

Heritage Fund projects. He feels a great deal of it is due to the increase in Indian gaming throughout the state. Having said that, perhaps there is a solution down the road. From what he reads in the paper, it appears there is some ongoing discussions between the tribal representatives and the Governor's Office on the compacts and renewing them. Hopefully that will resolve the issue in the foreseeable future. He wanted to make it clear to the Tribe that it was certainly nothing personal on his behalf. Unfortunately, they happened to be the first one to show up with a request. It could have been anyone else, and the same action would have been taken at the time.

There being no further discussion, Chairman Armer called for a vote on the motion on the floor. The motion carried unanimously.

Chairman Armer thanked Dr. Welch, Mr. Osterfeld, and Ms. Sherman for coming to speak on this issue today.

Eligibility of Tribes which Conduct Casino Gaming for Historic Preservation Heritage Fund Grants

Ms. Bahl reported HPAC has asked the Parks Board to provide direction regarding the eligibility of tribes for FY 2002 Heritage Fund Grants. She noted the motion just made has addressed this issue and staff will inform HPAC of the Board's action.

Ms. Bahl noted there is a member of the Department of Agriculture present to address the 10% program and requested the Board to move to that Agenda Item.

4. Board actions needed –

- a. **Consider Department of Agriculture's Proposal for the 10% Growing Smarter Open Space Reserve Program Rating Criteria – CAB recommends the Parks Board adopt the attached proposal for the Growing Smarter Open Space Reserve Program Rating Criteria as submitted by the Department of Agriculture**

Ms. Bahl reported the Board agreed to pass this program on to the Department of Agriculture (Agriculture) to provide money for landowners and lessees of state or federal land for this program. Ms. Nicole Waldron from Agriculture was present to explain their proposal to the Board. CAB has reviewed the proposal and unanimously recommends this proposal to the Parks Board.

Ms. Waldron addressed the Board. Agriculture has previously discussed with the Board the transferring of the allocation of the 10% set aside to Agriculture to administer the grants program. Criteria has been developed, a copy of which was included in the Board packet for this meeting.

Ms. Waldron noted the first question to be addressed was how to develop a formula to calculate the eligibility for the grant award. Working with the Arizona Cattlemen's Association and the Director of the Department of Agriculture they developed an equation that they are comfortable with. The grant applicants will indicate the number of cows they intend to remove from the land. That number is multiplied by a factor of .85 (a fixed wean rate), which yields a new number. The new number is then multiplied by 400 (estimated weight of the average cow). This

yields a new factor, which is then multiplied by .9 (the approximate fixed average price per hundred weight of cattle). This yields another number which is the one-year value of the head reduction. The next step is to multiply that new factor by 1 to 7, depending on the number years they intend to maintain the cattle reduction on the land. Agriculture prefers it be capped at 7 even if they intend to keep the reduction beyond 7 years. Otherwise there could be an enormous grant allocation. She does not believe that it is the intent of the law, the Parks Board, nor Agriculture to single out a couple of producers. This money should be available to as many as possible.

Ms. Waldron added that, with that criteria, Agriculture will also give priority to those individuals who have reduced livestock numbers on public land as a requirement by either the federal government or through any state action. It will also be based on the number of years they intend to maintain this public benefit by reducing those livestock numbers.

Chairman Armer explained, for clarification, that out of 100 cows probably 85% will have calves. They will probably weigh about 400 lbs. and will probably sell for about 90¢ per pound. That is the income for that year for every 100 cows that will be taken off the ranch that will be lost, times however many years.

Chairman Armer added he had not seen these numbers until the packet came out and he feels they are very realistic numbers. Today 90¢ is probably a little low; three or four years ago it would have been a great price. It's a fluctuating scale.

Ms. Pfister noted this is an issue that has been highly sensitive to at least one or two state lawmakers who are still in office, specifically Representative Flake. She asked if Representative Flake has seen this formula.

Ms. Waldron responded that prior to her arrival she met with Representative Flake. He was 100% supportive of this formula.

Mr. Anable asked if it would be more appropriate to use the current market rate rather than the 90¢ per lb. He is concerned that some day cattle prices may be at 30¢ and the Board is buying cattle to remove at 90¢.

Ms. Waldron responded the figure of 90¢ was arrived at as a 10-year average of what actual prices have been. They fluctuate greatly; they fluctuate weekly. At any given time, depending on a host of factors, that price could change. If the market rate were used, two weeks after the grant manual was distributed the market could bottom out. It's highly volatile. She had some of the same reservations; however, the Cattlemen's Association as well as staff at Agriculture who are very familiar with the livestock industry felt it would be best to come up with an average and fix it at that. It would be too difficult for both the grant applicants and the agencies to determine exactly what the market value will be at the time the grant is awarded.

Mr. Hays stated he felt the 90¢ fixed figure is on the conservative side. During the last five years 80¢ was the low, and now it's at \$1.10-\$1.20. Cattle prices are going up nationally.

Chairman Armer noted he believes there is a provision for review after at least the first year. There's nothing that says that rate can't be adjusted in the future if they appear to be out of line.

Ms. Waldron added that the Parks Board will take action on each of the grants recommended to them by Agriculture. Even at that time, there may be questions. Agriculture will meet with the Parks Board at least annually and coordinating with staff more frequently.

Board Action

Ms. Pfister: I move adoption of the proposal from the Department of Agriculture for the Growing Smarter Open Space Reserve Program.

Mr. Hays seconded the motion. The motion carried with Mr. Anable voting No.

Mr. Anable stated he would like to explain his No vote. He has always felt this money should be a state improvement, cost-shared type program that would incentivize better management through helping the ranchers build improvements and alter management as opposed to paying them for livestock reductions because we don't have a state program to assist ranchers in that way. It is also easier to show the results to the public of your work. He has argued that point throughout the Growing Smarter Commission.

Chairman Armer stated he does not disagree with Mr. Anable's position. He feels there is an opportunity here, especially where it says "evaluate the program and develop criteria for expanding the application process to other eligible individuals." He feels that's exactly it. He requested Agriculture and the livestock industry work along those lines as Mr. Anable is suggesting to expand the program to include more of what he is talking about.

Ms. Graham stated she wished Mr. Anable had stated his reasons prior to the vote. She wishes to change her vote from Yes to No for the same reasons Mr. Anable voted No.

The final vote on the motion is 5 Yes votes and 2 No votes.

Mr. Travous thanked Ms. Waldron and the Department of Agriculture for their work on this.

Chairman Armer added that this gets the program started. There is room for improvement down the road.

2. Policy Needs -

- a. **Advisory Committee Roles in Competitive Grant Ratings** – Staff recommends for this trial period the liaison not be a scoring member of the rating team but that the liaison votes with the other committee members at an open public meeting.

Ms. Bahl reported in November the Board decided to provide each advisory committee the opportunity to appoint no more than one liaison to the grant rating teams. The discussion as to whether this liaison would actually provide a score in

PARTNERSHIPS
January 18, 2001

Agenda Item: **H.4.a.**

**Consider Department of Agriculture's Proposal for the
10% Growing Smarter Open Space Reserve Program Rating Criteria**

Background

A.R.S. § 41-511.23 states that not more than 10% of the monies in the Public Conservation Account of the Land Conservation Fund shall be granted "to an individual landowner or grazing or agricultural lessee of state or federal land who contracts with the Arizona State Parks Board to implement conservation based management alternatives using livestock or crop production practices, or reduce livestock or crop production, to provide wildlife habitat or other public benefits that preserve open space. The Conservation Acquisition Board shall give priority under this paragraph to lessees of state or federal land who are required to reduce livestock production to provide public benefits, such as wildlife species conservation or wildlife habitat."

On April 26, 2000, the Conservation Acquisition Board (CAB) recommended that 10% of the Land Conservation Fund monies, not to exceed \$2 million, be transferred to Department of Agriculture to implement the grant program described above. The CAB motion also stated that Department of Agriculture: (1) offer the CAB an opportunity to review the proposed criteria for rating grants; (2) report proposed grant awards to State Parks prior to awarding grant monies; and (3) report to State Parks annually on the progress of completing grant projects. On May 18, 2000, the Parks Board concurred with the CAB recommendation, but added that the Parks Board will take *action* on Agriculture's proposed projects before monies are transferred, and that this program be formally reviewed in two years. On October 4, 2000, State Parks and Department of Agriculture signed and Intergovernmental Agreement to meet the agreed upon conditions for this program.

Current Status

Agriculture proposed criteria for this program, and discussed it with CAB at its December 20, 2000 meeting. CAB and Agriculture agreed upon a few minor criteria amendments and the final version is attached in a memo from Agriculture.

CAB Recommendation

CAB recommends the Parks Board adopt the attached proposal for the Growing Smarter Open Space Reserve Program Rating Criteria as submitted by the Department of Agriculture.

Recommended Board Action

I move adoption of the attached proposal from the Department of Agriculture for the Growing Smarter Open Space Reserve Program.