



**ARIZONA STATE PARKS BOARD
1ST FLOOR CONFERENCE ROOM
AND CONFERENCE PHONE
APRIL 22, 2011
MINUTES**

Board Members Present

Tracey Westerhausen, Chairman; Reese Woodling; Maria Baier; Alan Everett; Larry Landry.

Board Members Present via Teleconference

Walter Armer, Vice Chairman; William Scalzo.

Staff Members Present

Renée Bahl, Executive Director; Jay Ream, Assistant Director, Parks; Kent Ennis, Assistant Director, Administration; Jay Ziemann, Assistant Director, External Affairs and Partnerships; Monica Enriquez, Executive Staff Assistant.

Attorney General's Office

Laurie Hachtel, Assistant Attorney General; Joy Hernbrode, Assistant Attorney General

AGENDA

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

A. CALL TO ORDER - ROLL CALL – Time Certain: 1:30PM

Chairman Westerhausen called the meeting to order at 1:30pm. Roll Call indicated a quorum was present.

B. PLEDGE OF ALLEGIANCE

Ms. Hernbrode led the audience in the 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."**

Mr. Everett read the Board Statement. The Board and Staff introduced themselves.

- 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.

There were no comments from the public.



E. BOARD ACTION ITEMS

- 1. Consider Requesting Joint Legislative Budget Committee (JLBC) Review to Backfill \$1.491 million from Enhancement Fund to State Lake Improvement Fund (SLIF) in FY 2011** – Staff recommends the Arizona State Parks Board direct staff to coordinate with the Governor’s Office of Strategic Planning and Budgeting (OSPB), the State Comptroller and the Joint Legislative Budget Committee (JLBC) staff to request a favorable review from the JLBC of a transfer of \$1.491 million from the Enhancement Fund to the State Lake Improvement Fund (SLIF) in FY 2011.

Walter D. Armer, Jr.: I move that the Arizona State Parks Board direct staff to coordinate with the Governor’s Office of Strategic Planning and Budgeting (OSPB), the State Comptroller and the Joint Legislative Budget Committee (JLBC) staff to request a favorable review from the JLBC of a transfer of \$1.491 million from the Enhancement Fund to the State Lake Improvement Fund (SLIF) in FY 2011.

Ms. Baier seconded the motion. The motion passed unanimously.

The Arizona State Parks Board Action Report on this agenda item is included in these minutes as Attachment A.

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

- 1. Staff recommends that the next Arizona State Parks Board Meeting be on Wednesday, May 11, 2011 at the Arizona State Parks offices in Phoenix, AZ.**
- 2. Board members may wish to discuss issues of interest to Arizona State Parks and request staff to place specific items on future Board meeting agendas.**

Mr. Landry commented how great ASP’s volunteers are throughout the state. He said he visited Red Rock State Park with his wife and took the Moonlight Hike. He said volunteers led the hike and it was a very special experience.

Mr. Everett commented that Red Rock will also be having a Bluegrass Festival on May 7.



G. ADJOURNMENT

Mr. Woodling motioned to adjourn. Ms. Baier seconded the motion. The motion passed unanimously at 1:44pm.

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.

A handwritten signature in blue ink that reads "Tracey Westerhausen".

Tracey Westerhausen, Chairman

A handwritten signature in blue ink that reads "Renée E. Bahl".

Renée E. Bahl, Executive Director

Attachment A
Arizona State Parks Board Action Report
Agenda Item #: E-1



Title: Consider Requesting Joint Legislative Budget Committee (JLBC) Review to Backfill \$1.491 million from Enhancement Fund to State Lake Improvement Fund (SLIF) in FY 2011
 Staff Lead: Kent Ennis, Assistant Director
 Date: April 22, 2011

Board Members	Aye	Nay	Absent	Abstain	Comments
Tracey Westerhausen	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Walter Armer	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Reese Woodling	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Larry Landry	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Alan Everett	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
William Scalzo	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Maria Baier	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Approve	<input checked="" type="checkbox"/>	Deny	<input type="checkbox"/>	Amend	<input type="checkbox"/>

Motion:

Walter D. Armer, Jr.: I move that the Arizona State Parks Board direct staff to coordinate with the Governor’s Office of Strategic Planning and Budgeting (OSP), the State Comptroller and the Joint Legislative Budget Committee (JLBC) staff to request a favorable review from the JLBC of a transfer of \$1.491 million from the Enhancement Fund to the State Lake Improvement Fund (SLIF) in FY 2011.

Ms. Baier seconded the motion. The motion passed unanimously.

Board Questions/Comments:

Ms. Bahl said this agenda item is to request a backfill from cash from one fund to another fund. A backfill is a tool that the legislature allows with this budget where agencies can request moving cash from one fund to another. To keep our operating budget flat from this current FY 2011 to next FY 2012, Arizona State Parks (ASP) needs additional authority to expend money. ASP had about \$3.5 million swept from its budget this past regular session when the budget was passed. Staff is proposing to move \$1.491 million from the Enhancement Fund cash balance to the State Lake Improvement Fund (SLIF). ASP will have a cash balance in the Enhancement Fund after the sweeps in the neighborhood of about \$5.5 million that ASP does not have the authority to expend because there is an appropriation cap on that fund. Any monies that are in the SLIF the Board does have the authority to expend on agency operations, major maintenance or the lake.

Ms. Bahl said staff is asking the Board to give permission to request moving \$1.491 million from the Enhancement Fund to the SLIF this fiscal year (FY 2011). This will give staff the authority to spend the money on operating. It requires a favorable review from

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the Joint Legislative Budget Committee (JLBC) and the action must be this fiscal year because the SLIF sweep was this fiscal year.

Ms. Bahl said the risk or downside of this backfill, if it is favorably approved by the Board and then reviewed by the JLBC, is that the cash carry forward into FY 2013 (beginning on July 1, 2012) is going to be very low and will not be a comfortable carry over. On the bright side, there is one year plus to figure out solutions to reduce costs or increase revenue to keep operations flat.

Mr. Landry asked Ms. Bahl to explain how much money was swept from the ASP budget to the State General Fund this past legislative session and if this helps ASP for the upcoming fiscal year. Ms. Bahl said if ASP could move the approximately \$1.5 million in the Enhancement Fund to the SLIF, there will be \$1.5 million to expend next fiscal year (FY 2012). She said without this money, the ASP budget would in the neighborhood of \$1.5 million less than it currently is and operations would then have to be cut by about \$1.5 million. She said there is money in the Enhancement Fund. The Parks should bring in about \$10 million next fiscal year and there will be about \$5 million carry over. She said if ASP did not spend any money from July 1, 2011 to July 1, 2012, there would be \$15 million in the Enhancement Fund but ASP is only allowed to spend \$8.9 million of that. ASP is not allowed to spend the rest of that money. By moving that other money to SLIF, ASP is able to expend it.

Mr. Landry asked how specifically did the legislature's final budget differ from the Governor's proposed budget and how much did they take from ASP's budget. Ms. Bahl said the Governor's Office proposed no sweeps from ASP's budget. She said \$1.5 million was swept from the SLIF, \$2 million from the Enhancement Fund and about \$200,000 more from other smaller funds. In addition, the budget that was adopted has a lower appropriation authority out of the Enhancement Fund at \$8.9 million. The Governor's Office originally recommended \$10 million.

Mr. Everett asked if ASP had gone in front of JLBC in the past. Ms. Bahl answered affirmatively. She said ASP has gone in front of JLBC twice and both times had a favorable review.

Mr. Everett asked if the budget increased when it went from the Senate to the House. Ms. Bahl said the Senate gave ASP a \$7.8 million appropriation. She said the House and the signed version has an \$8.9 million appropriation.

Mr. Scalzo commented that basically the Parks Board is supporting what the Governor put in her budget for us by making this recommended change. Is that correct? Ms. Bahl said that is a different way to look at it, but it is correct.

Status to Date:

Laws 2011, First Regular Session, Chapter 24, states "Notwithstanding any other law,

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in fiscal years 2010-2011 and 2011-2012 a budget unit may request a cash transfer between its own funds from the state comptroller to comply with a reduction or transfer required by this act.”

Following passage of Laws 2011, Chapter 24, the SLIF received an additional \$1.491 million sweep in FY 2011. The total FY 2011 SLIF sweeps are \$2.45 million. The sweep effectively removes 50% of the original \$3 million estimated FY 2011 ending cash balance.

In addition, Chapter 24 requires a sweep of \$2.09 million to the Enhancement Fund in FY 2012. SB 1612 appropriates \$8.9 million of Enhancement Fund to the agency for FY 2012 operations. Arizona State Parks (ASP) requested a \$10 million Enhancement Fund appropriation, leaving an operating shortage of \$1.1 million for FY 2012. This operating shortage most directly impacts Enhancement Fund budget for major park repair, maintenance and replacement during FY 2012.

With the elimination of the State Parks Heritage Fund after June 30, 2011, the agency is left with no capital funding source for FY 2012. Laws 2011, Chapter 36 includes an additional \$250,000 appropriated reduction from the Law Enforcement Boating Safety Fund (LEBSF). Agency interest earnings continue to decline, and if retail gas prices remain at current elevated levels we expect that both the Enhancement Fund and SLIF will show declining revenues due to reduced consumer demand.

Staff recommends utilizing the fund transfer, or “backfill,” tool to backfill the \$1.491 million sweep from Enhancement Fund to SLIF in order to provide additional operating funding in FY 2012, including asset maintenance and repairs.

Agency financial resources will be further constrained in FY 2012 if this backfill is not implemented. Enhancement Fund cash in excess of the FY 2012 appropriation will not be available to the Board for agency operations and maintenance. Transferring cash from the Enhancement Fund to SLIF will provide the flexibility to allocate funding for this purpose in FY 2012.

The risks to spending the backfilled SLIF balances in FY 2012 will appear in FY 2013. Based on the current FY 2012 Board spending budget approved June 15, 2010, there will be lower SLIF and Enhancement Fund balances going into FY 2013. In addition, there is no currently legislated approval for FY 2013 to renew the one-year usage of LEBSF for agency operations, currently estimated to be \$1.0 million for FY 2012.

All transfers must be favorably reviewed by the JLBC and coordinated with the Governor’s OSPB and State Comptroller.

Time Frame:

Staff will present this request for the fund transfer to OSPB, the State Comptroller, and

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JLBC staff immediately on approval by the Board. The JLBC will provide either a “favorable” or “unfavorable” review. The JLBC has not scheduled its next meeting. JLBC must take action on this request before June 30, 2011.

Staff and Financial Resources:

No additional expenses will be realized as staff can complete this task within current duties.

Relation to Strategic Plan:

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

Relevant Past Board Actions:

The Board approved FY 2011 and FY 2012 agency budgets on June 15, 2010.

The Board has previously approved agency fund backfills to meet Legislative sweeps on August 3, 2009 and February 17, 2010.