

Mr. Heslin added staff approached the driver's education teachers in the state with the concept of the video. An individual who is very active with the mining and mineral museum felt it would be extremely important to take young drivers and give them some exposure to back country ethics. Staff are looking at Game and Fish as a partner.

Mr. Anable assured the Board that ASP staff vigorously slashed his SLD request and he assumes they do the same in other areas as well. Staff are fairly conservative. While this looks like a lot of money, they did not grant SLD everything they asked for.

Board Action

Ms. Graham: I move that the Arizona State Parks Board approve awarding \$1,348,000 from the Off-Highway Vehicle Recreation Fund to the statewide projects summarized on page 43 of the May 18, 2000 Board Packet.

Mr. Hays seconded the motion. The motion passed unanimously.

- h. Consider Transferring Growing Smarter Monies to Arizona Department of Agriculture Annually for Operation of Grant Program for Agricultural Producers Who Provide Open Space** – Staff recommends annually transferring 10% of Land Conservation Fund monies, not to exceed \$2 million, to the Arizona Department of Agriculture to implement the grant program for landowners and lessees who agree to alter production for wildlife habitat or other public benefits that preserve open space. CAB concurs and adds requirements that Agriculture: (1) offer the CAB an opportunity to review the proposed criteria for rating grants; (2) report proposed grant awards to State Parks prior to awarding grant monies; and (3) report to State Parks annually on the progress of completing grant projects.

Ms. Bahl reported staff is requesting the Board consider transferring a portion of the Growing Smarter money to the Arizona Department of Agriculture (Ag) annually for the operation of the 10% grant program. Of the \$20 million, the majority is for acquisition of State Trust Lands with a matching grant program. Up to 10% of the \$20 million can go to landowners and lessees for open space reasons as defined in the statute. At the November 1999 Board meeting, Ag presented an overview of their Agency and began discussions on this issue. Staff continued to pursue this idea with Ag. They are open to it. This recommendation was presented to the Conservation Acquisition Board (CAB). CAB supports of this recommendation.

Ms. Bahl explained there would be an agreement with Ag. Ag are the experts and know best how to accomplish this program. Ag will come forward to the Parks Board with the rating criteria. If both CAB and the Parks Board approve then Ag will go forward with the grant program. Ag will bring a list of grants to the Parks Board which will equal up to \$2 million they would like to go forward with. The Parks Board will need to take action on that list. The statute names the Parks Board as the overseers of that fund. The Parks Board will take action on the list, transfer the money to Ag, and Ag will proceed with the contracts and agreements.

Ms. Bahl stated the Board does need to understand this will differ from the other grant programs in that Ag will bring forward a list to the Board for approval. The Board will not see everyone who applied for a grant. ASP staff will be part of the rating and will understand what's going on. ASP are not the experts here. Ms. Bahl explained that if the Parks Board approves this recommendation it means contracting out this program and entrusting Ag to do the job well. ASP staff will meet quarterly with Ag and come back annually to the CAB and the Parks Board to let them know where the projects they have approved stand. There will be a formal two-year review by CAB and the Parks Board to determine whether or not the program will continue. She noted either party (Board or Ag) can terminate the agreement with 30 days' notice. It is expected this program will continue for two years and then see how things are going.

Ms. Bahl stated CAB agrees with this recommendation; Ag is in favor of this recommendation.

Mr. Armer noted Bas Aja, who worked with Ms. Bahl and Ag on this, asked him to publicly commend both Ms. Bahl and Mr. Jason Hall for their work on this. Mr. Aja was very complimentary on their work. Mr. Armer reiterated that regardless of what recommendations come from Ag, the Parks Board has the final approval. He did not see that in the Board action per se and recommended inserting the words "for approval prior" to awarding grant monies. He felt it is important it be emphasized that the Parks Board does have the final approval of the grants, regardless of who makes the recommendations.

Ms. Graham agreed that was important. In the worst case scenario, if this Board is opposed to one of the recommendations there needs to be a way in this partnering with Ag to deal with that situation so it does not place either agency in a bad light.

Mr. Travous responded ASP staff met with Ag staff and discussed that very point. Because this is a new program, it is possible a grant recommendation might come to the Parks Board and the Board may not be comfortable with one of the applicants. That's a signal to staff that they need to go back and work on it. That's why the quarterly meetings were set up. The two-year process was set up to see what works and what doesn't. The real question becomes if the Board doesn't like something - why didn't the Board like it. Staff goes back, does their homework, and work out those difficulties if possible, and bring them back to the Board.

Ms. Bahl added another check-and-balance is Ag will bring the rating criteria forward to the Parks Board first. The Board will see what types of projects Ag are looking at. If the Board has a problem with the overall type of project, that is the perfect opportunity to tell Ag that's not the type of project the Board feels the money should be going to.

Ms. Graham commented she understood the Board will have an opportunity for input into the rating criteria and asked if the Board will have the ultimate vote on that criteria.

Ms. Bahl responded she was not expecting the Parks Board to vote on the criteria but rather to have more of a discussion on the criteria. Nothing would prohibit the Board from doing so. It becomes awkward because Ag does not work for the Parks Board and the Board is contracting out to them. They planned to bring the criteria forward to

ensure everyone had concurrence and that they weren't going off in a direction the Board wouldn't support. She felt if the Parks Board stated they really didn't like certain types of projects either Ag would revise the criteria to make it something the Board could support or decide not to do the grant program.

Ms. Graham responded that sounded great. She came back to the same concept that ultimately this Board will take the heat if the contractor, which in this case is another state agency, comes under fire for some reason. While Ag does not work for Parks, in a way they do if they are the Board's contractors and they are expending \$2 million the Board is responsible for. She would feel more comfortable with the Parks Board signing off on the criteria. She is looking for the most responsible way for the Board to handle the funds. She believes that is, as with any other subcontractor of this nature, that the Board sign off on the criteria.

Mr. Anable commented he believed the intent was to recognize there is another agency with more expertise in the technical criteria than perhaps Parks has. Rather than reinvent the wheel, the intent was to contract with a contractor with expertise. The Board decides the types of projects they would like to see granted, but the details for evaluating one project over another was something that would be given to the contractor. He did not believe it was the intent for the Board to be doing all the work. There is always a risk of criticism, but that's a fairly thoughtful layout. He referred to a program in his agency where an independent board sets the criteria, grants the awards, and he just cuts the check. This recommendation doesn't look that bad. He feels this recommendation is reasonable and will keep the Board from getting bogged down in an issue.

Ms. Graham responded she didn't want the Board to get more bogged down in issues. She is suggesting that the criteria come before the Board as other granting criteria comes before the Board. Such criteria came before the Board this morning and didn't cost the Board more than a few minutes. The homework has been done. It is something the Board is able to sign off on. With quarterly meetings, she doesn't see a problem.

Board Action

Mr. Armer: I move annually transferring 10% of Land Conservation Fund monies, not to exceed \$2 million, to the Arizona Department of Agriculture to implement the grant program for landowners and lessees, provided that Agriculture: (1) offers the CAB and the Parks Board an opportunity to review the proposed criteria for rating grants; (2) reports proposed grant awards to State Parks for approval prior to awarding grant monies; and (3) reports to State Parks annually on the progress of completing grant projects.

Ms. Graham seconded the motion. Ms. Graham asked the maker of the motion if he would consider adding language stating this would be a two-year program.

Mr. Armer responded the problem with that is House Bill 2706 does not provide for it to be a two-year program.

Ms. Graham responded the Parks Board is contracting with Ag for a two-year period of time rather than agreeing to the 11 years.

Mr. Anable suggested an amendment stating this will be reviewed in two years by the Parks Board might serve that purpose.

Mr. Armer amended his motion to include: (4) this program will be reviewed in two years.

Ms. Graham accepted the amendment.

Chairman Roudebush called for a vote on the motion as amended. The motion passed unanimously.

G. DIRECTOR'S REPORT

1. Director's Goals

Mr. Travous reviewed his goals for Fiscal Year 2001. The background worry is the success of Kartchner Caverns State Park (KCSP) in particular; the potential loss of General Fund support is a big worry. Executive Staff began to ask what needs to be done organizationally to get the budget once the budget has been prepared. A new layer has been added to the organization just below the Executive Staff level, known as "Fred". Fred meets every two weeks. Members of Fred, along with others, have been engaged in the decision-making process. This makes it possible for them to see the types of things that are debated at the Executive Staff level. He explained how the meetings are conducted.

Mr. Travous reported Fred has determined one of the strengths of the agency is in the Parks Board, the friends of the parks, and the communities around Arizona where there are parks and where programmatic monies have gone. A message must be developed and a way to deliver the message must be devised.

Mr. Travous noted that what happened with the legislature this past week opened the door wide open. Staff had heard indications months ago the legislature was going to try to start taking money back. The memorandum that was written to not release the money for KCSP was, in essence, an attempt to try to get ASP to say when the agency would be done with this money. They are putting their budgets together now and want to know when they can anticipate taking that money. Their mistake was in trying to capture the high ground in making the statement saying of wanting to know how they could go to other parks in order to soften the blow. Mr. Ziemann did a great job getting those things on the docket. Staff told the legislature ASP will come to them with a budget that will take the agency into the next steps. The monies that are being raised will go to improve the other parks in the system.

Mr. Travous reported he had the opportunity that evening to go on *Horizon*.

Mr. Travous stated Fred is launched. Fred has broken into six groups that will, in essence, report back to each other. Spokespeople will come back to the Board. An ad hoc Board member is needed for each of these groups to be engaged with that groups as much as is necessary. Because the meetings are every other week, they didn't want to burden the Board members by making the Board members a permanent part of the groups; however, the Board members can come to any meeting they wish.

Consider Transferring Growing Smarter Monies to Arizona Department of Agriculture Annually for Operation of Grant Program for Agricultural Producers Who Provide Open Space

Background

Passage of Proposition 303 in 1998 authorized two Growing Smarter grant programs to provide the benefits of conserved open space. The first program provides funds to acquire State Trust land that will be held as open space. The second program provides funds to landowners and lessees who implement agricultural production alternatives or who reduce crop or livestock production, to provide wildlife habitat or other public benefits that preserve open space. The Conservation Acquisition Board (CAB) is required to give priority to lessees of state or federal land who must reduce livestock production to provide public benefits, such as wildlife species conservation or wildlife habitat (see attached statutory language). Up to 10% of monies in the Land Conservation Fund are available for these grants.

Current Status

The Arizona Department of Agriculture has been working with Arizona State Parks to develop options for implementing this program. Attached, please find a letter from Agriculture which recommends a program for two types of grants: (A) reduced livestock production and (B) science-based projects, that aid open space preservation. An agreement would require Agriculture to comply with the statutory limits on county funding, to report annual information on grant awards, and to return unspent grant funds. State Parks Staff would also play a role in the grant applications review team.

Staff Recommendation

Staff recommends annually transferring 10% of Land Conservation Fund monies, not to exceed \$2 million, to the Arizona Department of Agriculture to implement the grant program for landowners and lessees who agree to alter production for wildlife habitat or other public benefits that preserve open space.

Conservation Acquisition Board Recommendation

CAB concurs with the Staff recommendation, and adds requirements that Agriculture: (1) offer the CAB an opportunity to review the proposed criteria for rating grants; (2) report proposed grant awards to State Parks prior to awarding grant monies; and (3) report to State Parks annually on the progress of completing grant projects.

Recommended Board Action

I move annually transferring 10% of Land Conservation Fund monies, not to exceed \$2 million, to the Arizona Department of Agriculture to implement the grant program for landowners and lessees, provided that Agriculture: (1) offers the CAB and the Parks Board an opportunity to review the proposed criteria for rating grants; (2) reports proposed grant awards to State Parks prior to awarding grant monies; and (3) reports to State Parks annually on the progress of completing grant projects.