will seek healthy recreation in natural settings in the very special places for which the state is renowned. They will want to connect with Arizona's history and culture. They will need more accessible open space than the state offers today. Without a change in funding priorities, Arizona State Parks will not be part of the solution.

The Task Force was activated by Governor Jan Brewer's Executive Order 2009-3 issued March 12, 2009, which set Oct. 31, 2009 as the date for the Task Force to report its findings.

The Executive Order directed the Task Force to:

1. Assess the current physical and financial state of the Arizona State Park (ASP) system.

2. Study how projected growth in Arizona will impact the current State Park system and make recommendations as to how the system should adapt and respond to change through 2030.

3. Assess the economic impact of ASP system on the overall economic development of the State.

4. Study and make recommendations as to how ASP system can achieve financial sustainability into the future.

5. Study and make recommendations to improve promotion of the State Parks.

6. Study and make recommendations how to leverage resources between ASP and other State/Fed. Agencies.

7. Examine opportunities for cooperatively managing, leasing or selling individual parks as a means of reducing operating costs.

A 14 - member Task Force was appointed to carry out the Governor's directives. Chaired by Richard H. Dozer, president of GenSpring Family Offices of Phoenix and former president of the Arizona Diamondbacks, the Task Force membership represents a broad spectrum of business, not-for-profit and environmental experience in Arizona. A roster of Task Force members accompanied by brief biographies is included with this report as Attachment A. The Task Force met eight times in public, plenary sessions between April 8 and October 23.

An earlier order penned by former Gov. Janet Napolitano urged Parks staff to gather data to expedite the mission of the Task Force. Consequently, Parks retained the Morrison Institute for Public Policy at Arizona State University to analyze the Parks system and provide an economic and social context for Task Force deliberations. Its report, "The Price of Stewardship," was completed in October 2009 and is included with this report as Attachment B.

The Morrison Institute and Arizona State Parks staff provided the Task Force with logistical support and research data.

Research and Background Material

During the Task Force's orientation phase, State Parks staff provided background material and made several presentations to familiarize the members with the operation and funding of the State Parks system. As its deliberations progressed, the Task Force requested specific studies and analyses of various elements of Parks operations. The following is a summary of the documents and presentations made available to the Task Force.

1. Powerpoint-Jay Ziemann -History-Evolution-Challenges of the State Parks
2. Powerpoint - Grady Gammage- Draft of Morrison Report Reviewed
3. Powerpoint - Jay Ziemann – Current Budget
4. Report - Attendance and Revenue Figures (YTD)
5. NAU Economic Impact Report
6. Discussion - Harry Papp – Feasible sources of potential funding
7. Charles Eatherly (Book - Arizona State Parks - the Beginning)
8. Powerpoint – Bill Roe and Dawn Collins - A System of Parks in Arizona
9. Report: Six-2000 Plan criteria to evaluate potential parks
10. Report: Evaluation Matrix identifying potential & current parks based on Six-2000 plan criteria
11. Powerpoint - Hopi Tribe – Dale Siquah (Purchase of Homolovi Ruins)
12. Printed materials - Bob McLendon – Operation of Yuma QMD
13. Report - Annie McVay – Considerations to assess current state parks system and potential acquisitions (Considerations & Matrix, documentation still under review)
14. Report - Jay Ziemann - Stakeholder List
15. DVD - Preview of Ken Burns' "The National Parks: America's Best Idea"
16. Morrison Institute, final report, "The Price of Stewardship"

Recommendations

The Task Force recommendations are organized according to the seven individual directives contained in Executive order 2009-3.

Directive No. 1: Assess the current physical and financial state of the Arizona State Parks system.

Discussion:

According to the Morrison Institute, the Arizona State Parks Board should have an operating budget of \$30 to \$34 million annually simply to operate the existing Parks system. However, the Board begins 2010 with an ongoing budget of \$19 million and a staff that has been reduced nearly 40 percent from previous levels. In addition, as we have noted earlier, the system has had no meaningful capital budget since 2003 and upwards of \$150 million of unmet capital needs have been identified. About \$50 million of this deficit must be addressed immediately to enable

ongoing operations. Given today's circumstances, the State Parks system is not physically or financially sustainable.

Recommendations:

In order to gain control of its mounting capital deficit and provide Parks visitors with a quality experience, the State Parks system must have a reliable source of funding that is not subject to the historically wild fluctuations of the state budgeting and appropriations process. We will deal with a specific proposed solution in our Recommendation No. 4.

Directive No. 2: Study how projected growth in Arizona will impact the current State Parks system and make recommendations as to how the system should change.

Discussion:

By 2030, Arizona is projected to be the Nation's tenth largest state in population with 10.4 million people and a population density of 92 people per square mile, in comparison to a population of over 6 million in 2005, and 53 people per square mile.

According to the National Survey on Recreation and the Environment (2008), as the population of the U.S. increases, the number of Americans over 16 years of age participating in outdoor recreation activities increases, as does the number of days that they do so. Thus, there will be more Arizona residents pursuing outdoor recreation opportunities, less land to recreate on due to increased development, potentially limited access to remaining public lands, causing an increase in the rate of degradation of existing outdoor recreation opportunities.

In 2007, Arizona residents agreed, on average, that increasing population growth is making it difficult to have enough parks, open space & natural areas in their communities (SCORP, 2008).

The majority of the growth is projected to take place along the Sun Corridor (Yavapai to Santa Cruz Counties), but other corridors, along the Colorado River and above the Mogollon Rim in northeastern Arizona, also face growth issues. As development of these areas occurs, recreation sites that used to be buffered by open lands will become surrounded by development, becoming pockets of open space for an increasingly urban area. Providing one example of stewardship, the Arizona State Parks system can serve the growing population of Arizona by focusing on

conservation/preservation of lands along these corridors to preserve access to high quality recreation opportunities.

An increase in elderly populations by 2030, plus the need for natural places to counter the pace of modern life implies that the Arizona State Park system will have to provide a range of activities, many passive, but some active as well, to effectively serve the needs of an increasingly diverse group of residents seeking to learn about Arizona and relax. Therefore, continuing to provide natural and cultural educational opportunities by acquiring and preserving areas of scenic beauty across the state are important roles that the State Parks system plays.

Recommendations:

Although much of the existing Parks system is remotely located today, it is obvious from the growth projections for Arizona that the State Parks system will eventually be overwhelmed unless there is significant system expansion and continuous improvement to existing facilities. In other words, the State Parks system must be equipped to plan and build new parks, within the limits of available resources and good judgment. As usual, the key to this capability is funding, both capital and operating, which we deal with in our Recommendation No. 4.

Directive No. 3: Assess the economic impact of the Arizona State Park System on the overall economic development of the state.

Discussion:

The recently completed study by Northern Arizona University of the economic impact of State Parks operations on local communities contains a wealth of information, ranging through Parks utilization, local dollar impacts and job creation resulting from visitor expenditures. We are including the NAU study with this report as Attachment C.

Overall, the study quantifies the statewide economic impact of the State Parks system at more than \$266 million annually, nearly 10 times what it costs to operate the system. Further, Parks expenditures generate more than \$22.7 million in state and local taxes. In addition to these findings, we have strong ad hoc evidence of the impact of Parks on local communities from the adverse reactions we have seen from localities that have been threatened with Parks closures and cutbacks, such as Yuma, Lake Havasu City, Payson, Camp Verde and Oracle.

Recommendations:

The Task Force believes it would be economically reckless and irresponsible for the State of Arizona to allow its own State Parks system to wither and die. State Parks generates far more economic benefit for the state and its subdivisions than it costs to run and maintain the system. But that is exactly the decision being made by state policies. The state must reverse course and provide the means to maintain, invest, promote and build the Parks system, which we address in our next recommendation.

Directive No. 4: Study and make recommendations as to how the Arizona State Parks system can achieve financial sustainability into the future.

Discussion:

A variety of possible funding sources were generated from research into other state systems by the Morrison Institute and from brainstorming by Task Force members. The Task Force reviewed all of the possible sources listed below.

- Higher user fees – feasibility of an increase in fees currently being assessed by State Parks. Arizona fees are already among the highest in the west.
- Royalties from resource development (e.g., mining, energy) / green tax – carbon credits. These sources should be considered for future needs.
- Parks restoration bonds – e.g., Build America bonds, recovery economic development bonds. Would require an assured income stream.
- Local capital bonds – Possible source, but on a park-by-park basis.
- Dedicated sales tax – Not politically or economically feasible at this time.
- Real estate transfer tax - Previously rejected by Constitutional amendment.
- Dedicated property tax levy – Would probably require a statewide special district.
- State endowment / Park endowment fund – Insufficient to the need.
- License plate surcharge– Advantages: adequate funding potential, consumer trade-off, grows over time with population.
- Concessionaire licensing or leasing - Would not support most of the system.
- Trust funds and Tobacco product taxes – Legally off limits.
- Off-highway vehicle registration fees – Not enough income.
- Income tax check off – Unreliable source.
- Penny for parks – Insufficient funds
- Development fees – leaves out residents of Maricopa and Pima Counties, the majority of the population in AZ.
- Surcharges on tourism – (e.g., lodging tax, sales of outdoor recreational products) – Requires analysis, possible future source.
- Local partnerships – municipal, county, tribal, businesses – Several are in place or in negotiation.
- Private fundraising – Insufficient, unpredictable.
- Special assessments – Similar to dedicated property tax levy.
- Lottery / dedicated lotteries – Largely tapped out.

It's not feasible to address every one of these ideas in this report. Some failed to draw support because they were viewed as political non-starters. Others would not provide enough revenue to meet the need. And some were seen as having potential to ease the Parks' financial burden, but would require study and long lead times and could not address the Parks crisis. In the final analysis, a strong consensus formed around the following three recommendations.

Recommendations:

First: In order to provide State Parks with long-term financial stability, the state should implement a Sustainable State Parks Fund, which would be financed by a \$14 to \$15 annual contribution to be collected from owners of non-commercial vehicles as a part of the vehicle registration process. Proceeds would be dedicated to Parks operations, maintenance and capital improvements.

The Task Force also recommends that there be a mechanism for registrants to opt out from the annual contribution.

As a consequence of the Sustainable State Parks Fund, every vehicle with an Arizona license plate would receive free day use admission to Arizona State Parks. To be clear, Parks visitors would be required to pay for special services, such as overnight camping, boat launching or tours through Kartchner Caverns, although we anticipate that these fees will be greatly reduced for Arizona residents.

The funds generated by this proposal will not fully equip State Parks to expand to meet the pressures of future population growth, but we expect that the surcharge will pay for the annual operation of the Parks system, plus a reasonable amount to cure the most critical unmet capital needs within five to six years.

Second, we urge the Governor and the Legislature to confront the crisis facing State Parks in the next fiscal year (2011) by providing support from the General Fund or other sources that is sufficient to prevent further Parks cutbacks and service deterioration. In succeeding years, the minimum General Fund appropriation should be set at the 2008 baseline level (\$8.3 million) plus an inflation factor to allow the Parks Department to carry out centralized functions such as system evaluation, planning and marketing to maximize taxpayer value.

Third, several programs with separate funding sources have been assigned to the State Parks Department. Parks budgeting is repeatedly confused by addition

and subtraction of these funds, most of which are beyond the control of the Parks system. If the Legislature expects State Parks to administer these programs, such as the State Lake Improvement Fund, Land Conservation Fund or Off-Highway Vehicle Fund, it should provide discrete funding for them that is entirely separate from agency operating funds.

According to our analysis, a \$15 annual Sustainable Parks contribution, at a 50% participation level, should generate about \$40 million per year. That would be enough to operate the existing system, provide for a modest, but much-needed maintenance budget, and leave about \$5 million annually to tackle critical capital needs. State Parks would continue to have access to about \$3 million of Heritage Fund lottery money to make system enhancements if the Heritage Fund is allowed to return to its voter-approved purposes.

One of the main attributes of this program is that revenue would grow at about the same rate as population growth, giving State Parks the opportunity to stay even with its financial needs. The Task Force also believes that Arizona consumers will see value in the trade-off for free entry to State Parks while out-of-state license holders will continue to pay their way.

If the program did not generate sufficient funds to operate and maintain the Parks system, the Governor and the Legislature would have to make up the difference from the General Fund and/or user fees would again have to be implemented. On the other hand, if the surcharge raised significantly more money than anticipated, the Governor and the Legislature would be justified in scaling back support from other sources.

Because of the uncertainty of the opt-out provision, it isn't possible to predict with certainty how much will be raised each year. The Sustainable State Parks Fund should be allowed to operate for several years before adjustments are considered.

Serious study should be given to tapping other sources that have a nexus to the Parks system. For example, low percentage fees might be applied to industries such as minerals extraction, timber harvesting and energy production, all of which have an impact on the state's natural environment. For another, bed taxes or similar fees could be levied on elements of the tourism industry, which is a key beneficiary of the State Parks system.

Directive No. 5: Study and make recommendations to improve the promotion of State Parks.

Discussion:

State Parks has never had a marketing budget that was sufficient to adequately promote its parks and programs. Like an operating, maintenance or capital budget, a consistent and reliable marketing budget is critical for State Parks.

Despite the lack of adequate funding, however, the State Parks Research and Marketing section has used available funds to create, print and distribute both agency- and park-specific brochures and other publications, as well as place advertisements for the agency as a whole, and the special events it hosts. In addition, improvements to the website and the use of new technologies (e.g., social media) are allowing Arizona State Parks to reach new users.

In order to maximize the use of marketing dollars, staff will use Visitor Survey data collected in FY 2007, web analytics and other information to update park marketing plans, assessing effectiveness of past efforts and planning for future efforts. Also, due to the challenging economic times, staff will continue to pursue partnerships that have been fruitful in the past, as well as identify new partnerships and other avenues for low-cost advertising options to focus on in the future.

Parks promotion has been and will continue to be fertile ground for partnerships with communities, local merchants and even statewide commercial entities. Currently, the non-profit Arizona State Parks Foundation organizes cooperative events, such as the Slide Rock Applefest, but these efforts are handicapped by a lack of Parks support staff.

Maximizing visitation and visibility of the State Parks system will require continued production and distribution of a variety of traditional and non-traditional marketing materials to educate the public about the opportunities and amenities that State Parks offers. Before the budget cuts necessitated by the current economic crisis, the State Parks marketing budget was less than 1% of the overall operating budget. In comparison, other attractions in Arizona that were surveyed devote approximately 5%, on average, of their operating budgets to marketing and promotion - a standard that is recommended as a minimum by marketing professionals.

Recommendations:

The Task Force recommends that State Parks, consistent with other attractions in the state, utilize 5% of the system's operating budget for marketing and promotional purposes. In addition, we recommend that State Parks assess and monitor marketing spending using all available technologies to maximize the efficiency and effectiveness of marketing messages. Finally, in order to leverage scarce and valuable resources, the Research and Marketing section should continue to work with partners and pursue new partnerships in order to efficiently disseminate information about the system to the public and professionals around the state.

Directive No. 6: Study and make recommendations how to leverage resources between State Parks and other State and Federal agencies.

Discussion:

Discussions regarding the feasibility of partnerships at all levels of government, with the private sector, and with non-profits have been discussed. Some Task Force members strongly favor cooperative management and resource sharing among state and federal agencies that have duplicate or overlapping missions. Some members also favor the creation of a state Department of Natural Resources that would bring outdoor preservation and recreation interests under one roof. And finally, there are some who would favor folding the state's historic parks into a statewide organization that would encompass historic and cultural interests.

While acknowledging that these proposals deserve study, the consensus of the Task Force was that none are likely to bear fruit soon enough to have a positive impact on the Parks crisis.

Recommendations:

We would encourage the Parks Board to search for opportunities to locate new parks where they can serve as entranceways to the vast federal or state trust land holdings in Arizona. On the model of Catalina State Park, the actual ownership of land by State Parks would be limited, but opportunities for both passive and active recreation could be immense.

Directive No. 7: Examine opportunities for cooperatively managing, leasing or selling individual parks as a means of reducing operating costs while still remaining open to the public.

Discussion:

State Parks has sent letters to all cities, towns and counties asking for interest in forming partnerships.

A list of potential partners/stakeholders has been developed and was shared with the Task Force in August. The list is continually being updated and will be used to contact other agencies and private businesses to determine what help is available.

In the current crisis, State Parks has negotiated local funding and operating agreements in Yuma, Camp Verde and Payson. Others may be pending. It should be recognized that while these efforts will keep parks open, they are not a permanent solution to the under-funding of State Parks. Selling parks is very problematic, in part due to legal impediments and in part because the private sector is likely to invest only in the Parks system's proven moneymakers, disadvantaging the rest of the system.

Parks Staff acknowledges that the system currently is not achieving a maximum return from concessions at State Parks, in part because some contracts were negotiated many years ago. Contracts at some of the system's lucrative sites are coming up for renewal or reconsideration within a few years. In addition, staffing shortages may compel State Parks to contract out concessions at some parks where they are actually managed by Parks staff.

Recommendations:

The State Parks Board should be on the lookout for any partnership opportunities that would broaden its resource base and encourage local participation in Parks operations and activities. However, the Parks Board must be careful not to compromise the integrity of a system that is devoted to public use and enjoyment. We also urge the State Parks Board to set firm standards for concession returns and enforce accountability for results.

With the addition of the attachments, this concludes the report and recommendations of the Governor's Task Force on Sustainable Parks Funding.

Chairman:

Richard H. Dozer (Chair) serves as President of the Phoenix Local Family Office of GenSpring Family Offices, LLC, formerly, Inlign Wealth Management, LLC. Previously, Mr. Dozer was Co-founder and a Managing Partner of CDK Partners, a real estate development and investment company. Prior to that, Mr. Dozer served as President of the Arizona Diamondbacks from its inception in 1995 until 2006, and he served as Vice-President and Chief Operating Officer of the Phoenix Suns from 1987 to 1995, as well as President of the former America West Arena.

Vice-Chairman:

Since graduating with a master's degree from the University of Pittsburgh, **Bill Scalzo** (Vice-Chair) has been employed in the Recreation/Administration service profession. Most recently, Mr. Scalzo was appointed as the Maricopa County (AZ) Parks and Recreation Director. In 1994, his position expanded to include Library District Director and Stadium District Executive Director Representative. In 1997, his responsibilities expanded further when he was appointed Maricopa County Assistant County Manager. Mr. Scalzo remains active in many professional and community associations and is currently on the Arizona State Parks Board.

Sam Kathryn Campana, well-known advocate on behalf of the arts and environment, has been the leader for many quality of life issues in Arizona. After an International Leadership Fellowship in 2001, she was recruited by the National Audubon Society to establish their state office Audubon Arizona here – and to head up a membership of 10,000, nine active chapters, and an 8,000 acre Research Ranch. Audubon Arizona completed a \$7.3million campaign to build a nature education center on the banks of the Salt River on Central Avenue that is now open to the public.

William C. Cordasco is a fourth generation Babbitt family member who oversees the legendary 123-year-old Babbitt Brothers Ranching and business enterprises in northern Arizona. Mr. Cordasco serves as president of Babbitt Ranches, Cataract Natural Reserve Lands, the Ecological Monitoring and Assessments Foundation and is past president of Babbitt Brothers Trading Company. After graduating from Northern Arizona University with a bachelor's degree in business, he has devoted his efforts to understanding and participating with natural land processes. Mr. Cordasco is a past board member and chairman of Arizona State Parks.

Susan Culp is the Project Manager of the Lincoln Institute of Land Policy-Sonoran Institute Joint Venture. She oversees its research and policy analysis projects to promote regional planning, improve management of state and federal public lands, and integrate energy, transportation, water and conservation infrastructure at a regional level. She holds a B.A. in marine biology from the University of California at Santa Cruz and a master's degree in public administration and policy, with a

focus on natural resources, from the University of Arizona's Eller College of Business and Public Administration.

Diana Freshwater joined the Arizona Land and Water Trust (Trust) as Executive Director in 2000. She received her Bachelor's degree in Landscape Architecture from The University of Arizona's School of Renewable Natural Resources in 1983. Prior to joining the Trust she was a principal with The Planning Center, a land planning and environmental consulting firm serving Arizona and California. Ms. Freshwater served as the Governor's appointee to the Arizona Geographic Information Council from 1990 until 1994 and currently serves as the Governor's appointee to the Agricultural Protection Commission and the Arizona State Parks Sustainability Task Force.

Grady Gammage, Jr. is a practicing lawyer in Phoenix, focusing on land use and real estate development. He also teaches at the Sandra Day O'Connor College of Law at ASU and is a Senior Fellow at the Morrison Institute for Public Policy, where his work focuses on urban growth and sustainability. He was formerly President of the Central Arizona Project.

Richard R. Hubbard is President and CEO of Valley Partnership, a 500 corporate member non-profit that advocates for responsible real estate development in the Valley of the Sun. Prior to joining Valley Partnership, Governor Janet Napolitano appointed Mr. Hubbard to serve as the Deputy State Land Commissioner, the trustee of over 9 million acres of Arizona State Trust Land. Mr. Hubbard is a licensed real estate sales agent and attorney having practiced in the private sector and as an Assistant Attorney General for the State of Arizona. He received his B. A. from Xavier University and a J.D. from the University of Cincinnati.

Glen Kerslake has been active in the real estate industry for the past 35 years as a developer, builder, and manager. He is an innovator in sustainable building construction and currently serves as CEO of Ekobuilt™, a company that manufactures energy-efficient building systems for new residential and commercial construction. He holds B.A. and M.B.A. degrees from Florida State University. Mr. Kerslake is also President of Arizona Conservation Land Stewards, a non-profit corporation that manages land set-aside in conservation easements.

Bob McLendon grew up in Douglas, Arizona. He has a BA and MA from Arizona State University and is a career educator. He spent 18 years in the Arizona House of Representatives and four years in the Yuma County Board of Supervisors. Mr. McLendon currently sits on the Yuma County Airport Authority, the Agriculture Employment Relations Board and the Arizona Board of Regents.

Walter W. (Bill) Meek is president of the Arizona State Parks Foundation, a private, not-for-profit organization dedicated to improving conditions at State Parks. He is a 50-year resident of Arizona. Mr. Meek retired in 2007 after 14 years as the founding president and CEO of the 7,000-member Arizona Utility Investors Association, now known as the Arizona Investment Council. Before that, Mr. Meek spent 15 years running marketing communications companies in Phoenix and Tucson and another 15 years working as a newspaper reporter and editor, including 10 years at The Arizona Republic.

Harry Papp has 30 years of experience in portfolio management and security analysis. After completing his Master of Business Administration in Finance and Accounting from the University of Chicago he joined G.D. Searle & Co. He also holds a Master of Science degree in Geochemistry from the University of Chicago, and a Bachelor of Arts degree from Brown University. In 1981 he joined L. Roy Papp & Associates, LLP and began working as a Portfolio Manager. He has served as a Director of The Phoenix Zoo for 25 years and is now a Director Emeritus. He also serves as a Director and Trustee of the Arizona State University Foundation.

Bill Roe has been involved in conservation and politics in Arizona since his arrival in 1975. For more than 30 years Mr. Roe has served as a consultant or volunteer with a wide variety of non-profit groups in the natural resources area, including the Arizona Outdoor Recreation Coordinating Commission. Currently, Bill is the Chair of the Pima County Conservation Acquisition Commission. He served two terms on the Arizona State Parks Board, being the only person appointed to a board by both Governors Babbitt and Symington. Bill graduated from Oberlin College in Ohio, and received his law degree from Columbia University.

Jeff Williamson was named the President of the Arizona Zoological Society in 2007. The Arizona Zoological Society is a 501(c)(3) Arizona not-for-profit corporation founded in 1961 to operate the Phoenix Zoo as a zoological garden and recreation destination that engenders affection for and appreciation of nature. He was CEO/President and Executive Director of the Zoo from 1996-2007. Before that he was the Deputy Director for three years. Mr. Williamson is a life-long conservationist who grew up on farms and has spent his career trying to integrate the interests of people and nature. He is an advocate for sustainable communities and is involved with many regional conservation organizations.

Attachment B

Morrison Institute for Public Policy, Arizona State University,
Research Report: "The Price of Stewardship" October 2009

Attachment C

Northern Arizona University, 2009 Research Study:
"The Economic Impact of Arizona State Parks"

