

Fine print limits nonprofits' access to grant funds for state parks

By Matt Weiser, Sacramento Bee

The grand act of atonement that state leaders signed into law to correct a financial scandal at the California parks department may not turn out to be the healing gesture it first appeared to be.

The new law signed by Gov. Jerry Brown in September, AB1478, allocates \$10 million to provide “dollar-for-dollar” matching grants for private donations to the state parks system. The intent, in part, was to reassure wary parks supporters that at least some of the \$54 million in “hidden money” discovered in the scandal would go back to the parks and not be diverted for some other government purpose.

The \$10 million was appropriated from the State Parks and Recreation Fund, one of two special funds where California Department of Parks and Recreation officials were found to be hiding the \$54 million for many years. (Another \$10 million, and other money, are targeted to cover operating and capital costs.)

This vast amount of hidden money, first reported by the *Bee* on July 20, would have been more than adequate to cover the \$22 million in budget cuts that required the state to close 70 parks. Yet department leaders kept the money hidden even as they signed complex and unprecedented contracts with local governments and small nonprofits that agreed to operate the threatened parks.

Many of those groups viewed AB1478 as a reprieve – a chance to use some of the hidden money to cover the enormous costs they

incurred by agreeing to rescue the parks.

But none of the \$10 million will be given to them in cash. The state's lawyers determined that doing so amounts to a "gift of state funds" that would violate the California Constitution.

Instead, rules released by state parks on Nov. 13 specify that grants will be provided only "in kind" – meaning use of state employees or services – to match a financial donation.

"My position is it's going to undermine the partnerships, for obvious reasons," said Caryl Hart, director of Sonoma County Regional Parks, which took over Annadel State Park near Santa Rosa when it was threatened with closure. "We need a dollar-for-dollar match to pay our staff to operate the parks."

In many cases, she said, rather than easing the financial burden of operating a park, the rules may require a nonprofit to invest more money.

"They should operate the parks themselves if they have the staff," Hart said of the state's rules.

The troubling fine print is a reminder that the scandal engulfing America's largest state parks system is far from over. The state still has a lot of damage control to do – and big questions to answer – before California's legion of park lovers are again ready for a group hug.

The new director of the state parks system, former Marine Corps Maj. Gen. Anthony L. Jackson, seems to understand this.

"We know we're going to take a beating," Jackson said in a recent meeting with the *Bee's* editorial board. "In the next year, we're going to earn your trust back and we're going to do some really good things out in the parks."

Separate investigations by the state controller's office and the Department of Finance, released in December, came with a list of reforms proposed for state parks. Jackson said most of

these have already been adopted.

Those investigations also found \$3.9 million in additional unallocated funds, as well as potentially tens of thousands more that was inappropriately paid to employees working outside their job classifications.

Two more investigations are expected early in 2013: One by the state auditor, and another by the attorney general's office. The latter is expected to outline whether any laws were broken, and may finally explain why the department hid so much money for so long.

Amid all the tumult, one fact has been overlooked: Today, despite financial scandals and budget cuts, only one of the state's 278 parks is closed to the public.

Closures were avoided at all the rest because local and federal governments, dozens of nonprofit groups and even private businesses stepped forward to keep parks open when the state could not.

"We want to keep these facilities available to the public," said Ted Schlosser, who with his wife Karen now operates Brannan Island State Recreation Area in Sacramento County as employees of American Land & Leisure, a Utah company that signed an operating agreement with the state. "We as a company are tickled that we have the opportunity to come in and show the state what we can do with the same resources."

Another provision of AB1478, signed into law after the "hidden funds" discovery, mandates that no state parks will be closed through July 1, 2014.

The department now maintains a status list on its website of the 70 parks formerly slated for closure. Of those, 42 are open with reduced services or some form of partnership agreement, 23 are open with agreements in progress, and five are still seeking partners.

Only Providence Mountains State Recreation Area is closed. Possibly the most remote of all the state parks – 16 miles off Interstate 40, deep in the Mojave Desert – it actually closed before the July 1 deadline because it was crippled by maintenance problems.

And Providence soon suffered a fate that advocates feared would befall other closed parks: Thieves used bolt cutters to enter a locked gate, steal equipment and vandalize park buildings.

“I felt very sad,” said Dennis Casebier, of the Mojave Desert Heritage and Cultural Association. “The state promised they’d take care of it, and they didn’t.”

Many state park advocacy groups would like to get their share of the \$10 million in grants to save their local park from the neglect that occurred at Providence.

Brian Cahill, the department’s assistant deputy director of park operations, acknowledges the constitutional limitation on spending that money is a concern. But he does not foresee any problem distributing all \$10 million.

“The interest is tremendous,” Cahill said. “I think they’d prefer cash. But from where I sit, it’s not even negotiable. We’re just trying to be very creative on what we offer in kind.”

The first such deal was signed Dec. 19 to support Henry Coe State Park, near Gilroy. The state agreed to match \$279,000 donated by the Coe Park Preservation Fund earlier this year to prevent the park from closing.

The deal was relatively simple, as state parks will commit an equal amount of money to pay its staff to keep operating the park, essentially saving the preservation fund from having to raise more money.

Friends of China Camp is another group that hopes to benefit. It is operating China Camp State Park in Marin County by using volunteers to collect visitor fees. It then uses that money to pay the salaries of six state park employees – rangers and maintenance staff – who do much of the heavy lifting to keep the park running.

“I think there’s a reasonable chance we’ll get matching funds,” said Ernest Chung, chairman of Friends of China Camp. “Because we can just use the money to pay for state employees we already have contracted, we have a very easy way of utilizing the money. Most other people have not been able to figure out how they can use the funds.”

Brannan Island represents yet another operating model in the brave new world of state park survival.

The Schlossers, both in their 70s, are the park’s caretakers now. They retired from earlier professional careers to travel full time in their motor home. It still serves as home – parked behind a service building at Brannan Island.

The couple has worked for American Land & Leisure for four years. The company operates more than 450 parks and campgrounds in 13 states, mainly under contract with the U.S. Forest Service.

Now, it also operates Brannan Island and two other California state parks: Turlock Lake and Woodson Bridge.

The contract is a first for the company and for state parks. California has never before allowed a private business to operate an entire state park, though it has always had concession agreements with businesses to provide specific park services, such as kayak rentals and horseback rides.

“All the reports we’ve had say it’s working fine,” said Cahill. “Most of these companies that operate a park have been a park concession business, so they know the background. They

know how to operate a park and not just sell widgets.”

On a recent tour of Brannan Island, the only full-service state park in the Sacramento-San Joaquin Delta, Ted Schlosser described some of the challenges.

Recent storms toppled a number of willow trees, and the company doesn't have a chain saw big enough to handle them. Schlosser plans to bring in a California Conservation Corps crew to deal with that, along with larger park vegetation cleanup issues.

The park's 10-lane boat launch ramp – the biggest public ramp in all of the Sacramento-San Joaquin Delta – is perpetually clogged by drifting water hyacinth, an invasive weed.

Schlosser tries to keep two lanes clear, but it's a daily battle. He has to use a tractor to clear the launch ramp, then haul pickup-truck loads of the weed to a disposal area in a remote corner of the park.

Recent visitation has been scarce. This is not surprising during the holidays, but it has the Schlossers wondering how the park will cover expenses.

On the day before Christmas, only two of the park's more than 100 campsites were occupied. One of these campers paid no fees because he qualified for a special disabled veteran state parks pass.

In late summer when the Schlossers arrived, however, the park was busy. One weekend day, for instance, the campground was bustling and the park was simultaneously hosting a wedding, a baptism and a Boy Scout troop.

Based on its experience running hundreds of other campgrounds, and data on annual visitation at the park, the company is confident it will make enough money to operate Brannan Island using existing revenue sources.

It does not plan to seek any of the new grant funds.

Prior to American Land & Leisure taking over, the park had been reduced to weekend operation only due to state budget cuts.

Now the campground, launch ramp, fishing areas and other amenities are back open seven days a week.

"We've got an awful lot of public that are real happy we are here," Karen Schlosser said. "There's a lot to be learned, and we've pretty well got a handle on it. We just take it day by day."

AB 1478 was the first major effort by the state's political leaders to clean up a financial scandal within the California Department of Parks and Recreation.

A major thrust of the law is to allocate \$20.5 million from the State Parks and Recreation Fund for new purposes. This money is part of the \$53.5 million in "hidden funds" discovered at the parks agency.

The fate of the remaining \$33 million, which resides in the Off Highway Vehicle Fund, has yet to be decided but will likely be settled in coming months by the Legislature.

The new law provides for:

- \$10 million for "dollar-for-dollar" grants to match private-sector donations to state parks. (State lawyers later ruled that matching donations with cash is a "gift of state funds," which violates the California Constitution. So parks officials instead will match donations only with in-kind services provided by state parks employees.)
- Another \$10 million to cover routine state parks operating costs, helping close the gap caused by recent budget cuts.
- As much as \$500,000 for the department to pay for ongoing

audits and investigations as directed by the Joint Legislative Audit Committee, the attorney general's office, the Department of Finance or other state agency.

- Another \$10 million from the Safe Drinking Water, Water Quality and Water Supply, Flood Control, River and Coastal Protection Bond Act of 2006, to pay for capital projects in state parks.

- An existing program at state parks to enhance revenue through new fee-collection systems is required to preserve half of the new revenue in the local park district where it is generated (an increase from 40 percent). Additional accountability measures are imposed on this program.

- The department shall not close, or propose to close, a state park in the 2012-13 or 2013-14 fiscal year.