

THE PRICE OF STEWARDSHIP

THE FUTURE OF ARIZONA'S STATE PARKS



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SPECIAL PLACES IN A

Arizona used to be known as “the baby state,” thanks to being the last of the lower 48. When we set about searching for a bolder self-image, we landed on an iconic national park and proclaimed ourselves the “Grand Canyon State.”

When that happened, Arizona had no state parks to define itself further, but the wisdom of such a system soon became clear. In a state blessed with so many extraordinary places and such great variety, state parks reflect our shared judgment about which places are most special, important, and deserving of preservation and celebration. State parks remind us of who we are as Arizonans.

Unfortunately, past choices and current crises have put these places to gather, remember, and escape—places to get in touch with ourselves, with each other, and with nature—at serious risk. In short, Arizona’s state parks are in trouble.

Arizona was the last state to designate state parks in part because public land was so abundant and the population was so small and rural. Arizona had more national parks and monuments than any other state, vast public grazing and forest acreage, and significant paranoia about taking more acres out of private hands. However over time, needs arose that only the state could fill. In just over 50 years, Arizona has created “a precious collection of parks [which] hoards wonders of every variety: lakes, rivers, travertine arches, ancient cities, tumbled presidios, haunted prisons, and slopes of miraculous wildflowers.”¹

Regrettably since 2003 in bad times and good years, the Arizona Legislature and the state’s governors have eroded support for state parks by reducing General Fund appropriations, “sweeping” cash from dedicated funds, and forcing the agency to survive on park-produced fees and pieces of indirect user levies, set asides, and

federal dollars. Arizona State Parks is not the only department to have been affected by shortfalls in state revenues. However, it is one of the few that manages hard assets the public uses nearly 365 days of the year and the only one that cares for a combination of historic, cultural, and recreational properties. In FY 2008, Arizona’s state parks were suffering from a lack of maintenance and investment. **By the time Arizona balanced its FY 2009 budget, closures were real and total collapse was on the horizon. By FY 2010, General Fund support was gone completely, and the department had reached the breaking point.**

Much has changed in Arizona since the early days of state parks. About 6.5 million residents now call the state home. Nine out of 10 Arizonans live in urban areas.² Population growth, demographic changes, and new technologies (including off road vehicles and RVs, not just computers and cell phones) have brought their own remarkable challenges. The emergence of climate change and the downsides of urban growth are reshaping the prospects for Arizona’s future after decades of seemingly limitless opportunities.

But some things about Arizona are constant too. As one-time Secretary of the Interior Stewart Udall wrote: “Outdoor recreation was, and is, the essence of the Arizona lifestyle.”³ Arizonans still see the state’s open spaces as vital to their wellbeing and parks as a “public good” worthy of collective support.

When Arizona’s leaders authorized the development of state parks, they had no reason to think Arizona would ever be shaken to its roots by the political, governance, and economic crises we see today. The policy makers and advocates of the 1950s thought the public’s treasures would be properly supported by the General Fund. The current problems faced today by Arizona’s state parks show how radically circumstances



It doesn't matter where you get your money or how much you get if the legislature is going to sweep it. We're trying to get a group formed to see if we can't generate funds and get some things done.

Parks Professional

These parks are part of our state's history and heritage. They belong to all citizens of the state, and ought to be something the state invests in and preserves for future generations.

Tourism Professional

RICH, DIVERSE STATE

can change. Sustaining—let alone expanding—the state’s park system in this unprecedented situation will take the persistence of an idealist, the calculations of a realist, and the compromises of a pragmatist.

The Price of Stewardship: The Future of Arizona’s State Parks was commissioned by Arizona State Parks and the Arizona State Parks Foundation with funding to the parks department from the private Asta Forrest Bequest. The request to Morrison Institute for Public Policy at Arizona State University to look at the resource dilemmas facing Arizona’s state park system came before the state’s fiscal situation became so serious and the options for dealing with it so far-reaching. The effort to answer such questions as

- How can funding be stabilized?
- How can it be more predictable?
- Where could money be found for capital improvements?
- What models have been created in other states that have lessons for Arizona?

was viewed as proactive in the face of negative trends, not as a critical step in a survival plan.

While the principal purpose here is to examine options for stable, sufficient funding, we could not help but think about the nature of the state park system and the agency’s functions.

The Price of Stewardship project began early in 2009. This report and its recommendations stem from discussions with members of the Arizona State Parks Board and other state experts, conversations with parks, policy, and conservation professionals in Arizona and other states, analysis of secondary data from a wide variety of sources, and review of reports and data produced

for and by Arizona State Parks. Comments from individuals are presented in the “conversation boxes” on most pages. These offer a wide variety of personal viewpoints. They are presented to reflect different outlooks, rather than “right” or “wrong” facts. *The Price of Stewardship* is divided into two major parts: How We Got Here and Where We’re Going. These major sections each conclude with “Nine Observations,” on pages 26 and 43 which also function as an Executive Summary for the report.

The Price of Stewardship is intended also to support the Sustainable State Parks Task Force. Governor Janet Napolitano established the group in 2008. Governor Jan Brewer renewed it in 2009 to make “recommendations as to how the Arizona State Parks System can achieve financial sustainability into the future.”⁴ We anticipate the report also will assist the Arizona State Parks Board in its work. As discussed in these pages, Arizona State Parks is a singular agency in its efforts to protect important natural areas, manage recreational areas, and preserve Arizona history.

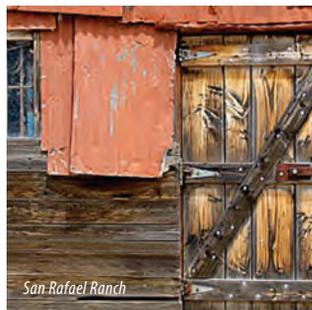
Finally, we hope *The Price of Stewardship* will help the Arizona Legislature and all Arizonans to understand the assets we own together, the institutions that serve the state’s land and people, and the choices we can make to protect the quality of life in this special place we are privileged to share.

If you think you're an Arizonan, and you think you know this state or an area of it, but you haven't been to the state parks, you don't really know that area. You don't know a place until you understand its history, its ethnicities, and geography. We're such a rich and diverse state.

Elected Official

No park is more important than another. Some populations in Arizona are underserved.

Conservation Professional



There have got to be more effective ties into tourism.

Parks Professional

Recreation is the most important purpose for us—plus economic development. State Parks is one of the prime providers of lake access.

Parks Professional

HOW WE GOT HERE

THE CURRENT STATE OF ARIZONA'S STATE PARKS



A Brief History of Arizona State Parks

State Parks Served Different Purposes Than National Parks

The history of parks in the U.S. is usually the story of our national parks—what Ken Burns’ PBS series has called “America’s best idea.” Indeed, the words and deeds of such advocates as Teddy Roosevelt and Stephen Mather still resonate with Americans today. But there was also a dynamic movement for state parks early in the 20th century. When the First National Conference on Parks was held in 1921, 19 states reported having such entities. The state parks movement had four goals:

- **Recreation**—To fill the gap between the “playground” parks provided by cities and towns and the backcountry experiences offered in the national parks.
- **Historic preservation**—To respond to a growing interest in preserving the past that reflected a desire to honor fallen Civil War soldiers and cope with the changes wrought by urbanization, industrialization, and immigration.
- **Communing with nature**—To create parks as “social safety valves” that allowed people to escape the rigors of urban, industrial life. At the same time, explorers, artists, and others sought to maintain America’s natural heritage.
- **Economic development**—To accommodate the new car culture and the needs of a different population of travelers who wanted “auto camps” and stopover facilities.

The development of state parks accelerated as the post-World War II era brought widespread prosperity, more auto travel, and federal statutes that expanded potential park acreage.

Efforts to establish an Arizona state parks system had been mounted since at least the 1930s. But headway was slow. In fact, a 1941 study by the National Park Service concluded that most

Arizonans “are fairly well served by municipal, metropolitan, or county parks and nearby forest areas. There is no state park system and there does not appear to be a need for one.”⁵ It would be another decade before pressure for a state system brought results.

Arizona Joins in the Mid-1950s

Community leaders formed the Arizona State Parks Association in the mid-1950s and began pushing harder for a statewide system, in part to erase the stigma of being the only state without one and also to curb vandalism of historic landmarks. In 1957, Governor Ernest McFarland signed a bill establishing the Arizona State Parks Board. It was victory through compromise: Two representatives from the cattle industry got seats on the board, the board’s authority was limited to accepting parks of only up to 160 acres without legislative approval, and park entrance fees reverted to the state’s General Fund. The State Parks Board was given the responsibility to “select, acquire, preserve, establish, and maintain areas of natural features, scenic beauty, historical and scientific interest, and zoos and botanical gardens for the education, pleasure, recreation, and health of the people.”⁶

The board acquired its first park in 1958 when a southern Arizona couple donated land at Tubac, the oldest Spanish presidio site in the state. Some of the other early parks, including Tombstone (1959) and Yuma Territorial Prison (1961), resulted from local governments asking the state to manage resources that were too costly for the municipalities to care for on their own. This pattern of the parks board as the preferred steward for important, yet expensive, assets has continued throughout the years. Despite the development, in 1961 Arizonan Stewart Udall, then U.S. Secretary of the Interior, said, “Arizona has the weakest park system in the nation and this is a great concern to me.”⁷

The parks do not belong to one state or to one section.... The Yosemite, the Yellowstone, the Grand Canyon are national properties in which every citizen has a vested interest; they belong as much to the man of Massachusetts, of Michigan, of Florida, as they do to the people of California, of Wyoming, and of Arizona.

Stephen T. Mather, Director
National Park Service, 1917–1929



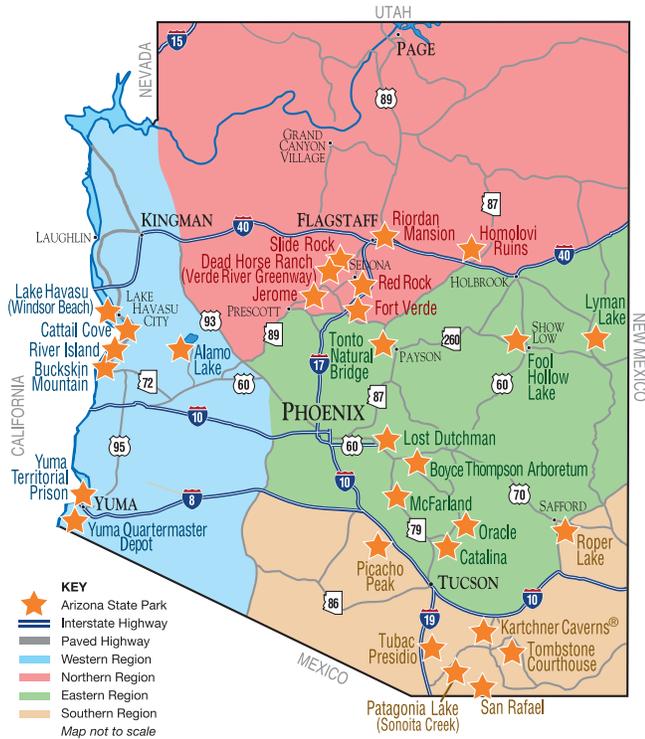
In some parts of the state, the state parks are the only entity with the resources and mission to protect natural areas.

Public Policy Professional

People should know three things about Arizona State Parks. It protects important natural areas; manages outdoor recreational areas; preserves our history. All three activities are important.

Conservation Professional

Arizona State Parks Are Located Across the State



Source: Arizona State Parks.

Over time, the “weakest” would become strong. Arizona used state, federal, and partnership resources to create an agency capable of “managing and conserving Arizona’s natural, cultural, and recreational resources for the benefit of the people, both in our parks and through our partners.”⁸ In 2004, the Arizona State Parks Board reiterated its multi-faceted responsibilities with a new vision. The governor-appointed board acknowledged again that caring for the state’s natural and cultural assets is as

important as managing its recreational resources. Arizona State Parks decided to “be recognized locally and nationally as the outstanding resource management organization.”⁹

Grant Programs at Arizona State Parks Date from 1960

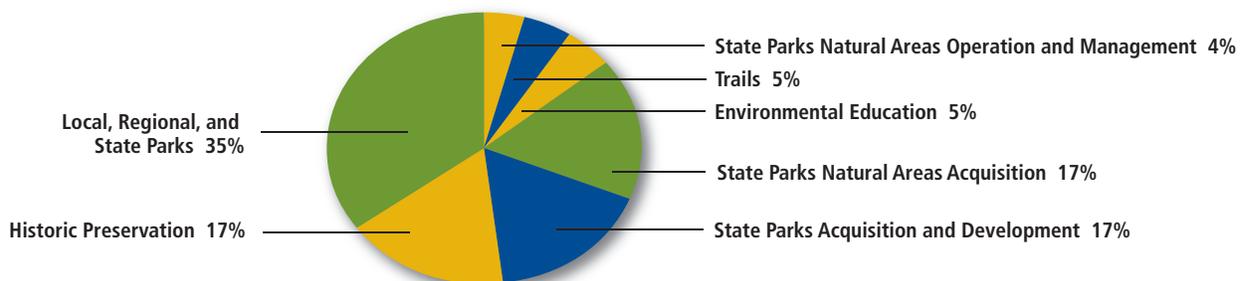
The department’s broad vision and mission make a comfortable home for a number of programs complementary to the parks. Arizona State Parks administers competitive grant programs for outdoor recreation, historic preservation, and trails, among other areas from eight federal and state sources. The grant programs have been assigned to the department because of relevance to its mission, administrative experience, and lack of other appropriate homes. Some benefit the state parks with direct dollars, while others do not. However they all bring professional expertise for planning and innovation, increase the department’s visibility, foster relationships with parks professionals and policy makers, and represent major sources of funds for public and nonprofit entities throughout the state. The roots of grant administration extend back to 1960 and the creation of Arizona’s State Lake Improvement Fund.

Three decades after the State Lake Improvement Fund set the precedent, Arizona’s voters said “yes” to two sizeable funding programs, the Heritage Fund and the Land Conservation Fund.

In 1990, Arizonans approved a ballot initiative to create the Arizona Heritage Fund to annually split \$20 million in lottery funds half and half between Arizona Game and Fish and Arizona State Parks. Local governments and nonprofit organizations benefit from these programs, as do state parks. For example, Phoenix received Heritage Fund support to plan the rehabilitation of the landmark Tovrea Castle, as well as part of the Rio Salado park facilities. Gilbert funded some of its major Water Tower Park. In Tucson, Randolph Tennis Center received funds. Heritage Fund dollars also paid for the Picket Post House, a

Heritage Funds Benefit State Parks and Sites Across the State

Allocations



Source: Arizona State Parks.

historic structure next to Boyce Thompson Arboretum State Park. In total, Arizona State Parks, Arizona Game and Fish, and municipalities and counties in every corner of Arizona have created parks, saved historic areas and habitat, and developed recreational facilities because of the Heritage Fund.

In 1998, voters approved Proposition 303 or “Growing Smarter” and established, in addition to planning requirements for local governments and the Arizona State Land Department, a \$20 million per year state contribution to the Land Conservation Fund. This appropriation began in FY2001 and continues through FY 2011. The proposition named Arizona State Parks to administer the fund, which would help cities, counties, and nonprofit organizations “conserve open spaces in or near urban areas and other areas experiencing high growth pressures.” Local entities match Land Conservation Fund dollars with local funds to buy State Trust Land from the Arizona State Land Department. Unfortunately for most of the fund’s existence, it has been impossible to spend anywhere close to all of the money because of barriers presented in the beginning by legal challenges and then by limited local matching dollars. **As a result, the Land Conservation Fund now totals approximately \$98 million. The fund makes Arizona State Parks appear as if it has plenty of money on hand, whereas the department is unable to tap it for the parks and must cope with legislative actions reducing its funds.**

The federal and state grant programs bring millions in primary and supplementary dollars to local governments and have benefited Arizonans directly through the development of recreational facilities and many other amenities. Without these grant programs, outdoor facilities would likely have been much slower to develop and historic and cultural resources might have been lost forever. Arizona’s rapid population growth has made it necessary to respond quickly to residents’ desire for public spaces and recreational opportunities. In addition, the funds have created a strong bond between Arizona State Parks and local governments and fostered a network of advocates for the funding sources. This bond offers an important foundation on which to build additional partnerships, as will be discussed later in this report.

Grant Programs* Administered by Arizona State Parks Come from Multiple Sources and Touch Every Part of Arizona

STATE LAKE IMPROVEMENT FUND Portions of the motorized watercraft fuel taxes and a portion of the watercraft license tax provide dollars for local grants.

LAND AND WATER CONSERVATION FUND Federal offshore oil and gas receipts support park development and land acquisition and local grants.

LOCAL, REGIONAL AND STATE PARKS GRANT PROGRAM, HERITAGE FUND 35% of Arizona State Parks’ lottery proceeds help municipalities for park development and land acquisition.

TRAILS, HERITAGE FUND 5% of Arizona State Parks’ Heritage Fund allotment supports grants for nonmotorized trail development in the state trail system.

HISTORIC PRESERVATION, HERITAGE FUND 17% of Arizona State Parks’ Heritage Dollars support grants to public and private organizations for historic preservation.

RECREATIONAL TRAILS PROGRAM Part of federal transportation funding, this program has motorized and nonmotorized funds for trail development.

STATE OFF-HIGHWAY VEHICLE RECREATION FUND A small portion of the state’s motor fuels tax and an OHV decal support motorized trail development and information.

LAW ENFORCEMENT AND BOATING SAFETY FUND Another piece of the watercraft license tax supports counties’ law enforcement responsibilities for boating safety.

LAND CONSERVATION FUND The Growing Smarter land acquisition fund helps municipalities purchase State Trust Land for conservation.

ARIZONA TRAIL FUND Legislative appropriations help complete and maintain the Arizona Trail.

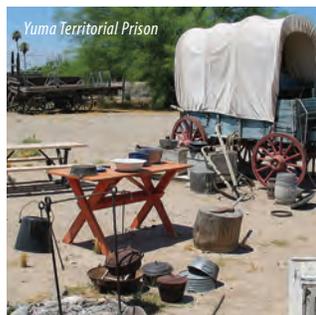
FEDERAL HISTORIC PRESERVATION FUND The Certified Local Government program is a conduit for support and assistance.

* Much of these funds have been “swept” in FY 2009 and 2010 to fill Arizona’s budget deficits. Their purposes remain, but resources are now very limited.



I think ASP lacks the process to make things happen quickly. I think ASP bureaucracy could be more flexible.

Parks Professional



State Parks should be figuring out how to acquire more resources and how best to manage their existing resources.

Conservation Professional

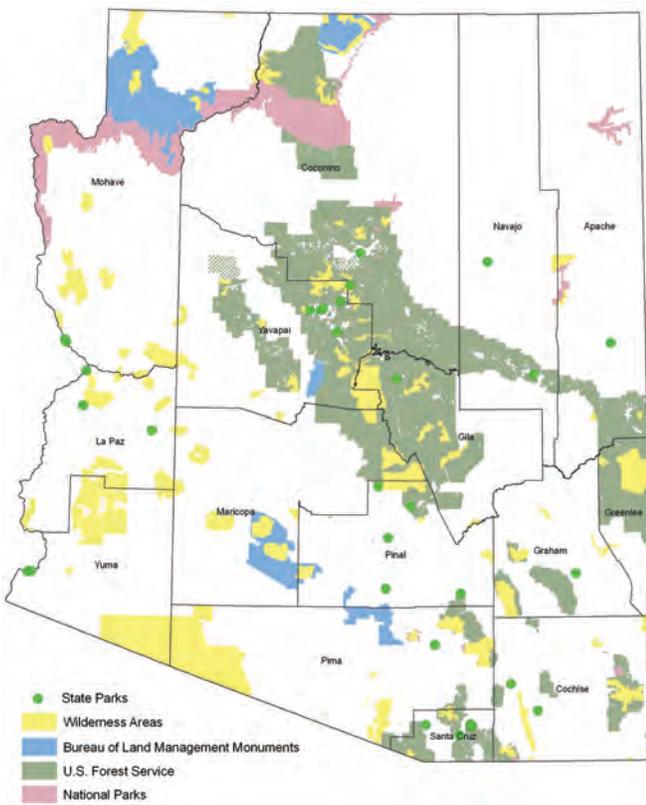
Federal Funds and Outdoor Recreation Plans Date from 1964

The federal government provided a push for state and local parks and recreation in the 1960s. The Land and Water Conservation Fund, one of that era’s programs, requires a Statewide Comprehensive Outdoor Recreation Plan (SCORP) every five years. It serves as Arizona’s outdoor recreation policy and sets priorities and goals for state parks. In addition, the plan is intended to assist policy makers and professionals in all

agencies concerned with outdoor recreation. The 2008 goals, which were adopted after substantial public and professional input, will be familiar to anyone involved with parks, conservation, and recreation. The plan presents strategies to:

- Secure sustainable funding.
- Plan for growth and secure open space.
- Resolve conflicts among users.
- Improve collaborative planning and partnerships.
- Respond to the needs of special populations and changing demographics.
- Fill the gaps between supply and demand.
- Secure access to public lands and across State Trust Lands.
- Protect Arizona’s natural and cultural resources.
- Communicate with and inform the public.

National and State Parks are Located Throughout Arizona



Source: Arizona State Parks. Data from National Park Service, Bureau of Land Management and Arizona State Parks.

Current plans for Arizona’s state parks highlight the challenges faced by the system and the threats to its well being. In past years however, particularly while Bruce Babbitt was Arizona’s governor, Arizona State Parks looked to expansion.

Governor Babbitt Led an Era of Expansion

Governor Bruce Babbitt was enthusiastic about maintaining public lands and creating more state parks—in part because rapid growth was threatening the state’s notable places. When Babbitt became Arizona’s chief executive in 1978, the state had one of the smallest state park systems in the U.S. Only Delaware and Rhode Island had fewer acres than Arizona.¹⁰ That situation changed notably during his eight years in office as Riordan Mansion, Alamo Lake, Catalina, Slide Rock, Yuma Crossing, Red Rock, Oracle, and Homolovi became part of the system and steps toward the development of Kartchner Caverns were taken.

Governor Babbitt appointed a blue-ribbon Task Force on Parks and Recreation in Arizona in 1982 to consider future needs and policies for state parks. Because of the attractiveness of Arizona’s landscapes and tourism’s significant economic impact, the task force recommended that state parks, open space, and recreation

The agency is misnamed. It includes so many different missions.

Parks Professional



The system of parks is the most important part of what the agency does. But the State Historic Preservation Office and grant programs have a big impact beyond the parks system. The biggest impact on the citizens of the state probably comes from the grants programs. That’s more than the parks themselves.

Conservation Professional

play a major role in Arizona. Task force members supported systematic acquisition, development, and management of recreation resources, with a special focus on water-based facilities. They also suggested that the state use grant programs to provide significant assistance to local governments. The task force produced guiding principles for Arizona to follow in managing the department and prioritizing future acquisitions. Certainly, the emphasis on grant programs has come to pass. Two task force recommendations, however, continue to bedevil Arizona land management: 1) modernizing and reforming the State Land Department's enabling act; and 2) using land exchanges as a tool for park and open space acquisition.

One of the task force's recommendations was to establish a private foundation which could acquire property and receive gifts on behalf of state parks. The Arizona Parklands Foundation was created in 1983. Led by a cadre of business, political, and community leaders, the Arizona Parklands Foundation facilitated agreements among the State Parks Board, private entities, and other government agencies. It removed the barriers that many donors perceived in giving directly to the state.

The Parklands Foundation worked with the State Parks Board to create a preferred list of properties for future state parks. The

first addition facilitated by the Parklands Foundation came after negotiations with Oak Creek's Pendley family. The foundation purchased and transferred to Arizona State Parks the land that formed the heart of Slide Rock State Park.¹¹ The foundation also brokered agreements for Red Rock and Oracle. This tool for park development was disbanded under Governor Evan Mecham. It would take the opportunity of Kartchner Caverns to motivate the development of another creative tool for state parks.

The Kartchner Fund Debuted in the Late 1980s

Any review of Arizona's state parks system has to include special mention of the acquisition and development of one of the most extraordinary state parks in the U.S., Kartchner Caverns. The caverns were "discovered" in 1974 and revealed to the state parks department in 1984. Complete with code words and secret messages, the creation of Kartchner Caverns State Park could be the plot for a spy novel. Kartchner's significant design and careful stewardship afford the public access to a unique experience, while protecting a fragile, irreplaceable environment.

Kartchner cost more than \$34 million to develop and was made possible in large measure by revenues earned at other parks. In 1988, the Arizona Legislature created the Kartchner

Arizona's State Park System Includes Three Types of Sites

Recreation Parks	Historic and Cultural Parks	Conservation and Environmental Education Parks
Provide facilities, programs, and services to support outdoor activities such as hiking, camping, fishing, and boating.	Tell the story of Arizona's past, from its Native American cultures, to Spanish colonial, territorial, and Western history.	Preserve Arizona's natural landscapes and provide environmental education to K-12 students.
Alamo Lake	Fort Verde	Boyce Thompson Arboretum
Buckskin Mountain	Homolovi	Kartchner Caverns
Catalina	Jerome	Oracle
Cattail Cove	McFarland	Red Rock
Dead Horse Ranch	Riordan Mansion	San Rafael Ranch
Fool Hollow Lake	Tombstone Courthouse	Sonoita Creek
Lake Havasu	Tubac Presidio	Verde River Greenway
Lost Dutchman	Yuma Territorial Prison	
Lyman Lake	Yuma Quartermaster Depot	
Patagonia Lake		
Picacho Peak		
River Island		
Roper Lake		
Slide Rock		
Tonto Natural Bridge		

Source: Arizona State Parks.



Fund, and revenues earned from all of the parks were dedicated to the development of the caverns. In 1990 in response to a budget crisis, the legislature repurposed the account as the State Parks Enhancement Fund and split its dollars between state government operations and park development. **For about a decade, the enhancement fund empowered park managers by allowing them to benefit from increased revenues.** They had a powerful incentive to serve the public creatively and propose ways to expand receipts. While most of the money initially went to Kartchner Caverns, there was a department-wide understanding that, over the long term, the money would be available for capital projects and other uses at all of the parks.

Beginning in 2003 as the state saw more stress on revenues, the entire enhancement fund was swept back into the state's general coffers. The enhancement fund still existed, but it was dedicated completely to staff salaries and other operations, and the General Fund appropriation to the state parks department was reduced by the same amount. **Thus for at least five years, dollars earned from all of Arizona's state parks have gone to park operations and no significant funds have been devoted to capital investments.** This is a difficult situation considering the diversity of Arizona's state parks and the complexity of both maintaining them and staying in step with the changing needs and preferences of residents and visitors.

Arizona State Parks Has a Multi-Faceted Mission

"It is common to think of outdoor recreation resources as occurring along a spectrum from the most wild and primitive environments to the most developed and human-influenced places. This range of resources corresponds roughly to its providers. The federal government supplies the large majority of undeveloped land and water for recreation, state governments tend to specialize in what has been called 'intermediate' recreation areas, and local governments and the private sector provide the bulk of highly developed recreation resources."¹²

The Arizona State Parks Board mission is "managing and conserving Arizona's natural, cultural, and recreational resources for

the benefit of the people, both in our parks and through our partners." This mission is broader than most other state parks departments. In fact, some observers have suggested that Arizona State Parks is better thought of as a "conservation and recreation department" or a "department of cultural and natural resources."

Arizona's parks department:

- Operates as a "mini-National Park Service," with 31 sites, including natural areas and parks with recreational, historic, and cultural resources. Parks include various types of experiences, ranger and law enforcement presence, and facilities for day users as well as for campers and RV enthusiasts.
- Oversees more historic sites than any other Arizona state agency.
- Manages grant programs that complement and supplement the parks and distribute funds to local entities.
- Manages areas that often serve as "gateways" to federal lands and as anchors for other types of parks and open spaces.

State Parks Contribute Substantially to Local Economies

The Outdoor Industry Foundation estimated in 2006 that Arizona's outdoor recreation sector produces nearly \$5 billion annually in retail sales and services across the state.¹³

State parks play an economic role also. **Based on direct, indirect, and induced expenditures—and excluding spending from local residents and those within a 50-mile radius—a study from Northern Arizona University shows that state parks offer economic value to the state that far outweighs their basic costs.**¹⁴ Recreation parks generate the lion's share of this economic activity—\$156 million. Historic parks totaled \$35 million, and conservation parks \$32 million. State parks also supported more than 3,000 jobs across the state. Finally, visitors' expenditures and other impacts sent \$21.2 million to the federal government in tax revenue and \$22.8 million to state and local

Maricopa County Parks and Recreation and state parks should work more and better together.
Parks Professional



State Parks has morphed over time opportunistically. My hunch is that the culture is risk averse and that change is difficult.
Parks Professional

An entrepreneurial approach is a good idea in moderation. But it's not exactly fair when you have a money machine like Kartchner and then a Fort Verde.
Public Policy Professional

government.¹⁵ Considering the “new money” state parks bring in and the fact that the majority of state parks are in nonmetropolitan areas, the dollars take on an even greater importance.

Private Support and Partnerships Are Important Park-Support Tools

The Arizona Parklands Foundation is just one example of how private organizations and public agencies have worked together to support parks. Started in 2004, the private, nonprofit Arizona State Parks Foundation¹⁶ could play a similar role. For now, it is the chief advocacy organization for state parks. It raises funds on the system’s behalf, increases public awareness, and encourages local volunteers and friends groups. For example in April 2009, the Arizona State Parks Foundation unveiled the “Stand Up for State Parks” campaign in partnership with the Sprouts grocery chain. The initiative was a response to the severe state budget crisis and raised approximately \$50,000 during its two-week run.

“Friends” groups are active in some state parks, including Red Rock, Kartchner Caverns, Boyce Thompson Arboretum, Oracle, Sonoita Creek, Slide Rock, Tonto, McFarland, and Verde River Greenway. These park supporters work closely with park managers to help provide equipment, human resources, and visitor amenities that the parks cannot afford on their own. For example:

- Red Rock’s benefactors have made trail improvements, developed school and speaker programs, and purchased video equipment.
- Kartchner Caverns’ supporters played a substantial role in the opening of the park almost a decade ago and continue to work with school groups and raise funds for research, scholarships, and interpretive programs.
- “Friends” of Sonoita Creek have assisted with the development of water quality testing, as well as interpretive programs for elementary students and the public. Water conservation initiatives in conjunction with Sonoita Creek landowners have also been significant activities.



Pivot Point Conference Center and Yuma Quartermaster Depot

The Arizona State Parks Foundation and the Friends groups offer tried-and-true mechanisms for private support of state parks. Partnerships such as in Yuma and for Spur Cross Ranch offer another option.

Yuma is home to two state parks, Arizona’s territorial prison and the army’s pre-statehood supply depot. Since 1997, the City of Yuma has provided approximately \$175,000 per year in operating assistance to Arizona State Parks for the Yuma Quartermaster Depot. The primary source of the funds has been a 2 cent hospitality tax, which Yuma voters chose in May 2009 to extend for another 15 years.¹⁷ Also in May, the city proposed to operate the Yuma Quartermaster Depot completely for five years because of Arizona’s budget crisis and the important role the park plays in Yuma’s riverfront redevelopment and the Yuma Crossing National Heritage Area.

Maricopa County’s 10 regional parks comprise the largest county park system in the nation. One of these is the Spur Cross Ranch Conservation Area, which is managed by the Maricopa County Parks and Recreation Department, but was created by the Arizona State Parks Board in conjunction with Maricopa County and the Town of Cave Creek. The conservation area includes some 2,150 acres on the northern edge of metropolitan Phoenix. Cave Creek residents agreed to a levy to support the conservation area. In return, residents within Cave Creek’s town limits are eligible for a free annual pass to Spur Cross Ranch. By 2006, the Spur Cross Trail was part of Cave Creek’s five-year plan to develop trail connections with other Maricopa County parks.

The problem is that state parks have no constituency. People don’t know how to distinguish between federal, local, county, or state parks. How to build appreciation and awareness among people in Arizona is the central challenge.

Conservation Professional

We need great bathrooms, great docents, and WiFi.

Elected Official

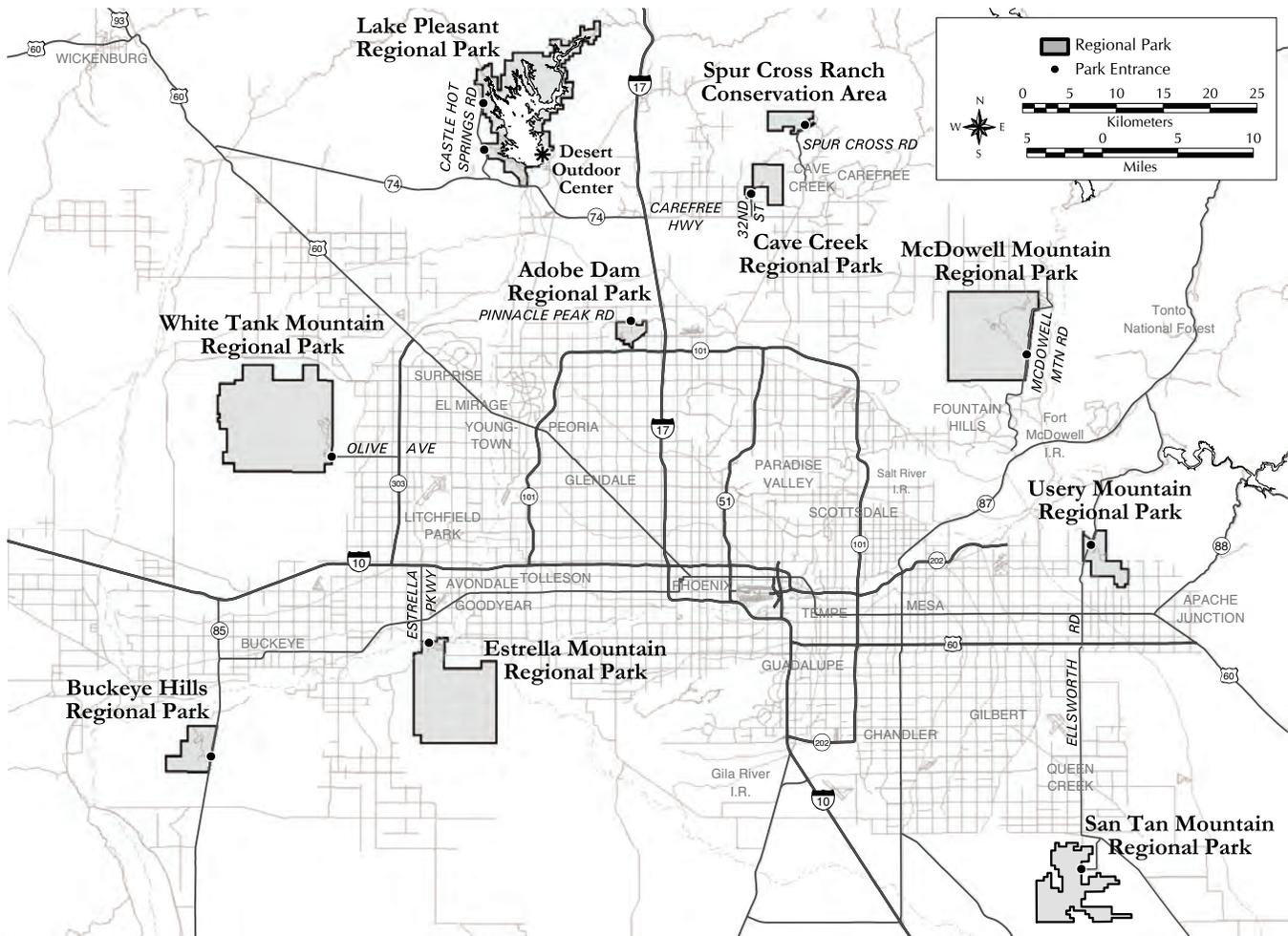


Lake Havasu

We need to put a whole lot more effort in marketing to make people from outside Arizona want to visit every single state park. You have to work hard even to find where state parks are.

Parks Volunteer

Maricopa County's Regional Parks Ring Greater Phoenix



Source: Maricopa County Parks and Recreation.

The history of Arizona's state parks is replete with stories of strong personalities and opportunistic decisions, as well as professional planning and thoughtful development for a rapidly growing and urbanizing state. As a result, the places taken care of by Arizona State Parks can be divided into those that:

- Many wanted to preserve but no one except the state could afford to keep.
- Are so outstanding as to risk being loved to death if they are not managed properly.
- Would have been lost to ruin or private development without a public owner.

The twists and turns have resulted in a system that is at once accidental and purposeful, ever-changing and constant. The common theme throughout the system's 50 years, however, is preserving Arizona's important places, while also serving visitors.

Who Visits State Parks and Why

Typical Visitors Are Fewer Than One Would Expect and Half Are Tourists

Traditionally, nature and parks have been associated with kids and families. One might assume that families dominate visitation. In Arizona—and the state is not alone in this—the average visitor is over 50 years old. Families with children account for just 20% of visitors to Arizona’s state parks. In fact, much about Arizona’s typical visitor and where residents and tourists choose to go may be surprising.

Approximately 2.3 million people visit Arizona state parks each year. State residents account for about half of the visitors, while 43% are from out of state, and 7% are international tourists. According to Arizona’s visitor studies, the “typical” park visitor is a married couple. The average couple is white and middle-aged, about 53 years old. Most visitors are currently employed; one or both has a college education, and an annual household income averaging more than \$50,000. Overall, women visitors outnumber men, and about half of all entrants are retired. Californians comprise the largest group of out-of-state visitors. Members of minority groups are underrepresented among park visitors.¹⁸

Visitation figures vary substantially among Arizona’s parks. Historic and cultural parks have the lowest visitation figures, while water-oriented sites are highest. Conservation parks are open less to the public currently and tend to be more remote. Thus, their lower visitation levels are in line with their current operations.

Arizonans and out-of-staters have somewhat different preferences for parks. Colorado River parks and history parks tend to cater to tourists. Recreation sites, other than at the Colorado River, are generally more local attractions. The difference in patterns between residents and visitors offers insights into marketing opportunities and partnerships with tourism programs.

Research suggests that Americans’ interest in nature and nature-based recreation, though changing, is not declining; rather it is strong and growing. The increase in the observation and study of nature is a very healthy trend that apparently reflects rising and widespread interest in the future of natural resources, conservation, and public lands. Perhaps the interest in nature represents more of an opportunity than we have realized.

H. Ken Cordell, *The Latest on Trends in Nature-Based Outdoor Recreation*, *Forest History Today*, Spring 2008.



Buckskin Mountain



Yuma Territorial Prison

State parks are a destination. But do they really have enough programming now to attract people? Once people get into a park, camping may not be enough for them. They still want places for the kids to play and things to do.

Conservation Professional



Picacho Peak

Recreation Parks Have Nearly Three Times as Many Visitors* as the Others Combined

Recreation Parks	Historical and Cultural Parks	Conservation and Environmental Education Parks
1,758,201	267,410	322,702

*Visitation figures are for 2008. Source: Arizona State Parks.

I think about inviting people to re-learn about their own state parks. Imagine if every university student were able to get a \$10 state park pass—road trips to the state parks! I don't see ASP reaching out to invite folks in as well as they could.

Elected Official

Visitors Are Satisfied With Their Experiences

Arizonans say the most common reasons for participating in outdoor recreation are to enjoy nature, be with friends and family, and escape the pressures of everyday life. Visitors to historic and cultural parks are motivated further by a desire to learn about Arizona's past and its people. Conservation park visitors place special value on solitude and learning about nature. The most common activities at all three types of parks are sightseeing, walking, trail hiking, and photography. The majority of visitors are day users. About one-third of visitors to recreation parks camp overnight.

Surveys also show that the vast majority of visitors are satisfied with their experiences. They rate the quality of state park facilities and services highly. **Indeed, nearly 100% of visitors surveyed in 2007 said state parks were either excellent or good and reported they would recommend state parks to a friend.** In addition, a cross-section of visitors agreed that it is important to have state parks. They enjoy visiting natural areas protected as state parks, and believe these parks should be kept

as natural as possible. State parks are clearly providing value to those who use them. Yet just as obviously, given the protection of resources alone, the parks benefit all Arizonans, even if they do not visit the sites themselves. **According to a statewide survey developed for Arizona State Parks by Arizona State University in 2003, 7 out of 10 Arizonans felt that Arizona State Parks is doing an excellent or good job managing its park system.**

Paying to Use Parks is No Problem

Fees do not appear to be a barrier to state park use. Survey results indicate that Arizona residents understand the rationale behind charging user fees, and residents are willing to pay them. Respondents do not see fees discouraging their visits to state sites, nor do they feel that charges lead to over-development that would harm the park or negatively affect their experience. In fact, fees seem to be about right to the survey's participants. This is notable since Arizona's fees are relatively high compared to some states, and Arizona has been a leader in charging different fees for various types of parks and uses. The cost for visiting the Big Room at Kartchner Caverns, for example, is exceeded among Western state parks only by the Hearst San Simeon State

Arizona's Park Fees Are in Line with Neighbor States

Arizona State Parks Fees Compared to Selected Western States, 2008

	Individual Adults		Vehicles		Annual Pass		Camping		Reservations	
	Min	Max	Min	Max	Min	Max	Min	Max	Min	Max
Arizona	\$2.00	\$23.00*	\$3.00	\$10.00	\$50.00	\$125.00	\$10.00	\$25.00	\$2.00	\$2.00
California	\$2.00	\$30.00	\$2.00	\$10.00	\$90.00	\$125.00	\$10.00	\$44.00	\$8.00	\$8.00
Colorado	\$2.00	\$3.00	\$3.00	\$7.00	\$55.00	\$55.00	\$8.00	\$22.00	\$8.00	\$8.00
Nevada	\$2.00	\$3.00	\$4.00	\$8.00	\$50.00	\$175.00	\$10.00	\$5.00	\$-	\$-
New Mexico	\$5.00	\$5.00	\$5.00	\$5.00	\$40.00	\$40.00	\$8.00	\$18.00	\$10.00	\$10.00
Utah	\$2.00	\$2.00	\$5.00	\$10.00	\$70.00	\$70.00	\$9.00	\$21.00	\$8.00	\$10.00
Southwest Average	\$2.50	\$11.00	\$4.00	\$8.00	\$59.00	\$98.00	\$9.00	\$23.00	\$6.00	\$6.00

* Higher levels in this column reflect tour costs also. Averages have been rounded to the nearest dollar.

Source: National Association of State Parks Directors, 2008.

Park in California. Arizona’s fee levels trace back to increases in the initial years of the enhancement fund when the incentive to earn more was greatest.

Still, could higher fees be a factor in making state parks more stable financially? Most of the professionals and experts contacted for this project suggest not. For example, Arizona’s annual state parks pass is currently priced at \$50 for a “standard” adult and \$125 for a “premium” adult (which includes boat launching). More than 10,000 of these passes were sold last year. This compares to \$80 for the “America the Beautiful” pass to national parks and federal recreational lands. An annual family pass for recreation on State Trust Land is just \$20. The Arizona State Land Department does not track how many are sold, but the estimate of sales was negligible. Even so, some selected increases might be feasible for some state parks, such as



Arizonans Report Participation in Many Outdoor Activities
Participation Ranked by Recreation User Days/Visits Ranked by Days/Visits Per Year

Recreation Activity	% of Arizonans Participating	# of People Recreating/Day or Visit
Play a sport: baseball, football, soccer	65.3%	567,235
On your feet activity: hike, backpack, jog	74.7%	458,425
Drive for pleasure, sightseeing	83.7%	379,261
Ride a bicycle, mountain bike or horse	49.1%	291,815
Visit a park, natural or cultural feature	85.0%	209,504
Visit a wilderness area or nature preserve	74.5%	202,879
Attend an outdoor event	72.8%	184,331
Picnicking	77.4%	157,169
Off-road driving: ATV, dirt bike, 4-wheeling	33.0%	147,895
Canoe, kayak, swim in a natural setting	45.0%	120,237
Fishing	34.4%	103,013
Boat, jet ski, water ski	29.3%	86,948
Go to a dog park	17.8%	70,221
Target shooting	25.2%	54,322
Winter activities: Skiing, sledding, snow play	37.7%	52,169
Nature study or educational activity	33.2%	51,010
Tent camping	33.5%	50,153
RV camping	24.3%	33,620
Hunting	11.3%	27,658
Rock or wall climbing	14.0%	23,352
Extreme sport: BMX, snowboarding	8.3%	23,186
Geo-caching (outdoor GPS game)	4.2%	4,472

Source: Arizona Statewide Outdoor Recreation Plan, 2008, Arizona State Parks.

for recreational vehicle overnight camping. According to some park personnel, RV users tend to be out of state visitors who come year after year and stay for the maximum periods of time. Looking at private comparisons in their areas, state parks' RV facilities may be underpriced.

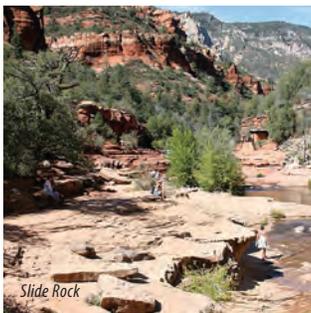
So, Really Why So Few Visitors?

Given the perceived benefits and high satisfaction, one wonders why visitor numbers have been declining since a high point in 2000. Discussions with park personnel and survey data suggest that state parks must cope, in part, with the competitive issues

Arizonans Expect to Do More Outdoors in the Future Current and Future Recreation Activity Participation

Recreation Category	Current Average Number of Days/Visits per Year	% Who Say Use Will Increase in Future
Play a sport: baseball, football	34.25	33.7%
Participate in an outdoor activity on your feet: hike, jog	27.68	38.4%
Driving in moterized vehicle for sightseeing, pleasure	22.90	34.1%
Riding on something non-motorized: bike, horse	17.62	36.5%
Visit a natural or cultural feature: park, archaeology site	12.65	47.9%
Visit a wilderness area or nature preserve	12.25	47.4%
Attend an outdoor event: sporting, concert, festival	11.13	48.6%
Picnicking	9.49	40.6%
Off-road driving: ATV, dirt bike, 4-wheeling	8.93	24.1%
Participate in non-motorized water activity: canoe, swim	7.26	33.2%
Fishing	6.22	33.3%
Participate in a motorized water activity: boat, water ski, jet ski	5.25	30.3%
Go to a dog park	4.24	18.2%
Target shooting	3.28	17.9%
Participate in winter activity: skiing, sledding, snow play	3.15	31.3%
Nature study/environmental education activity	3.08	34.0%
Tent camping	3.05	32.0%
RV camping	2.03	25.6%
Hunting	1.67	10.9%
Rock or wall climbing	1.41	15.0%
Participate in an extreme sport: BMX, snowboarding	1.40	9.6%
Geo-caching (outdoor GPS game)	0.27	16.7%

Source: Arizona Statewide Outdoor Recreation Plan, 2008, Arizona State Parks.



There is a basic disconnect between the public's, and even the business community's, support for parks and open space and the clear lack of interest among legislators.

Conservation Professional



affecting all leisure pursuits and inadequate knowledge about opportunities at state parks. Some common reasons for not going to parks include:

- “Areas are too crowded”
- “Too busy with other activities/work or leisure”
- “It is too hot outside”
- “Parks are too far away”

These constraints and others, of course, do not prevent people from engaging in outdoor activities.

Research done by Arizona State Parks shows that Arizonans:

- Share an interest in outdoor recreation.
- See personal and community benefits to quality outdoor recreation venues.
- Say they will do more in the future.
- Want open space close to their homes.
- Participate in various types of outdoor activities at high levels but for fairly small amounts of time on average.

Arizonans, like others, are most likely to choose to go to areas:

- “where I feel comfortable”
- “that are less crowded”
- “that are closer to home”

Many of the Arizonans surveyed noted that they consciously have to “set aside time for outdoor recreation” and need to “learn more about location of areas.”

Experts in recreation have noted that as urban growth affects access to public lands and spaces and young people have more to do indoors than out, outdoor recreation will continue to change. The base of interest in outdoor activities and visiting cultural areas is strong. However, the factors affecting individual personal participation are many. The actual hours and days Arizonans spend at leisure and the many places they have to allocate them work against state parks, regardless of how much Arizonans say they value the state’s sites.

For Arizonans, Playing a Sport Outweighs Other Activities in Time Ranked by Millions of User Days

Recreation Activity	User Days*
Geo-caching (outdoor GPS game)	1.6
Extreme sport: BMS snowboarding	8.5
Rock or wall climbing	8.5
Hunting	10.1
RV camping	12.3
Tent camping	18.4
Nature study or activity	18.6
Winter activities: skiing, sledding, snow play	19.0
Target shooting	19.9
Go to a dog park	25.6
Boat, jet ski, water ski	31.7
Fishing	37.6
Canoe, kayak, swim in a natural setting	43.9
Off-road driving: ATV, dirt bike, 4-wheeling	53.9
Picnicking	57.4
Attend an outdoor event	67.3
Visit a wilderness area or nature preserve	74.1
Visit a part, natural or cultural feature	76.5
Ride a bicycle, mountain bike or horse	106.5
Drive for pleasure, sightseeing	138.4
On your feet activity: hike, backpack, jog	167.3
Play a sport: baseball, football, soccer	207.0

* These are calculations based on current use and surveys. Planners use the data to estimate impacts on users’ experiences, natural resources, facilities, and staff.

Source: Arizona Statewide Outdoor Recreation Plan, 2008 Arizona State Parks.



How Do Arizona's Parks Compare to Other States?

State Parks Across the U.S.

More than 6,600 state park sites in 50 states together serve two and a half times as many people as the national park system on 16% of the acreage.¹⁹ But the state-based systems vary widely in size and character and thus visitation. For example, only the national parks can top California's more than 79 million annual state park visitors. In contrast, fewer than 700,000 people visit Vermont's state parks. In land terms, Alaska's 3.3 million acres represent the largest state system, followed by California with more than 1.6 million acres and New York with 1.4 million. The three largest states have 45% of the total acreage. Rhode Island, not surprisingly, has the smallest system at only 9,000 acres.²⁰

State park systems focus on different natural and cultural features too. Oregon, for example, has highlighted coastal beach facilities. Kentucky, Tennessee, and Georgia have golf courses among their state park properties. Vermont has leased state park land for ski resorts. Some states have a high proportion of natural-area parks, while others have numerous historical sites that often function more as museums than parks. Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah and Wyoming comprise what author Wallace Stegner called the "dry

core of eight public-lands states."²¹ They include vast federal, tribal, and state land holdings, most of which are accessible to the public. State parks are just one of many recreational venues in these geographically large states. In the smaller, more crowded Eastern states, however, state parks may represent the majority of the opportunities for non-urban outdoor recreation.

Arizona's System Is Small Compared to Its Neighbors

To better understand Arizona, 12 state park systems, including Arizona and its immediate neighbor states and six others of various sizes and circumstances, were chosen for broad comparisons.

As shown in Table 1, Arizona:

- Has the smallest average park size, compared to neighboring states.
- Ranks last among these Western states on acres per 1,000 population.
- Places close to the bottom for visitation and visits per staff member.

The low visitation compared to staffing is explained in part by the composition of Arizona's system. See Table 2. This state's system has more historical parks than any of its neighbors (although Nevada is close) and is exceeded in the reference set

Table 1: Arizona Has Relatively Little State Park Acreage Comparisons to Selected States and U.S.

	Areas	Acres	Visits	Average Park Size in Acres	Acres Per 1000 Population	Visits Per Capita	Visits Per Parks Staff
Arizona	32*	63,847	2,348,313	1,995	9.8	0.4	6,052
California	279	1,565,677	79,853,530	5,612	42.6	2.2	16,468
Colorado	164	420,011	11,833,500	2,561	85.0	2.4	11,881
Nevada	25	138,570	3,131,766	5,542	52.5	1.2	12,835
New Mexico	36	92,515	4,603,901	2,570	46.6	2.3	15,821
Utah	50	150,728	4,553,590	3,015	55.1	1.7	12,078
Arkansas	52	54,146	8,399,016	1,041	19.0	2.9	6,226
Maryland	65	133,465	11,329,786	2,053	23.7	2.0	14,488
Montana	392	55,186	5,332,502	141	57.0	5.5	22,788
New York	1,417	1,348,364	61,771,320	952	69.2	3.2	8,939
Oregon	253	99,400	42,604,811	393	26.2	11.2	51,146
Vermont	103	68,900	697,989	669	110.9	1.1	2,195
U.S.	6,547	13,921,794	747,963,538	2,126	45.8	2.5	13,809

* Definitions used by this national association result in Arizona having 32 sites instead of the 31 commonly referred to in Arizona. This does not change the relative position of Arizona compared to other states.

Source: National Association of State Parks Directors, FY 2007-2008.

**Table 2: Arizona Has Relatively More Historical Areas
State Parks by Type for Selected States and U.S.**

Parks by Type	Parks*	Recreation Areas	Natural Areas	Historical Areas	Environmental Education Areas	Scientific Areas	Forests Areas	Fish & Wildlife Areas	Other & Misc. Areas
Arizona	43.8%	3.1%	9.4%	28.1%	9.4%	–	–	–	6.3%
California	30.2%	39.0%	6.1%	18.0%	–	–	–	–	7.2%
Colorado	29.6%	–	70.5%	–	–	–	–	–	–
Nevada	50.0%	23.1%	–	26.9%	–	–	–	–	–
New Mexico	100.0%	–	–	–	–	–	–	–	–
Utah	55.3%	2.1%	14.9%	17.0%	–	–	–	–	10.6%
Arkansas	19.6%	35.3%	3.9%	37.3%	2.0%	–	–	–	2.0%
Maryland	22.5%	–	18.0%	7.9%	–	–	1.1%	–	50.6%
Montana	13.0%	–	–	–	–	–	0.0%	83.1%	3.9%
New York	12.6%	4.1%	2.1%	2.5%	1.1%	–	52.7%	24.9%	–
Oregon	19.8%	31.0%	12.8%	5.0%	–	–	–	–	31.4%
Vermont	67.0%	–	32.0%	–	1.0%	–	0.0%	–	–
U.S.	30.9%	12.3%	8.8%	9.6%	0.6%	1.6%	14.4%	11.4%	10.4%

* Figures may not total 100% due to rounding. These categories are defined by the National Association of State Parks Directors (NASPD). "Parks" are areas containing a number of coordinated programs for the preservation of natural and/or cultural resources and provision of a variety of outdoor recreation activities supported by those resources. According to NASPD, Arizona has 14 parks, 1 recreation area, 3 natural areas, 9 historical/cultural areas, 3 environmental education areas, and 2 other/miscellaneous areas.

Source: National Association of State Parks Directors, FY 2007-2008.

**Table 3: Arizona's Expenditures Per Capita
Are Less Than Half the U.S. Average
Comparisons with Selected States and U.S. FY 2007-2008***

	\$ Operating*	\$ Capital	\$ Total	Operating Expenditures as % of Total Expenditures	Total Expenditures per Capita	Operating Expenditures per Visitor	Capital Expenditures per Acre
Arizona	\$24,782,961	\$2,586,040	\$27,369,001	91%	\$4.21	\$10.55	\$40.50
California	\$426,626,000	\$55,167,000	\$481,793,000	89%	\$13.11	\$5.34	\$35.24
Colorado	\$38,560,841	\$22,320,000	\$60,880,841	63%	\$12.33	\$3.26	\$53.14
Nevada	\$14,978,502	\$6,303,952	\$21,282,454	70%	\$8.19	\$4.78	\$46.16
New Mexico	\$27,880,600	\$9,607,296	\$37,487,896	74%	\$18.89	\$6.06	\$103.85
Utah	\$31,180,877	\$7,686,784	\$38,867,661	80%	\$14.20	\$6.85	\$51.00
Arkansas	\$46,270,834	\$15,099,268	\$61,370,102	75%	\$21.49	\$5.51	\$278.86
Maryland	\$33,796,995	\$8,546,273	\$42,343,268	80%	\$7.52	\$2.98	\$64.03
Montana	\$8,961,484	\$4,700,000	\$13,661,484	66%	\$14.12	\$1.68	\$85.17
New York	\$203,835,000	\$52,539,000	\$256,374,000	80%	\$13.15	\$3.30	\$38.96
Oregon	\$47,630,414	\$27,464,175	\$75,094,589	63%	\$19.81	\$1.12	\$276.30
Vermont	\$7,665,748	\$550,000	\$8,215,748	93%	\$13.22	\$10.98	\$7.98
U.S.	\$2,332,766,566	\$821,579,691	\$3,154,346,257	74%	\$10.37	\$3.12	\$59.01

* These figures reflect the best comparisons. However, they were developed prior to Arizona's and other states' current budget crises. They show Arizona's standing relative to other states in more "normal" times. The current budget situation is likely altering these figures, leaving Arizona with even fewer resources than in previous years.

Source: National Association of State Parks Directors, FY 2007-2008.

Table 4: Arizona Ranks Close to the Bottom of States on Parks Spending* Comparisons with Selected States, FY 2007-2008

	Percent of State Budget	Rank
Arizona	0.09%	43
California	0.98%	1
Colorado	0.19%	25
Nevada	0.17%	27
New Mexico	0.20%	22
Utah	0.39%	7
Arkansas	0.30%	13
Maryland	0.11%	38
Montana	0.23%	19
New York	0.72%	2
Oregon	0.24%	18
Vermont	0.13%	32

* These figures reflect spending from a combination of revenue for each state rather than only the General Fund. The figures reflect the best comparisons. However, they were developed prior to Arizona's and other states' current budget crises. They show Arizona's standing relative to other states in more "normal" times. The current budget situation is likely altering these figures, leaving Arizona with even fewer resources than in recent years. In FY 2008, state parks also received less than one-tenth of 1% of the Arizona General Fund.

Source: National Association of State Parks Directors, FY 2007-2008.

only by Arkansas. Historic site parks tend to be smaller, attract fewer visitors, and require more intensive management than recreation facilities.

State parks do not rank as a budget priority. Table 4 shows that **Arizona has one of the least-funded systems when viewed as a percentage of the state budget.** At less than one-tenth of 1%, Arizona is not only last among the reference set, but ranks 43rd among all states. Arizona spends just \$4.21 for each state resident on its parks program. But viewed as expenditures per visitor, the state spends a relatively high \$10.55 for each visitor to a state park. Clearly, the park system does not demand a disproportionate share of the General Fund.

Parks Systems Need General Support in Addition to Earning Revenue

The balance between revenue generated at parks and the costs to operate them is a complex equation. **No state has been able to break even while keeping its system in good shape.** Even New Hampshire, which is the only state with a positive expenditure/revenue ratio,²² is struggling with the effects of decades of neglect and a systemic operating deficit. New Hampshire legislators concluded in a 2006 report that: "Self-funding of the state park system has not provided adequate annual revenue to meet expenses. Self-funding cannot sustain the system in the future as the sole source of revenue for operations and maintenance."²³ In the six other states that did not receive any general funds in FY 2008, operating expenses were paid for with other forms of public revenue. Thus, the state park systems are still receiving taxpayer dollars, just from different sources.

Currently, Arizona is in the middle of the pack for revenue collected through user fees, despite having relatively high entrance and camping rates. The lower earnings are due to fewer visitors per capita—0.4 visits per resident compared to 2.5 nationally. **The fact that there are no state parks in Maricopa County, the state's population center, accounts for the lower per capita figure.** Arizona also has many national, county, and municipal parks that provide a variety of leisure opportunities. Finally, a large number of the Arizona state parks are historical or natural preservation areas, which draw fewer visitors, but are important to the state's cultural and ecological heritage.

Table 5 shows the income and outgo for each Arizona park. This chart should be used with caution for several reasons. First, operating costs are understated since they include only salaries for employees at the parks and exclude employee-related expenses or central departmental costs. Second, the "net revenue/visitor" statistic can be misleading. **Costs are virtually fixed, so that every additional visitor makes a positive difference. High negative net revenue/visitor numbers are largely the result of low visitation, rather than out-of-line costs.**

What's Capital and Operating?

In any discussion of parks budgets, the terms "capital" and "operating" are common. Typically, capital expenditures are items such as land acquisition, building construction, and major repairs and improvements. The money spent has a long-term benefit far beyond a single budget cycle. Operating expenditures include such items as salaries, utilities, and other routine costs of staying in business. Much routine maintenance is usually considered an operating expense. Recently, only some of such work has been done, and sometimes the agency has called this a capital expense. In reality, virtually no capital investment has been made in Arizona's state parks for years, resulting in a backlog of nearly \$200 million at existing parks.

Table 5: No Arizona Park Is Self-Sufficient
Revenues, Costs, and Visitors in Arizona's State Parks, FY 2008

	\$ Generated	\$ Operating Costs*	Visitors	\$ Net Revenue/Visitor
Alamo	294,138	294,372	64,885	(0.00)
Boyce Thompson	11,845	115,629	73,174	(1.42)
Buckskin Mountain	566,541	558,195	93,709	0.09
Catalina	522,218	369,685	168,874	0.90
Cattail Cove	426,762	373,137	94,179	0.57
Dead Horse	511,364	679,098	133,822	(1.25)
Fool Hollow Lake	394,228	468,861	110,741	(0.67)
Fort Verde	26,216	208,987	15,992	(11.43)
Homolovi Ruins	42,005	255,498	15,200	(14.05)
Jerome	162,133	272,988	60,114	(1.84)
Kartchner Caverns	3,110,838	2,709,225	160,013	2.51
Lake Havasu	748,541	740,278	248,851	0.03
Lost Dutchman	271,052	269,317	100,424	0.02
Lyman Lake	153,409	327,444	42,018	(4.14)
McFarland	8,479	196,067	4,945	(37.93)
Oracle	14,492	278,398	9,898	(26.66)
Patagonia Lake	567,780	868,080	178,505	(1.68)
Picacho Peak	302,836	372,787	98,565	(0.71)
Red Rock	189,201	390,331	79,617	(2.53)
Riordan Mansion	116,722	251,671	26,209	(5.15)
River Island	-	-	-	-
Roper Lake	254,507	438,858	85,939	(2.15)
San Rafael Ranch	3,804	182,950	-	-
Slide Rock	603,910	386,743	249,759	0.87
Sonoita Creek	-	-	-	-
Tombstone Courthouse	166,029	221,370	52,588	(1.05)
Tonto Natural Bridge	209,171	258,367	87,930	(0.56)
Tubac Presidio	31,964	212,774	12,835	(14.09)
Verde River Greenway	-	-	-	-
Yuma Prison	202,885	238,999	67,851	(0.53)
Yuma Quartermaster Depot	23,794	296,779	11,676	(23.38)
Total	9,936,864	12,236,888	2,348,313	(0.98)
Total (minus Kartchner)	6,826,026	9,527,663	2,188,300	(1.23)
Environmental Education	3,330,180	3,676,533	322,702	(28.10)
Historical	780,227	2,155,133	267,410	(109.45)
Recreation	5,826,457	6,405,222	1,758,201	(8.69)

* Operating costs here show only salaries without benefit costs, administration, or other day-to-day needs.

Note: Data for natural areas, Sonoita Creek, Verde Valley Greenway, and River Island are combined with Patagonia Lake and Dead Horse Ranch State Park respectively. River Island data are not available.

Source: Arizona State Parks Annual Revenue and Operating Costs Per Visitor, FY 2008.

Dollars, the Department, and the Parks

In a 2003 survey of Arizonans, residents thought that Arizona State Parks received 40% of its revenue from state taxpayers, 38% from visitor fees, and 23% from lottery funds. In contrast, respondents felt the ideal mix would be 28% from taxpayers, 37% from visitor fees, and 36% from lottery funds.²⁴ If only it were that simple. The Arizona State Parks 2008 *Annual Report* showed the department received 11% from Arizona taxpayers, 14% from visitor fees, 16% from the lottery, and 59% from special, mostly restricted funds. And now in FY 2010, the percentage is nil from Arizona taxpayers.

But the Arizona State Parks department's financial structure is complicated and arcane enough that understanding where money comes from, where it goes, and how much is needed for the parks is tough indeed. Whether in good budget years or bad ones, a critical step in ensuring the sustainability of Arizona's state parks is to see the financial picture clearly.

Where Dollars Come From

The Arizona State Parks department receives funds from 12 separate state and federal sources that are best thought of in four categories:

- **Taxes paid by Arizonans and out-of-state tourists**—The Arizona Legislature allocates dollars from Arizona's General Fund, which is funded by sales, income, and property taxes.
- **Visitor fees and park-generated dollars**—The State Parks Enhancement Fund collects these dollars from all state parks.
- **Arizona lottery**—The lottery dollars come through the Heritage Fund.

- **Special purpose funds**—Restricted federal and state sources, often for the grant programs discussed previously, make up this category.

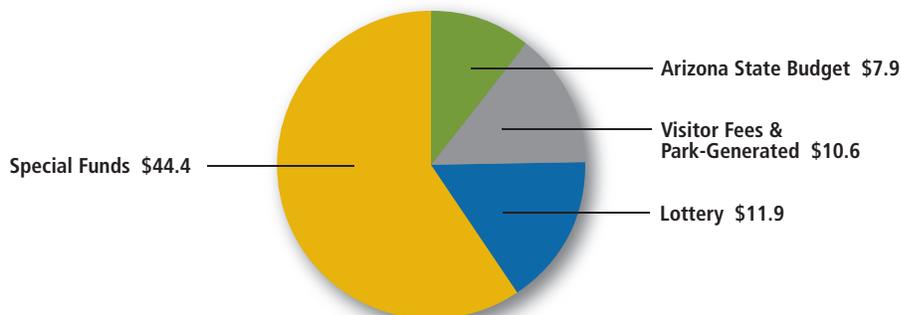
Where Dollars Go

Dollars go to competitive grant programs, agency administration, parks operating expenses, and capital/maintenance. Using FY 2008 as a guide, about \$42 million is distributed in grants to public and private entities. Approximately, \$23.3 million was spent in operating the agency. This includes parks operations and other agency operational overhead. Because of the elimination of capital funding from the State Parks Enhancement Fund in recent years, the \$8.5 million often presented as being capital expenditures is not actually spent for major long-term projects. Rather, this "painting" money has been used for relatively minor stabilization and deferred maintenance needs at the parks.

Several of the grant programs allow charges to pay for the administration of the program. Some of these can be determined from the department's budget materials, but others cannot. A possible consequence of the growth of the agency's grant programs over the years may have been to increase the administrative burden on the department without adding dedicated dollars to defray that expense. This would put additional strain on the General Fund and potentially decrease the amount of support available to the parks themselves. This project revealed anecdotal evidence to this effect but without an in-depth financial review it was not possible to document whether or not the grant programs are disadvantaging the parks.

Unfortunately, nowhere is there a number that firmly establishes the amount being spent directly on state parks. The department has never stated its finances in this way because of a policy decision to treat the department as one entity with one consolidated mission.

Where Dollars Come From
Revenue Sources FY 2008 – Total \$74.8 Million



Source: Arizona State Parks, Annual Report FY 2008.

However, the department's review of operating costs at the individual parks indicates approximately \$16 million, including staff at the proposed FY 2008 level, employee-related expenses, and other hard day-to-day costs. Central administrative costs related to the parks can be estimated at \$3 million. An additional \$8.5 million is spent in "capital" expenditures at the parks. In reviewing these expenditures with the parks staff, it became clear that this money is used for painting, minor repairs, and other "patches" to the deteriorating system that are necessary just to keep the parks open. This does not represent serious capital improvements to the parks, but rather a minimal level of routine work that in most businesses would be considered part of operating expense. Since the passage of the Arizona Heritage Fund in 1990, Arizona State Parks has not had a dedicated maintenance budget, which accounts for some of the confusion about "capital" spending. Thus, the total for the sustenance of the parks, at the FY 2008 level rather than an optimum level, is approximately \$27.5 million. The entire agency budget is, of course, somewhat higher.

This estimate is in line with other states. However, it is likely to be on the low side because state parks have been "starved" for money over the last few years. The current level of maintenance is often marginal at best, and many of the busiest parks are understaffed. **The ideal level to operate the current system at the full staff and maintenance capacity is \$30-34 million.** The full agency would require only a modest amount more for the remaining functions.

Capital Needs for the Parks Now Total Nearly \$200 Million

The capital improvement needs of the parks are as complex as the operating question. Capital improvements include such needs as repairing crumbling historic buildings, additional restroom facilities, compliance with sewer and wastewater



regulations, more camping facilities, new buildings, and so on. Arizona State Parks regularly documents its capital needs in the parks. In 2008, the needs totaled approximately \$188 million. In recent times, as little as \$7 million has been spent per year against these needs and most of that has gone only for minor maintenance. **Of the \$188 million, about \$52 million dealt with existing maintenance, compliance, and improvements within the parks.**²⁵ The remainder was for land acquisition and planning and new development in existing parks. Just using the number of \$50 million of improvements in existing parks suggests that in addition to the operating budget necessary for the existing park system, **ideally approximately \$10 million a year should be invested in major capital improvements in the current parks to make up the back log and then keep facilities in good shape and attractive to the public.** Taken together these general estimates suggest that approximately \$40-44 million a year would represent a realistic estimate of the cost of operating, maintaining, and investing in the existing Arizona state parks system.

State Parks key function is strategic and there is no market-based way to pay for strategic planning.

Conservation Professional



The current model is broken. State Parks grew up in a competitive era, when the goal was to do everything for everybody. This is no longer possible. What types of open space programming are needed? What services do State Parks currently provide to the community?

Nonprofit Executive

Nine Observations on the State of Arizona's State Parks System

- 1** Arizona has built a notable, geographically dispersed system that includes diverse recreational, educational, cultural, and historic resources. The agency's mission and vision embrace managing this diversity.
- 2** Arizona's variety of parks is a strength and a weakness. The system grew over time in response to personalities, opportunities, and planning. Water-oriented resources provide a popular form of recreation, while the department also protects natural wonders like Kartchner Caverns and cultural sites such as Homolovi. The multiple types of properties and their different experiences have made it difficult to give state parks in Arizona a clear identity. Arizona's vast public lands and other recreation resources mean state parks sometimes get lost in the shuffle among many agencies.
- 3** Arizona has parks throughout the state and a reasonable number of parks compared to other states. However, the acreage devoted to state parks in Arizona is one of the lowest in the U.S. The average size park in the state is also small, thanks in part to the many historic sites.
- 4** Arizona state parks visitation is low. Meager marketing resources, limited historic site visitation, and no state parks in Maricopa County are likely some of the reasons. There are also other reasons in residents' and tourists' preferences and the many outdoor experiences that exist. But no other entity tells Arizona's story like the state parks system. The historic and cultural resources have been under-appreciated across the board.
- 5** No state parks system in the United States pays for itself from earned revenue. State parks need support from general tax revenues and cannot be fully supported only by admission fees and similar revenues. Viewed as a percentage of the state budget, Arizona spends less on its park system than nearly any other state.
- 6** The park system has suffered from unstable funding and insufficient capital investment. Because state parks are not keeping the revenues they earn, incentives to do more than collect basic fees are few. Inadequate spending on capital maintenance in recent years has left facilities, particularly historic sites, deteriorating and incapable of providing the experience parks professionals want to offer.
- 7** The Arizona State Parks Department does far more than run a parks system. The grant programs in open space, historic preservation, local recreation, and more are beneficial to the parks and to the state as a whole. Many of these programs are supported by dedicated revenue streams which make the department's budget look much larger than it would be if it only operated parks. The grant programs have created a cadre of advocates for specific funds that have little to do with the parks themselves. At the same time, these advocates could be partners for working on park issues.
- 8** The Arizona State Parks Department budget is complex and difficult to understand. The arcane operations make telling the story of the parks system challenging.
- 9** It is difficult to determine exactly what the state parks system costs to operate. Approximately \$40-44 million annually for operations and capital appears to be necessary to operate and maintain the existing system at an optimum level.

Arizona's state parks illustrate the complexity of operating multi-purpose public facilities in an era of competing needs and insufficient resources. The status of Arizona's state parks is precarious. They are appreciated but under-supported, loved but left to deteriorate, precious but over-shadowed.

Historic parks don't make money, but they are critical to telling the history of the state.

Parks Volunteer



State Parks does not need to develop a unique identity to do their jobs efficiently. Working with other land management and parks and recreation agencies should be their top priority.

Conservation Professional



**The status of
Arizona's state parks
is precarious.
They are appreciated
but under-supported,
loved but
left to deteriorate,
precious but
over-shadowed.**

WHERE WE'RE GOING

THE FUTURE OF ARIZONA'S STATE PARKS



This is a complex, unsettled, and potentially perilous time for the State of Arizona. The economy has fallen from being a veritable growth machine, generating new jobs and building houses faster than almost anywhere else to being close to the worst in the U.S. in foreclosures, defaults, and job creation. In May 2008, Morrison Institute's *Megapolitan: Arizona's Sun Corridor* described a potential urban future with more than 8 million residents living in economically connected communities from Nogales to Sierra Vista, Tucson, through Pinal and Maricopa counties to the center of Yavapai County. This urban mosaic will likely emerge more slowly now but the increasing interdependency among urban areas is clear today. This report was commissioned in late 2008 in the context of significant funding fluctuations posing difficult management challenges for state parks and concerns that continuing development would cut off residents from accessing open space. By the time we produced a draft of the report, the debate was over closing parks altogether and whether Arizona might begin to lose population.

The landscape of Arizona's economy and the role of government are shifting dramatically. The change is likely to last for many years to come, and may be permanent. Many observers feel that the time when Arizona could rely on sunshine and cheap land to fuel a perpetual boom are over. The rising price of energy, global climate change, and the end of the consumer-driven economy are trends that may present challenges of unparalleled scope.

In many ways, Arizona's cultural and recreational infrastructure is a reflection of a different time. State parks have been built on assumptions about visitation and tourism that are rooted in the post-war era of auto travel and historic markers. The Arizona Game and Fish Department serves primarily a dwindling population of hunters and anglers. The Arizona Historical Society and Arizona Department of Library, Archives, and Public Records serve out-of-fashion missions largely in pre-Internet ways, patronized mostly by aging history buffs. The Arizona State Museum is unknown to nearly everyone. The State Land Department is governed primarily by rules dating from

statehood, designed in an era when barbed wire and stock tanks were the highest and best use of property.

This recitation is clearly too harsh. There are good reasons for how the state's institutions have been set up, and good reasons not to abandon long-standing practices too quickly. **But as we rush toward the state's centennial in 2012, it is hard to deny that the old ways of doing business do not seem to be working.** The budget crisis, the changing economy, and the coming centennial are certainly justifications to re-think a host of institutional structures and funding mechanisms. It is a good time, in short, to think seriously about the notion of stewardship.

Making Sense of an Accidental Collection

Arizona's state parks represent a diverse collection of precious resources, which does not present a coherent message about the role or value of these places and landmarks. **Diversity is the common denominator.** In talking with activists and professionals for this project, several themes for the system emerged.

- Arizona State Parks is one of the few departments engaged in operating historic sites throughout Arizona. The Arizona Historical Society (AHS), Arizona State Museum (ASM), and the Arizona Department of Library, Archives, and Public Records (DLAPR) have cultural missions and some similar activities, but AHS is focused on museums, DLAPR preserves the state's documentary history, and ASM manages the requirements of the *Arizona Antiquities Act*. **Arizona State Parks stands out because the department manages places that present Arizona's history where it happened.** As with all of Arizona's historic entities, the state parks that interpret the past have struggled for resources and recognition and to keep up with the best practices in conservation, interpretation, and partnerships. These facilities are conflicted about whether to be parks or museums or both.

No one is thinking about the future. It's so hard to just survive.
Parks Professional

The question is are you trying to sustain the mission you've got or something else? Preserve and protect historic resources? Provide recreation opportunities? You have a hodge-podge now. If you continue the multiple purposes, you have to use multiple sources of funding and multiple sets of criteria to make decisions.
Parks Professional

Recognize that the park system is 52 years old and recreation tastes have changed. There has to be a 're-vision' of state parks and not simply fix old infrastructure.
Parks Professional

- The state’s Main Street program, which helps rural municipalities with preservation and revitalization, and the Arizona Commission on the Arts are also substantial cultural players with which state parks and other historic resource agencies should have stronger ties.
- Along the Colorado River, state parks include marina operations similar to those managed by the U.S. Forest Service, U.S. Bureau of Land Management, or in the case of Lake Pleasant, Maricopa County. Many boaters probably have no idea which agency they are dealing with.
- In some cases, state parks are positioned as gateways into much larger federal recreational land. This niche is represented most prominently at Catalina, which serves as a “trailhead” for U.S. Forest Service holdings.
- Another niche is the protection of unique natural resources in Arizona such as Slide Rock, Tonto Natural Bridge, and Kartchner Caverns. Another is as a conservation anchor for a large eco-region, such as the Verde Valley Greenway.
- Most recently, the department has moved into the preservation of large areas of open space, including San Rafael Ranch, which used to be in private hands.

Because of the diversity of the collection and Arizona’s other public lands, Arizona’s state parks have tended to be lost in the shuffle. State parks in Arizona do not serve a single purpose, but rather serve several niches that are lost or neglected by other agencies.

This study was not intended to evaluate individual parks or their long-term significance or viability. The unfortunate reality is that in times of severe budget stress, a kind of park “triage” occurs where various parks in greater states of disrepair or with lower visitation tend to be at risk for continued operation. Historically, it has been only at such times that public discussion about the viability and role of individual parks takes place.

In fact, there is a need for a systematic, comprehensive evaluation of the individual parks in the system and the extent to which they contribute to Arizona’s cultural, social, and recreational experiences. But that cannot reasonably happen until there are criteria against which to measure the social, cultural, and recreational values of each facility. The Sustainable State Parks Task Force is looking at this issue to an extent with support from staff at Arizona State Parks. Some of the areas in which to rate, contrast, and compare might include (not in rank order):

- Economic viability and cost effectiveness for the agency and the host area
- Visitation history and potential
- Environmental value locally and for the state
- Social and cultural value locally and for the state
- Uniqueness of experience locally and for the state
- Role among other public lands locally and for the state
- Facility status and capacity
- Steward of first opportunity or last resort
- Partnership opportunities

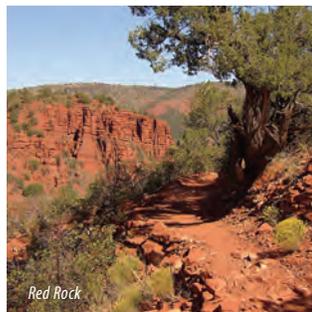
The long-term sustainability of the state parks system would be significantly enhanced as the result of a systematic scoring and evaluation of the current park assets against a list of criteria such as these. The evaluation would help analyze the status of existing parks and could also provide much needed guidance in considering the location and focus of future new parks.

How Should the System Grow?

Arizona’s expected population growth is just one factor highlighting the need to consider the future. Nationally from 1999 to 2008, the total number of participants in one or more of 60 outdoor activities grew from an estimated 208 million to 217 million. The number of days of participation across all participants and activities increased from 67 billion to 84 billion.²⁶ In Arizona, residents say they expect to do more outdoor activities in the

The future of parks is different from the future of other agencies because we could close down the system forever if we don't find a way to sustain them.

Parks Volunteer



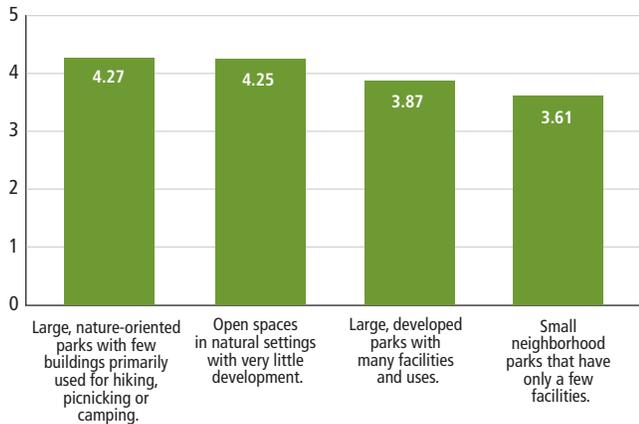
Before closing parks or finding new revenues, you have to prove you're an efficient and effective system.

Conservation Professional



Arizonans Favor Large Nature-Oriented Parks

Importance of Recreation Settings



* Mean Value on a 1-5 scale where 5 is very important.

Source: Arizona Statewide Outdoor Recreation Plan, 2008, Arizona State Parks.

future. What actually happens will be affected by driving and tourism trends, access to public lands, and competition among opportunities. Certainly, population growth will continue to mean more visitors, even if the proportion of the population using facilities remains static. Moreover, demographics are playing an important role in how Arizonans take advantage of outdoor recreation opportunities and facilities. In particular, young people's recreational interests are changing due to a number of factors, including recent innovations in technology and electronics. In addition, the growing Hispanic population and the aging of the baby boom will affect what Arizonans want in outdoor activities and cultural opportunities.²⁷

In surveys for Arizona State Parks:

- Access to public recreation lands is viewed as adequate generally, although that feeling is trumped by concerns that population growth is making it difficult to keep up with demand.

- Arizonans highly favored four types of outdoor facilities, but most supported large nature-oriented parks and open spaces in natural settings.
- The highest priority for future local development was maintaining existing facilities, followed by renovating existing facilities, and acquiring land for open spaces and natural areas.
- Conflict among users of public recreation lands is an issue for many and is expected to become more of a problem as the population grows.²⁸

In short, Arizona will have to prepare for more demand for outdoor recreation among an increasingly urban population that is constrained by time. Urban county parks and federal lands closest to city populations may be in line for the greatest use and highest awareness among the public.

Looking Ahead to the Next Stage for State Parks

There is no accepted nationwide grading scale for a state park system. There are simply too many variables and purposes to be served. Arizona's system is what it is—diverse, young, fragile, often neglected, and insufficiently promoted. What it does, it does relatively well, and at a bargain cost to taxpayers. What should it do in the future? How should it grow to serve more Arizonans and more visitors?

The fact that no state parks are located in Maricopa County has impacts on the overall system. The decision not to put state parks in Maricopa recognized that the county has a strong regional park system, and the municipalities in Maricopa County have significant mountain and desert preserve areas and other recreational facilities. Politically, however, this means that most of the legislative districts in the state have no state parks. Moreover, Arizona has a low number of visitors per capita in part as a result of not having heavily visited urban area parks. For example, Lake Pleasant, which is in part operated by Maricopa County Parks, has annual visitation of about 700,000, which is more than double any state park. South Mountain Park in the City of Phoenix counts annual visitation at more than 2,000,000.

The scenic, historic, and cultural attributes of parks must be balanced not played off one another.

Conservation Professional



Alamo Lake

What should the subsidy per visitor and per acre be? How many staff are required per visitor? How much money and staff are needed to maintain parks adequately? Can management be turned over to localities with help from volunteers? Decide what costs State Parks can afford based on these criteria and indicators.

Parks Professional

Special Challenges for Arizona

Careful strategic thought must be given to expanding the system:

- Should a high priority be given to parks that can be closer to self sufficiency than others? The goal of state parks is not to make a profit, and the benefits of parks extend well beyond those who visit. Parks are, after all, a classic function of government for just that reason. With nearly 80% of the current units in the system operating at a negative net-revenue per visitor, it is unlikely that the types of facilities desired by the public will be able to make the revenue needed to be self supporting. Even so, revenue capacity should be a part of the criteria for new acquisitions. The parks which operate at the highest net-revenue per visitor include Kartchner, Slide Rock, Catalina, Lost Dutchman, and Lake Havasu. Putting Kartchner aside as a unique, world-class attraction, the others fall into two groups: 1) water-related, high-tourist locations (Havasu, Slide Rock) or 2) parks near urban areas that function as entry ways into larger federal recreational lands (Catalina, Lost Dutchman). This suggests criteria that could be used to establish more parks with potential to approach self sufficiency.
- State Trust Lands are already a recreation resource far beyond those few Arizonans who purchase permits to use them. Recent failed attempts to reform the Arizona State Land Department (ASLD) have all included a “set aside” of significant acreage of State Trust Lands as permanent open space. Most recently, Proposition 106 in 2004 would have designated more than 300,000 acres immediately for conservation and education, and created a mechanism for the possibility of preservation of nearly 400,000 more acres. In that proposal, like the original 2000 Arizona Preserve Initiative, much of this land would have gone to cities and towns. The management structures in these proposals were not clearly defined, but tens of thousands of acres also would likely have remained with the State of Arizona for preservation. The ASLD has next to no capacity for ongoing open space management, though it could lease some of these lands for grazing. Portions of the identified lands have been called “crown jewels” for their aesthetic quality and recreational potential. **Arizona State Parks is the first and best choice to manage such properties for the public.** If such reform ever happens, State Trust Land could increase the acreage currently operated by the department many times over. Without such reform, ASLD and Arizona State Parks should explore more direct ways to integrate management of recreation on State Trust Land with the operations of the state’s parks.

- According to public opinion surveys done on State Trust Land reform, reauthorization of the City of Phoenix levy for acquisition of mountain preserve land, and preferences for recreation for Arizona State Parks, **public sentiments for conserving large tracts of open space and making it accessible to the public with relatively few improvements are strong.** San Rafael represents this sort of state park facility, and it is not yet open to the public. These types of holdings can conceivably be operated at a low management cost, but with limited visitation. Should these be considered a priority for future park development?
- **The high number of historic and cultural park sites poses challenges for the system due to high maintenance costs, small size, and low visitation.** This is not to say that these sites are unimportant or expendable. Arizona’s history as a state is thin, geographically spread, and often very threatened. This does suggest, however, that different models for maintaining these facilities should be considered.
- Sources of funding for future park acquisition include private donations, specific appropriations, and the Heritage Fund, all of which have been used in the past. State Trust Land reform may result in the transfer of acreage without cost to Arizona State Parks. **If an approximately \$10 million annual capital fund were established—after critical repairs are made—a portion of that sum could be set aside for future park acquisition.**
- Spur Cross Ranch—involving city, county, and state resources—suggests a fruitful model which should be replicated elsewhere. There, the fear of development resulted in activists urging an unusual level of inter-governmental cooperation. Recent developments with Homolovi and Tonto Natural Bridge, and the further development of the state-city relationship for Yuma’s parks highlight that partnership models can work well. Perhaps such partnerships can be a way to expand the reach of state parks deeper into Maricopa County, the main population center of the state, thereby increasing visitation and support. Or perhaps some of the smaller parks that struggle most with low visitation, such as Fort Verde or McFarland, could be more directly supported by constituencies in their immediate area.
- All resource managers—federal, state, local, and non-profit—are extremely stressed for resources. Yet many of these managers and the agencies they serve are potentially duplicating infrastructure of different sorts. The nonprofit organization Be Outdoors Arizona is working on a project to identify where agency collabo-

ration might reduce redundancy, share best practices, and increase efficiency in the delivery of outdoor experiences. A larger effort of this kind could inventory the state's suite of recreational opportunities and identify opportunities for joint marketing, audience development, information dissemination, reservation and referral, management, purchasing, and so on. If such a system were created and institutionalized, it could even look at facility acquisition and development across different agencies.

- As of Summer 2009, several groups are considering ballot initiative campaigns for funding to support various quality of life issues. Some of these are aiming at the 2010 election and some at 2012. Some are targeted to nonprofit arts and cultural institutions, while some propose a broader impact. Sales taxes appear to be the likely funding mechanisms. There is clearly a risk that several competing proposals will emerge. Parks and outdoor recreation consistently poll at the top of quality of life issues supported by the electorate, but it is not clear such uses will be part of these proposals.

The Structure of the Arizona State Parks Department

Should the Arizona State Parks department continue to function as a stand-alone independent agency? Or should it be combined or even split up and recombined in a different structure? Should the autonomy of the State Parks Board be increased to give it more flexibility in funding alternative needs? These questions were not explicitly within the scope of this project. But a number of comments about these issues were heard in the course of this project.

A Super Agency for Parks and Natural Resources?

In Colorado and Montana, among numerous other states, the state parks department exists as part of a larger natural resources agency. The reasoning is that environmental protection and recreation are interdependent. In Arizona, such a combination conceivably could include the Department of Environmental Quality, Department of Water Resources, State Land Department,

and Game and Fish, in addition to State Parks. Most observers did not think this complete combination made sense or would result in saving money or meeting the missions more creatively. Many feared that parks would be lost in a larger agency. Some functions, such as human resources and other administrative tasks, could be combined through this sort of mechanism. But economies of scale can be realized through means short of full-scale reorganization. Creating such a super agency would involve reconciling different functions and purposes. The Department of Environmental Quality, for example, is a regulatory agency that carries out federal and state mandates and imposes restrictions on state and local government and the private sector. The Department of Water Resources has regulatory functions as well as advocacy and planning duties dealing only with Arizona's water supplies. Neither agency owns or manages hard assets. At the same time, concerns for sustaining Arizona and overcoming the challenges of large urban populations in a fragile, arid climate could well argue for putting concerns about land, water, and recreation in the same department.

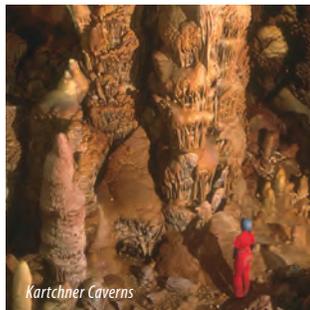
The Arizona State Land Department is the steward for millions of acres, but its mandate is specific and narrow compared to the parks department. State Trust Lands are held, disposed of, and managed for the express purpose of making money for designated beneficiaries, generally K-12 education. ASLD's role is set out in Arizona's constitution and governed by federal enabling acts. Its mandate has been a source of controversy and confusion in attempts to reform ASLD. As that reform moves forward in the future, the relationship between State Trust Lands and long-term open space and recreational needs will have to be considered. Combining the departments, however, would mix very different requirements and create an "apples and oranges" entity with even more responsibilities than the current one has. Still, ASLD already is a player in recreation and stewardship.

I think ASP needs to take opportunities to develop facilities that are going to generate income—marina, hotel... and to find a system that works in state government to do that. The 50-plus generation is looking for activities, but there has to be more than just a campsite to attract them.

Parks Professional

We should be talking about state parks like a real estate office. These are holdings, and no two parks are alike.

Public Policy Professional



Kartchner Caverns

State parks can't exist as islands. You have to broaden to incorporate federal/county/local parks and public lands so that we are looking at the entire system and the role of state parks within a larger integrated system.

Conservation Professional

The Arizona Game and Fish Department has a historic role in dealing with open space recreation and habitat conservation. It also has significant dedicated funding streams from hunting and fishing licenses and other sources. These groups are effective constituencies, but the numbers of their active participants are decreasing. The water-based recreational parks logically could be combined with Game and Fish operations. Separating those uses and their constituencies from other open space and outdoor recreational demands seems irrational in a changing marketplace for outdoor activities.

A Super Agency for Parks, Arts, History, Preservation, and Culture?

One dilemma of combining state parks with the game and fish functions, however, is how to deal with the historic parks and historic preservation programs. Several observers suggested combining historic and cultural functions into a different kind of super agency. This state entity could include the Arizona Commission on the Arts, Arizona Department of Library, Archives, and Public Records, Arizona Historical Society, State Historic Preservation Office, Arizona State Museum, and the historic state parks. Doing this would create a single, centralized department dealing with Arizona history, arts, and culture and end the fracturing of the cultural and historic purposes of Arizona state government. Recent state budget choices make this option especially appealing. For example, the Arizona Historical Society has been marked for a phase out over the next five years. The Arizona Department of Library, Archives and Public Records cannot afford to operate a state-of-the-art archives building that opened in 2008.

The combination of arts and cultural concerns would have a particular benefit for the historic state parks. Since they have straddled the fence on whether they are parks with historic structures or historic museums, a larger agency in which the point is preservation and interpretation would bring more museum expertise to these vital resources. Disparities and fragmentation among Arizona's cultural agencies have meant that

Arizona does a poor job of telling an integrated, accurate story about all aspects of its past. Without a coherent story and state-of-the-art methods, residents and tourists have few reasons to visit the parks. In addition, some entities, such as Arizona's tribes, may be passed over by the interpretation and left out of opportunities for partnerships.

Of course, restructuring simply for the sake of restructuring is unwise. An analysis of agency structure, efficiency, and operations is far beyond the scope of this report. However, state parks—and all of Arizona—may be better served through new thinking about integration.

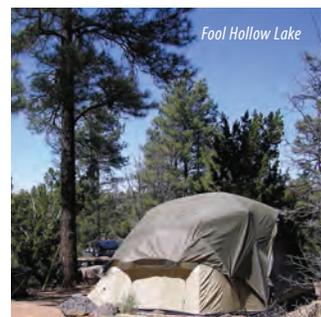
Filling the Need for Funding Flexibility

Arizona State Parks and Arizona Game and Fish Department are two of the few state agencies with separate fiduciary boards. Both boards are appointed by the governor and confirmed by the state senate. They hire and fire the director and set the priorities for the department. **Unfortunately, the authority of the State Parks Board to set policy and priorities for park management has been significantly undermined by legislative involvement in the minutia of the department's budget. The result has been detrimental to the long-term interests of the parks and the agency.**

If the State Parks Board had full authority over a single pot of money for state parks, they might make more careful and long-term managerial decisions. It might be appropriate, for example, to close several parks for a few years and divert what would otherwise have been operating money for those parks to make capital repairs in other parks. It might be reasonable to decide that the highest priority should be enhancing revenue opportunities such as better camping facilities at parks where such opportunities exist. That money could then be put back into improvements in other parks. In addition to setting evaluation criteria for the parks, this is precisely the sort of stewardship that the parks board could and should provide. It cannot do so, however, when the legislature itself shifts monies and pulls dollars back into the General Fund.

We're doing a poor job of preserving our historic sites. Arizona is losing its history without communicating its value to residents. State parks are actually operating museums. A shift to that focus could help them do things a lot better.

Preservation Advocate



Put parks where we know people will be. Think about a rail station at Picacho between Phoenix and Tucson that could be an entrance point for Picacho Peak visitors.

Parks Volunteer

This dilemma is further exacerbated by the numerous special funds now administered by the parks department. But because some of those funds were created by voter initiative, they could not be combined into the “single fund” management option. This is an additional reason why accounting for the grant programs should be separated from state parks operations and capital.

How Can We Fund the Future for Arizona's State Parks?

Arizona State Parks has suffered from *inadequate* funding and *unstable* funding.

If the current dilemma were simply one of insufficient funds, the choices would be simple—either downsize the system to fit revenues or increase revenues to fit the system.

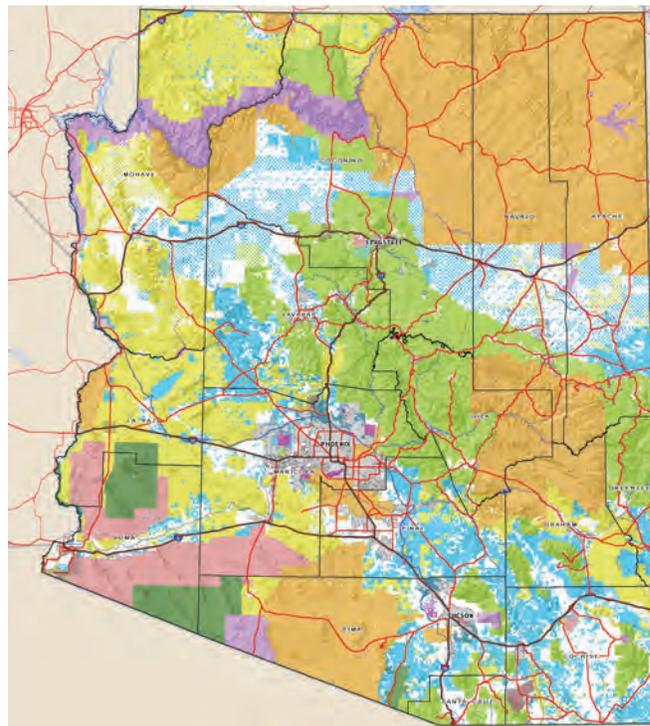
But the problem has been made worse by on-again-off-again support over nearly a decade. Arizona’s entire state government suffers from severe fluctuations in revenue. This results largely from the growth-based nature of the Arizona economy and choices by policy makers to rely on volatile taxes, notably sales tax, and view cultural and recreational assets as able to “fend for themselves.” Sales taxes have a benefit to Arizona residents—visitors also pay them and they go down when economic activity decreases. However, they can also place an extraordinary burden on all levels of government, as recent crises have illustrated.

Funding Sources for Arizona to Consider

A review of other states found a wide variety of state parks funding mechanisms, including dedicated tax revenues, bonds, endowments, and private fundraising.

Dedicated funding streams sound great to the advocates of each one. Arizona’s history of approving such sources would suggest that they often meet with the public’s approval too. The Arizona Preserve Initiative, Heritage Fund, First Things First, and the K-12 funding from Proposition 301 are examples of situations where advocates and leaders persuaded Arizona’s electorate

State Trust Lands May Be a Key to Future State Parks



State Trust Lands indicated in **BLUE**. Other colors show private and other public land. Source: Arizona State Land Department.

to create a specific funding stream for a worthy, important cause—in part because it had not been addressed sufficiently by the Arizona Legislature. **For all of the funds’ value and variety, however, Arizona’s penchant for dedicated sources—particularly when coupled with Proposition 105, the Voter Protection Act²⁹—has tied the hands of the state’s policy makers.** In 2009, more than half of state revenues are devoted to mandated and protected spending, thereby increasing pressure on other state programs, which disproportionately suffer in times of revenue decline. Right now, Arizona State Parks is in this disadvantaged position. While one response is to seek dedicated funding protection, the more uses that do

We are increasingly disconnected from the natural world, which has led to a very different generation of people who are quite afraid of other people and of nature.

Conservation Professional



Cattail Cove

If we aren’t making money how will anybody else? Privatization just doesn’t make economic sense. Also consider local economic impact: Rural communities benefit from state parks more, but those with biggest benefits to the local economy are the most costly to provide.

Parks Professional

so further decrease the legislators' capacity to adjust in downturns. And as has been shown recently, even dedicated funds can be tapped to rescue the General Fund. Lawsuits have been filed contesting the legislature's ability to do this. Thus far, court decisions have sided with the funds rather than with the legislature. However, the message is clear that almost no funds are safe—unless they are not actually state funds at all.

Ultimately, four choices exist to increase support for state parks:

1. Boost fees and revenue at the parks.
2. Increase existing sources of public funds.
3. Find a new source of public funds, such as a dedicated tax levy or revenue stream.
4. Locate someone else, public or private, to pay some of the costs.

In times of budget stress, state parks risk falling to the bottom of policy makers' priority list. Despite their importance to residents, parks tend to be viewed as a kind of governmental "luxury" that can be sacrificed when money is scarce. Park advocates argue strongly with this outlook: parks provide a quality of life enhancement available to everyone and are perhaps most important when economic downturns reduce residents' options for recreation, learning, and relaxation.

Unfortunately, the record in Arizona is that even when the state's economy recovers, the public spending needed to backfill and then optimally fund state parks does not materialize either. This cycle now seems perpetual. "Parks are great, but not right now." One critical way out is to make the system better known and more compelling. Another is to consider new sources of funds. Some might be:

Royalties from Resource Development

Michigan and New Mexico have linked resource royalties to parks. The logic is sound: a state's natural resources, such as oil and gas, are being exploited, often to the state's aesthetic or

environmental detriment. Thus, some revenue should be dedicated to improving the quality of the natural environment, by, for example, acquiring open space or enhancing parks. Arizona has not been known for oil and gas resources, but transaction privilege taxes (TPT or sales tax) are in place for mining, oil, and gas, as one of 21 categories. In 2007-2008, the "mining, oil, and gas" category generated some \$216.7 million, of which about \$61 million went to the General Fund. A "severance" tax is in place for copper and other mining operations, although at 2.5% of the difference between value and production costs, it generates less for Arizona than might be thought. The proceeds are split among counties, cities, and the state's General Fund. In FY 2007-2008, the state realized just \$12 million from more than \$1.8 billion in taxable mining sales.³⁰ An increase to 3.5% would raise the state's portion to approximately \$17 million. Perhaps there are circumstances where resource royalties could be considered to support state parks. For example:

- **State Trust Land** Arizona's relative wealth in its remaining State Trust Lands has been well documented. As noted earlier in this report, trust land may be a source of future park land. As the next economic cycle renews demand for land and development, State Trust Land will again be a major revenue producer for the state. But each parcel of State Trust Land already has a dedicated beneficiary. Adding state parks would take amending the constitution and, literally, an act of Congress. But could some small piece of trust revenues to the common schools be dedicated to environmental and outdoor education for programs developed by schools and state parks?
- **Sunshine, Wind, and New Lines** Arizona has plenty of sunshine and wind, and increasing demands and new power plants are necessitating more transmission lines. **In this dawning era of renewable energy, could a small royalty stream from the development of solar or wind energy or placement of new transmis-**



Privatizing parks would lead to keeping the crown jewels and dumping the rest. The better alternative is smart good concession packages.

Conservation Professional



Development around parks, such as Union Pacific in Pinal, should have to mitigate effects on state parks.

Parks Volunteer

sion lines be created to support state parks and other environmental enhancements? Could a surcharge be imposed by the Arizona Corporation Commission as a kind of “mitigation fee” for solar development?

Park Restoration Bonds

Maryland and other states have used bonds to help their park systems. Bonds are just a means of public borrowing, however, and the revenue to repay them has to come from either general funds or dedicated revenue streams. Bonds could be coupled with such a stream to produce sufficient dollars for capital improvements.

Local Capital Bonds

Bonds might be used to follow the model of the City of Phoenix and Arizona State University’s Downtown Campus. There, the local jurisdiction, Phoenix, had bonding capacity and its electorate was willing to use it to acquire buildings and construct new facilities for Arizona State University. Phoenix voters decided that having a major university presence in their downtown was a desirable economic development mechanism. The bargain that was struck was that Phoenix would provide the capital investment. ASU would provide the programs and run the facilities as a major university campus. **One can imagine a similar program in which local jurisdictions desirous of having a state park or investing in an existing facility might float bonds to make the capital improvements based on a partnership with the Arizona State Parks department to operate the facility.**

Dedicated Sales Tax

Missouri has a dedicated sales tax of a tenth of 1% for state parks. Dedicated sales taxes are Arizona’s favorite solution to fiscal problems. Currently, a temporary sales tax increase is under discussion as a means of closing the state budget deficit. Arts advocates are also exploring a ballot initiative to add a tenth of 1% to the state sales tax for nonprofit arts and cultural

resources. As drafted now, parks and open spaces are not part of the plan, but perhaps they could be. Some amount of money for state parks might be added to this levy and distribution policies expanded. **Another option under discussion in some quarters is to develop a quality of life initiative for Arizona’s 2012 centennial under a name such as “Building a Richer Future.” Parks, arts, open spaces, arts education, and related items could be brought together for the broadest appeal, and thus, the greatest potential for passage and long-term impact.** A variety of observers questions whether sales tax is nearing a maximum level, and asks whether such levies will become more difficult to justify. In Arizona, a rough estimate of a tenth of 1% on retail sales in today’s poor economic environment would produce approximately \$44 million per year.

Real Estate Transfer Tax

Arkansas, Florida, Hawaii, and others fund state parks with a portion of a dedicated real estate transfer tax. These low-rate taxes, often less than 1%, are paid every time a residential home within those states sells. This mechanism is not allowed in Arizona since voters approved a constitutional amendment in 2006 to prohibit real estate transfer taxes.

Dedicated Property Tax

Property taxes are levied in a variety of forms to support county, city, school district, and other special district activities. The “primary” tax funds basic services, whereas the “secondary” levy provides resources for “voter-approved bond issues, voter-approved budget overrides, and special district levies, such as a flood, library, jail or fire district.” Each county sets its own tax rates, depending on its priorities, capacity, and legal limitations. For example, the library district tax rate in Pima County for 2009-2010 was approved at 26.4 cents per \$100 of assessed valuation. That level is expected to generate approximately \$37.4 million.³¹ Since most property taxes are collected at the county



Minnesotans Choose a State Sales Tax for Quality of Life

States are recognizing that cultural and natural resources are important lifestyle amenities even during these challenging financial times. Minnesota operates 66 state parks. Minnesotans passed a ballot measure in 2008 that increased state sales tax for clean water, wildlife, cultural heritage, and natural areas. The tax increase of 3/8 of 1% will be in place through 2034. Advocates attributed the strong passage to the combination of quality of life issues, not just heritage or open spaces.

level and debates continue about state-level property levies, a statewide property tax for state parks does not appear to be feasible currently.

State Endowment

Arizona ArtShare is an example of a state endowment, the proceeds of which fund arts activities statewide. Administered by the Arizona Commission on the Arts, Arizona ArtShare combined public appropriations with private funds. The original plan in 1996 was \$20 million in state funds would be matched by private dollars. The endowment's earnings would then support grants to arts and culture activities. Oregon and Texas have similar endowments. In the current budget situation, it is unlikely that the state could find monies to dedicate to an endowment, but at some point in the future this might become more feasible. Arizona ArtShare has been reduced by the Arizona Legislature in lean years. Advocates prevented the fund from being zeroed out in 2009, but the fund was reduced to approximately \$10.4 million, a loss of more than \$4 million.



License Plate Surcharge

Montana has imposed a surcharge on non-commercial license plates with the revenue going to state parks. In exchange, anyone with a Montana plate is admitted to state parks free of charge, although other fees apply and this is just one source of funding for the state's parks. The public may opt out of this charge and about 25% choose to do so. Out-of-state park visitors still pay entrance fees. Michigan is considering this idea now, and California has looked at it. The state of Washington moved from a completely voluntary program to an automatic \$5 charge, unless someone chooses to opt out of the "donation." The funds are "keeping parks open." Without the dollars, many parks would have been closed.

Revenue would vary depending on what vehicles are included and excluded. But, for example in FY 2009, Arizona had just over 4.3 million registered non-commercial vehicles. A state

A License Tag Surcharge Could Generate Funds for State Parks

Estimated Revenue

\$ License Surcharge	Total \$ Generated* (millions)	\$ After Opt Out** (millions)	\$ Out-of-State Fees*** (millions)	\$ Available (millions)
4	17.2	12.8	5.0	17.8
8	34.4	25.6	5.0	30.6
10	43.0	32.0	5.0	37.0
15	64.5	48.0	5.0	53.0
18	77.4	57.6	5.0	62.6
20	86.0	64.0	5.0	69.0

* The Motor Vehicle Division reported 4,311,655 non-commercial registrations for July 1, 2008-June 30, 2009. Revenue potential is calculated on 4.3 million vehicles.

** For illustration, an "opt out" estimate is made at 25%.

*** Out-of-state visitors would continue to pay the regular entrance fees. About half of state park visitors are from outside Arizona. Revenue from their fees is estimated at \$5 million annually. Administrative costs have not been included here but would be low based on experience with other license tag programs.

Source: Arizona Motor Vehicle Division (MV66072M MV660-734-01, July 6, 2009) and Morrison Institute for Public Policy, 2009.

parks surcharge in Arizona of \$10, which has been proposed in Michigan, for each registered vehicle, would raise approximately \$32 million if three quarters of Arizonans complied. Out-of-state visitors would continue to pay, which currently produces about \$5 million annually. Arizona State Parks would receive a net total of about \$37 million.

This sort of fee has several positive attributes:

- It is relatively stable.
- It will continue to grow with population as long as cars remain the dominant mode of transportation.
- It has a "quid pro quo" aspect, making it politically more resistant to being taken from parks in times of budget stress.
- It provides a direct benefit to Arizonans.

Have to look past today's crisis to see how best to serve Arizonans.

Parks Volunteer



As for funding, it's really important for Arizonans that we show what they get in exchange for the revenue stream.

Elected Official



If a super agency for parks, history, culture, and arts were created, the amount needed would increase. Recent General Fund expenditures for the Arizona Historical Society, Arizona Department of Library, Archives, and Public Records, Arizona Commission on the Arts, Arizona State Museum, and Arizona Department of Mines and Minerals (for the mineral museum) total approximately \$22 million. These agencies would still develop receive and generate funds from other public and private sources. The levy would need to be about \$15 to generate sufficient funds for state parks and to replace the General Fund revenues at the other history and culture entities.

Concessionaire Licensing or Leasing

A number of states are more aggressive than Arizona is with concessionaire fees and leasing of entire parks for concession operation. The dilemma here is that state parks visitation in general is low. Only a few of the parks have sufficient use to interest concessionaires in investing. But if those parks were in any significant measure “privatized,” the effect would be to remove the parks most nearly able to support themselves from the system, leaving the balance of the system at an even lower capacity. **Observers noted that Arizona’s parks department has some long-term concession agreements that have not produced sufficiently for the state.** For example, parks on the Colorado River have been locked into long-term contracts which logically should produce much more revenue. **Fortunately, several of those agreements will come up for renewal soon, offering an opportunity to enhance revenues and expand services.**

Trust Funds and Tobacco Product Taxes

Some states have used either the tobacco trust fund settlements or tobacco product taxes for state parks. In Arizona, these sources have been marked for health and youth programs, among other purposes, and do not appear to be available. These funds generate substantial amounts, including for FY 2008-2009 approximately:

- \$68 million in the Tobacco Tax & Health Care Fund (This was formerly the Health Care Fund.)
- \$102 million in Tobacco Products Tax Fund (Proposition 303 raised tax rates in November 2002.)
- \$3.3 million in Smoke Free Arizona Fund (Proposition 201 increased tax rates in December 2006.)
- \$139 million in the Early Childhood Development and Health Fund (“First Things First” was created by Proposition 203, raising tobacco tax rates in December 2006.)³²

Off-Highway Vehicle (OHV) Registration Fees

California, Colorado, and Utah have OHV registration fees, some portion of which goes to fund state parks. Arizona does not have a registration fee for OHVs. Rather the state has a fuel tax and a decal program. Arizona’s Off-Highway Vehicle Recreation Fund receives 0.55% of each year’s state motor vehicle fuel taxes. Proceeds support off-highway vehicle recreation management. The OHV Recreation Fund currently accrues approximately \$2.8 million annually in gasoline taxes from the Highway User Revenue Fund; Arizona State Parks receives 70% and Arizona Game and Fish Department receives 30%.³³ The bulk of Arizona’s fund flows through a state parks grant program to public entities throughout the state. In addition, Arizona has a \$25 OHV decal that users must purchase annually. Revenues will increase funding and grant programs for trail maintenance, signage, maps, facility development, habitat damage mitigation, education, and enforcement. The decal fund helps to protect Arizona public lands and trails, but it does not pay for operations or capital improvements at specific state parks. OHVs could be included in the registration surcharge discussed above. Including OHVs in the mix would add approximately \$1million at \$4 annually to \$5.3 million at \$20 per year.³⁴

Arizona State Parks needs to be more entrepreneurial.
Tourism Professional



If you have a large infrastructure park system like in the East, you look at privatization. In Arizona you look more to local communities for help.
Parks Professional

The Arizona system could never be privatized and be economically sustainable.
Parks Professional

Income Tax Check Off

Montana and Georgia allow taxpayers to send a specific dedicated portion of their income taxes to support state parks. While this is possible in Arizona, the other states' experiences show that the revenue generated is insufficient to meet state parks' needs. Arizona is similar, based on the example of the Citizens Clean Elections Commission. Arizona's income tax payers may donate to this fund through an income tax check-off or voluntary donation. The check-off generated \$5.6 million for returns filed in 2009. The voluntary donation produced less than \$50,000.³⁵

Development Fees

Most local governments in Arizona now use development impact fees—charges on new development—to fund public infrastructure, including roads, sewer and water systems, police and fire stations, and city parks. Arizona statutes explicitly authorize such fees. There is no such authorization or mechanism for collecting a statewide development fee for parks. But the logic applies: new development and growth bring recreation demands. If the system is to expand with the state's population, shouldn't that growth be part of the means of paying for the demand it creates? A new statute could authorize such a fee to be collected, for example, on all new residential building permits statewide. These types of fees, however, while potentially increasing revenue, do not help stabilize revenue. Impact fees are among the very most volatile sources of public revenue. At the height of the recent housing boom for example, a fee of \$1,000 in Maricopa County alone would have generated \$42 million on approximately 42,000 building permits. With the housing bust, the proceeds would fall to as little as \$1 million for 2009.

Surcharges on Tourism

Many states, including Arizona, have dedicated tourism charges that support attractions that tourists use and appreciate. Tourists represent about half of state parks visitors. Going

Tourism Taxes Are Traditional Revenue Sources for State and Local Government

Estimated Potential for Tourism-Related State Sales Taxes

Sector	\$ Now	\$ 50% Increase	\$ 100% Increase
Lodging	122,123,171	183,184,757	244,246,342
Restaurant/Bar	124,335,135	186,502,703	248,670,270
Retail	300,271,325	450,406,988	600,542,650
Amusement	4,074,933	6,112,400	8,149,866

Source: 2008 Gross Sales reported by Arizona Department of Revenue. Estimated state tax collections by Arizona Hospitality Research and Revenue Center, Northern Arizona University.

forward, could some portion of these revenues be diverted to support state parks? This would result in spreading revenue much more broadly around the state, but doing so also benefits the metropolitan areas, which serve as the principal ports of entry for tourists visiting Arizona. A limited increase in one or several broad categories could provide substantial funding for state parks.

The Arizona Sports and Tourism Authority comes up frequently in discussing potential funding sources since this state-authorized entity collects a 1% hotel bed tax and a 3.25% rental car surcharge. These funds and several others support the Arizona Cardinals stadium bonds, tourism marketing and promotion, Cactus League development, and sports for youth. The rental car tax produces more than \$5 million per year. The bed tax produces about \$36 million per year.³⁶ Bed taxes are used in addition for tourism promotion by most municipalities.

Local Partnerships

Some state parks, such as McFarland or Fort Verde, serve as historic focal points for the communities in which they are located in addition to having state-level significance. **The prominence and prestige of these smaller state parks are important**

Privatize? Absolutely not.

Elected Official



Privatization? Sure. I would be open to that idea.

Public Policy Professional

Privatization is the worst idea I've ever heard. If Arizona State Parks is going to survive, we must find a way to generate revenue other than the State Lake Improvement Fund.

Parks Professional

to the immediate area and suggest opportunities for municipalities, tribes, and local organizations to shoulder a larger portion of the cost of their operations.

The recent funding crisis has prompted two examples that deserve consideration as models for elsewhere in the state. Homolovi Ruins State Park is remote and sparsely visited. It is also historic, sacred to the Hopi tribe, and the only state park dedicated to American Indian culture. Designated a state park in 1986 and opened in 1993, Homolovi showcases a 14th century Hopi farming settlement and highlights the importance of the Little Colorado River. While location works against Homolovi in terms of visitation, it is advantageous as a gateway to Hopi culture. To stave off closure and be able to create a successful long-term park, the Hopi tribe is discussing a potential financial partnership with the Arizona State Parks Board. The tribe has offered to staff the park and has designated funds to help promote the site. Discussions about long-term collaboration on the funding, staffing, and promotion of Homolovi are continuing.

The Town of Payson and other partners have paid to keep Tonto Natural Bridge open during peak summer periods. The closure of Tonto in February 2009 due to budget shortfalls and unsafe conditions at its historic lodge meant that one of Payson's main

attractions would be shuttered for the summer season. Early in May 2009, Payson's mayor announced that town and community funds would be used to open Tonto for Memorial Day and approximately four other weekends. Payson also would provide volunteers to help staff the park. The short-term funding for summer 2009 shows what could be done year round and among numerous municipalities and state parks.

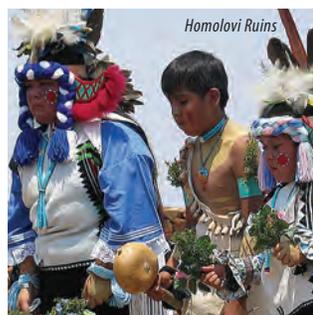
Private Fundraising

Through the Arizona State Parks Foundation and various park-specific support groups, Arizona has a history of some private fundraising, and more could be done. For example, Washington has a \$4 million capital campaign in the works. Kentucky and Missouri offer lessons for state parks as do the "cooperating associations" for the National Park Service. The associations, which are often major publishers of works related to the parks and their locales, contribute approximately \$61 million to various national parks annually.³⁷ Foundations and Friends can supplement public funding in substantial ways and at significant levels.

This review of options from other states is useful to spur thinking about how Arizona might devise a better system for sustaining its state parks.

Given Arizona's attitudes, history and current policies, the most likely potential sources of new revenue for parks appear to be: a dedicated sales tax, perhaps tourism based or part of a larger "quality of life" tax, a license plate surcharge, and local partnerships. Any of these with a stable revenue stream could provide a basis for bonding for capital improvements. The license plate surcharge concept seems the most fruitful because the benefit of providing free admission creates a "quid pro quo" for Arizona citizens.

Tribes have significant interests in many park regions. Homolovi should be a gateway to Hopi.
Public Policy Professional



Remember tribal history. Tribes should be stronger partners in parks and their interpretation.
Public Policy Professional

Increase events. Increase programming. Increase partners.
Tourism Professional

Funding Options Differ in Feasibility and in Capacity to Support State Parks

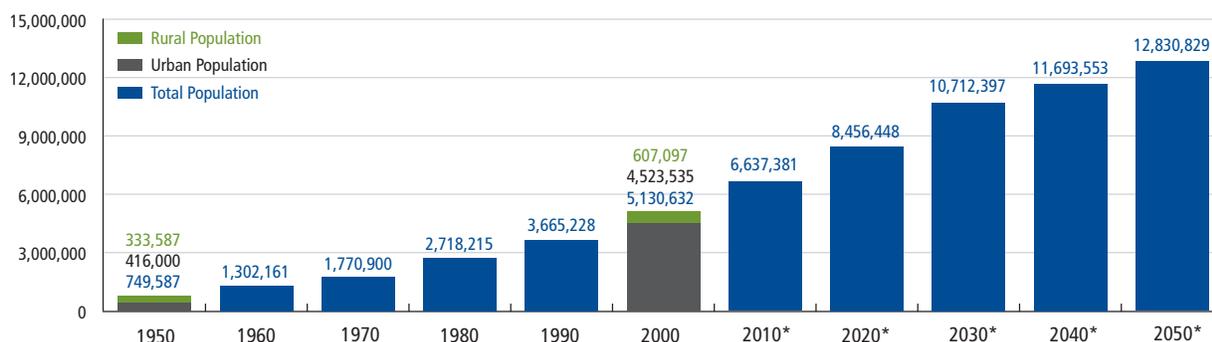
Type	Possible in AZ	Political/ Administrative Feasibility	Enough \$	Growth Potential*	Stability**
State Land Trust royalties	No	Not allowed in Arizona Constitution.	NA	NA	NA
Renewable energy and new lines royalties	Yes	Severance taxes are already in place. Legislative approval required.	Yes	Yes	High
Park restoration bonds	Yes	Must identify available revenue stream. Better for capital costs than operating. Legislative approval required.	Yes	Yes	Medium
Local capital bonds	Yes	Partnerships are needed. Better for capital costs than operating. Voter approval required.	Yes	Yes	Medium
Dedicated sales tax/ tourism surcharges	Yes	Significant competition in a no-tax environment, but a possibility if combined with other items. Legislative and/or voter approval required.	Yes	Yes	Medium
Real estate transfer tax	No	Not allowed in Arizona Constitution.	NA	NA	NA
Dedicated property tax levy	Yes	Property taxes are less favored than sales taxes. Legislative and/or voter approval required.	Yes	Yes	High
State endowment	Yes	Arizona has experience with endowments. Legislative approval required. Public-private partnership opportunity.	Yes	Yes	Medium
Trust funds and tobacco product taxes	Yes	Current revenues are already dedicated.	NA	NA	NA
Income tax check off	Yes	Produces relatively little revenue.	No	Yes	Low
Concessionaire licensing or leasing	Yes	Contracts already in place to build on.	No	Yes	Medium
OHV registration fees	Yes	Current program could expand. Legislative and/or voter approval required.	No	Yes	Medium
Development fees	Yes	State-level fees would have to be authorized by the legislature.	No	Yes	Low
Local partnerships	Yes	Opportunities are great for public, private, and nonprofit sectors working together.	Yes	Yes	High
License plate surcharge	Yes	Marries resident benefits with fees for tourists. Legislative and/or voter approval required.	Yes	Yes	High

* Growth potential is seen either as yes or no.

** Stability is high, medium, or low.

Source: Morrison Institute for Public Policy, 2009.

Arizona is Expected to Keep Growing Population 1950-2050*



* Projected.

Source: U.S. Census Bureau and Arizona Department of Commerce.

Nine Observations on the Future of Arizona's State Parks System

- 1 Because the state parks system was not assembled as the result of a specific philosophy or policy, it would be desirable to adopt an evaluation system to score the strengths and weaknesses of existing parks, their contributions to the system, and their role in public recreation and cultural appreciation as a whole. Such rating regimens have been used elsewhere and would be useful in making decisions about the relative importance of individual parks.
- 2 No blueprint exists for how the system should grow. After scoring the existing parks, criteria should emerge to guide expansion. State parks as trailhead operations connected to larger federal land holdings represent a positive growth strategy as does the Spur Cross model and partnerships among all public land managers.
- 3 Because the need to support and improve existing parks is so great, a significant dedicated source of funds for future expansion is unlikely in the near term. This makes protecting the Heritage Fund, reforming State Trust Land, and increasing private contributions critical to sustaining and expanding state parks.
- 4 Visitation at all of Arizona's state parks must be increased. Marketing studies have been done, but too little appears to have come from them thus far. Creativity and partnerships will have to compensate for inadequate resources.
- 5 Arizona State Parks actively should explore alternatives for the future of the smaller, less-visited sites. These alternatives include working with local governments, creating strong local funding partnerships, or ceding a site to another public or an appropriate nonprofit agency.
- 6 Arizona State Parks should seek to change its accounting and budgeting processes to separate the grantmaking, historic preservation, planning, and statewide functions from park operations. The parks system is disadvantaged in telling its story by the complexity of the existing framework. Operating and capital monies for the parks should be combined into a single fund managed by the State Parks Board.
- 7 If agency reorganizations are considered, the most logical alignment appears to be combining recreational aspects of state parks with the Arizona Game and Fish Department. The historic parks, the State Historic Preservation Office, and many of the grant operations would more logically be combined with the Arizona Historical Society, Arizona Commission on the Arts, Arizona Department of Library, Archives, and Public Records, and Arizona State Museum. However, consideration of this issue requires more study.
- 8 Sustainability of the parks system depends in part on creating smart incentives for park managers. Thus, the State Parks Enhancement Fund should be returned to its original purpose of using state park revenues to improve Arizona's state park system. State park managers then should be tasked with determining where and how revenues could be increased throughout the system.
- 9 If a new dedicated funding stream is considered for state parks, the three best alternatives are: 1) the state license plate surcharge; 2) part of a dedicated state sales tax levy for a quality of life package including arts, cultural, recreational, and open space purposes; or 3) a tourism-oriented levy dedicated to state parks and other visitor attractions. The state license plate surcharge stands out as an opportunity for Arizona because it would provide funds for parks and support development of visitation by Arizonans by allowing them free entry.

We must do better appealing to all Arizonans.

Elected Official



Patagonia Lake

The people who ride around on ATVs might be the ones who end up saving our parks.

Parks Professional

To own assets and not maintain them is the most reckless sort of stewardship.

Preservation Advocate

STEWARDSHIP AND ARIZONA'S STATE PARKS

As we worked on this report, and the magnitude of the state's budget crisis became apparent, we were struck repeatedly by the "tragedy of the immediate crisis." Ask any resident or elected official if parks are important, and they will likely answer "yes." Ask them where park funding ranks in the priority of public needs, and the same person will probably move it toward the bottom. Health care, criminal justice, social services, and education will almost always come first. In the perpetual "immediate crisis" that so often characterizes Arizona, sufficient support is almost never left for the parks. Every year the deterioration continues; every year the price of stewardship increases; every year we fall further and further behind.



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The most critical themes which emerged from this effort run throughout this report:

- Hard assets cannot be responsibly managed with wild swings in funding. A stable, predictable, and adequate source of support for Arizona's state parks must be found or the system will not survive.
- Individual parks need to be evaluated for their contribution to the system and long-term sustainability. Some

parks may need different management models altogether. Criteria are also needed for system expansion.

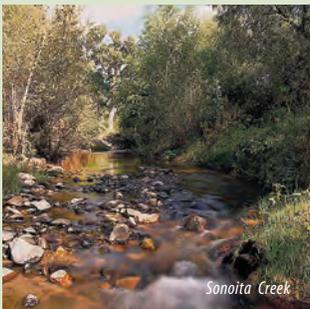
- State park visitation must be increased. If visitation does not increase, some parks are so underutilized that they become hard to justify, no matter their social, cultural, or recreational value.
- The future of outdoor recreation and open space in Arizona cuts across dozens of agencies and all levels of government. Better coordination to position and market these resources in a future environment of urban growth and a changing relationship of people and the outdoors must be a priority.

Conservation communities may move forward with open space initiatives, while others pursue Heritage Fund reform and expansion, at the same time others pursue an arts and culture tax, and the schools and universities scramble for a life line. This is a mistake but it is the current direction. We must build a quality of life initiative that illustrates how taken together Arizona and all of the interests will be better off.

Conservation Professional

To fix parks will require reform elsewhere also. Think about consolidating the state's history, archives, and historic preservation agencies and reassigning all of State Parks' historic sites and programs to that consolidated agency. Expand the role of the Arizona Commission on the Arts to include grant making in recreational and informal learning. Assign them to run a granting program for regional and local groups involved in a lot of the pass through activity currently done by parks. The third area would be to blend State Parks and State Trust Land into an agency that manages state open spaces with federal, county, and local agencies. Their focus, in addition to the mandated trust land obligation, would be to retain and accentuate economic and ecological values through quality comprehensive plans, management, and mitigation programs. They would have planning and science staff and work with federal and regional planners, including transportation, utilities, urban interests, and human services. Any activity that affects state open space would be part of their purview.

Conservation Professional



Sonoita Creek

Where are the partners? Bureau of Land Management, State Land Department, Tribes?

Conservation Professional



Roper Lake

Could expand by partnering with other agencies and organizations such as the Nature Conservancy.

Conservation Professional

The Plight of the Parks

Jerome sits precariously on the side of Mingus Mountain, seemingly temporarily arrested in the process of sliding to the bottom of the hill. It was once a prosperous mining town of 25,000 people, full of churches, schools, saloons, and life. Today, it is an arts colony and tourist attraction for hundreds of thousands of visitors a year. Just below the main business district is the Douglas Mansion, a spectacular adobe home built in 1916 by the owners of one of the largest mines.

Now the mansion is an interpretive museum explaining the history of copper and other metal mining in Jerome and Arizona. Last year more than 60,000 people went through its exhibits, took in the spectacular view, and imagined what it must have been like to live as a mining baron early in the twentieth century. But the living room was off limits. Temporary shoring timbers hold up the roof, which verges on collapse. The adobe walls of the mansion have suffered from water infiltration, which causes the plaster protecting the adobe to flake off. After being soaked, the adobe bricks simply begin to dissolve.

So today, the Douglas mansion is closed.

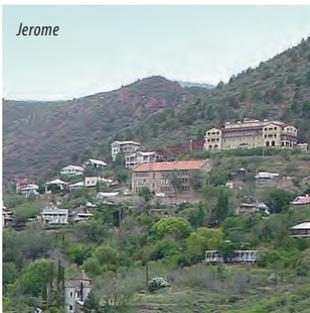
This is the plight of Arizona's state parks. Over the last 50 years, our state has made a decision to create, expand, and maintain a system of places that celebrate the history, unique scenic beauty,

and diversity of Arizona. The collection includes extraordinary, spectacular places. It isn't the largest, the most visited, or the most renowned state parks system in the U.S. In a state with so rich an outdoor experience, Arizona's state parks are not even the most celebrated or most visited places within the state. But the system includes and protects resources that no one else could. Our state parks tell the story of why Arizona is distinctive and special, why people came here, and why they stay.

Arizona's state parks are in trouble. Even before the state's current budget woes, the state parks system was one of the least funded in the U.S. It is hard for any park system to earn enough revenue to pay for even its operating expenses. But in Arizona, accounting games have robbed the system of even its own revenues. Virtually no money has been available for capital improvement projects, like restoration and preservation, for nearly a decade.

This situation cannot continue. Either stable, sufficient funding must be found to sustain Arizona's state park system going forward, or parts of the system will not be able to survive. The question of whether we, as a state, are willing to pay the price to tell our story must be faced now, and must be answered in a way that remains valid into the future. Stewardship is the bridge that we as a society build between our past and our future, and that bridge has a price.

ONCE AN ADOBE WALL HAS MELTED AWAY, IT IS GONE FOREVER.



The only way to keep parks in existence is for people to use them and love them.

Parks Volunteer



Notes

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Fool Hollow Lake

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Parks Board**

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Maria Baier
Arlan Colton
Larry Landry
Bill Scalzo
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Reese Woodling

October 2009

**Governor's Sustainable State Parks
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Bill Cordasco	Bob McLendon
Susan Culp	Bill Meek
Rich Dozer, Chair	Harry Papp
Diana Freshwater	Bill Roe
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Richard Hubbard	Jeff Williamson



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