



ENVIRONMENTAL QUALITY COUNCIL

PO BOX 201704
HELENA, MONTANA 59620-1704
(406) 444-3742

GOVERNOR BRIAN SCHWEITZER
DESIGNATED REPRESENTATIVE
MIKE VOLESKY

HOUSE MEMBERS
DUANE ANKNEY--Vice
JERRY BENNETT
BILL MCCHESENEY
MICHELE REINHART
CARY SMITH
KATHLEEN WILLIAMS

SENATE MEMBERS
JIM KEANE--Chair
JOHN BRENDEN
BRADLEY MAXON HAMLETT
RICK RIPLEY
CHAS VINCENT
GENE VUCKOVICH

PUBLIC MEMBERS
DEXTER BUSBY
DIANE CONRADI
MARY FITZPATRICK
JOHN YOUNGBERG

COUNCIL STAFF
JOE KOLMAN, Research Analyst
SONJA NOWAKOWSKI, Research Analyst
HOPE STOCKWELL, Research Analyst
HELEN THIGPEN, Staff Attorney
KEVIN MCCUE, Secretary
TODD EVERTS, Legislative Environmental

August 31, 2011

To: EQC Members
From: Hope Stockwell, Research Analyst
Re: HJ 32 study documents

Attached are two documents related to the HJ 32 study of state parks, outdoor recreation, and heritage programs operated or administered by the state of Montana.

The first document is a summary of Montana's existing programs. The second is a summary of past legislative reports and audits related to these programs.

If you'd like to read any of the past legislative reports and audits in their entirety, we've made them available through the EQC web site. You can find them at:
<http://leg.mt.gov/css/Committees/Interim/2011-2012/EQC/Studies-Duties/studies-duties.asp#hj32>

Of those reports, if you'd like more background on the state parks system, I'd recommend the document "State Parks: Update", dated June 2, 2010. For heritage programs, I'd recommend the results of the HJR 32 Historic Preservation Study conducted last interim by the Education and Local Government Interim Committee. You can find the pertinent information on page II-1 of the ELG's "Community Service" report. And if you'd like more background on Virginia and Nevada Cities, try the "Virginia and Nevada City Historic Management Performance Audit", dated February 2003.

Please feel free to contact me at any time with questions or comments. I can be reached at 406-444-1640 or hstockwell@mt.gov.

CI2244 1242hsxa.

HJ 32 -- Existing State Park, Outdoor Recreation, and Heritage Programs in Montana

Agency	Division	Division Responsibilities/HJ 32 Programs	Funding
DFWP	State Parks	<p>State Parks: Maintenance and Operation (includes safety, historic preservation, education/interpretive responsibilities, capital development)</p> <p>Uses parks revenue to pay DFWP's Enforcement (\$207,000) and Communication/Education Bureaus (\$33,000) for some services.</p>	Optional \$5.37 light motor vehicle registration fee; entry/use fees; concessionaire payments; sale of merchandise; accommodation tax; revenue from forest management; motor vehicle revenue for marine equipment and boat facilities; fuel tax for parks allowing motorboats; federal boating monies; coal tax trust interest.
		<p>Recreation: Handles communication, education, and grants for off-highway vehicle (motorized trails), snowmobile (motorized trails), non-motorized trails, and boating programs. Receives citizen input from the OHV, Snowmobile, Boating, and State Trails Advisory Committees.</p>	<p>About \$1 million/year in federal highway funds for trail grants: award 30% to motorized, 30% to non-motorized, 40% mixed.</p> <p>OHV: fuel tax, registration, and decal fees</p> <p>Snowmobile: fuel tax, motor vehicle revenue, and nonresident snowmobile permits</p> <p>Boating: registration fees, federal boating monies</p> <p>Non-motorized trails: coal tax trust interest</p>
		<p>15 other affiliated sites: rifle ranges, recreation sites (Billings and Bozeman manage two recreation sites)</p>	Various, e.g., coal tax trust interest, parks-earned revenue
		<p>Administration of other grants:</p> <ul style="list-style-type: none"> • Land and Water Conservation Fund (federal) monies disbursed as local government recreation grants for swimming pools, ball fields, playgrounds, etc. \$37 million since 1964. Require 50% local or state match. Citizen review committee helps with the statewide comprehensive outdoor recreation plan and applications. • Boat decal fees used for local grants to develop community projects and for certain state park operations. 	

HJ 32 -- Existing State Park, Outdoor Recreation, and Heritage Programs in Montana

Agency	Division	Division Responsibilities/HJ 32 Programs	Funding		
Commerce	Community Development	<p>Main Street</p> <ul style="list-style-type: none"> • Helps preserve historic downtowns to promote economic viability, e.g., facade programs, window display training, etc. • 4 "certified" Main Street communities with dedicated staff on site -- certified communities may be administered by nonprofit organizations. Dedicated staff are not state employees. 	<p>General fund</p> <p>Preserve America grants - federal funding, \$7500 grants, focuses mainly on downtown areas, providing technical advice on best use of money & resources. Awarded to Terry, Sheridan, and Stevensville</p>		
	Tourism	<p>TIIP grants -- fund bricks and mortar preservation projects in communities. Typically provide \$300,000 in grants/year. This year \$530,000, which will deplete the balance in the account.</p>		Accommodation tax	
		<p>Special events grants -- could be cultural events</p>			
		<p>Promotions -- ties reference to heritage sites and state parks into statewide and regional promotional campaigns</p>	<p>Private sources, e.g., cooperative effort with private businesses or convention visitor bureau</p>		
		<p>Montana Tourism and Recreation Initiative -- cooperative working group of 17 state and federal agencies to plan and fund mutually beneficial tourism and recreation projects. MTRI has three levels of activity: the directors level, working group level, and focus team level. Directors meet at least once a year, agency staff meet in a working group 4-6 times a year, focus teams implement projects.</p>	<p>Agencies contribute their own resources, e.g., staff and manpower</p>		

HJ 32 -- Existing State Park, Outdoor Recreation, and Heritage Programs in Montana

Agency	Division	Division Responsibilities/HJ 32 Programs	Funding
	<p>Montana Heritage Commission</p> <p>(administratively attached to the Department of Commerce, not a division)</p>	<p>Virginia and Nevada Cities 7 FTE Current location of Heritage Commission office.</p> <p>Comprises the Bovey properties purchased by the state in 1997 (251 buildings, various personal property, and land) for \$7 million. The Heritage Commission was formed at this time to administer the properties.</p>	<p>\$0.38 light motor vehicle licensing fee</p> <p>Concessionaire leases</p>
		<p>Reeders Alley (Helena) 0 FTE, previously the site of the Heritage Commission office, which closed May 1, 2011.</p> <p>Given to state by previous owners. Assigned to Heritage Commission when it was formed in 1997. Previously administered by Historical Society.</p>	<p>Concessionaire leases generate \$75,000 - \$100,000/year. When full, covers operational costs.</p>

HJ 32 -- Existing State Park, Outdoor Recreation, and Heritage Programs in Montana

Agency	Division	Division Responsibilities/HJ 32 Programs	Funding
<p>Historical Society</p> <p>Statutory Mandate: 22-3-101, MCA " . . .an agency of state government for the use, learning, culture, and enjoyment of the citizens of the state and for the acquisition, preservation, and protection of historical records, art, archival, and museum objects, historical places, sites, and monuments and the custody, maintenance, and operation of the historical library, museums, art galleries, and historical places, sites, and monuments.</p>	<p>Governed by a Board of Trustees appointed by the governor. Trustees select the director and set policy.</p>	<p>Historical Society Museum Collects, preserves, and interprets fine art, historical, archaeological, and ethnological artifacts that pertain to Montana and its adjoining geographic region.</p>	<p>General fund</p> <p>Federal grants (e.g. National Park Service grant for SHPO)</p> <p>Memberships</p> <p>Accommodations tax</p> <p>Admissions</p> <p>Merchandise sales</p> <p>Private donations for special projects</p>
		<p>State Historic Preservation Office (SHPO) Works with state agencies and citizens to encourage the identification, documentation, recognition, and protection of heritage sites in Montana. Is required by SB 3 (2011) to biennially remit to the legislature information submitted by state agencies and the university system regarding the status and maintenance needs of and management recommendations for heritage properties.</p>	
		<p>Original Governor's Mansion Acquired by the state in 1913; the society assumed administrative responsibility in 1981 and operates the building as a historic house museum. Has a 14 member Helena-based committee that conducts fund-raising efforts for conservation projects associated with the mansion.</p>	
		<p>Moss Mansion Society has owned this property since 1985. The City of Billings holds a 38.5% interest. Administrative responsibility is delegated to local boards via legal agreements. The Society has oversight of physical changes to the property or actions that could encumber the state.</p>	

HJR 32

A summary of past legislative audits and reports on state parks, outdoor recreation, and heritage resource programs

**Prepared by Hope Stockwell
for
The Environmental Quality Council**

September 14, 2011

Fiscal Health of the State Parks Program

Legislative Finance Committee (2009-2010)

In December 2009, the LFC was provided a report regarding the structural imbalance associated with operation of the state park system. The LFC directed Legislative Fiscal Division (LFD) staff to work with the Department of Fish, Wildlife, and Parks (DFWP) to provide recommendations to address the structural imbalance. The resulting report identified options for increasing state parks' revenues and other systemic issues related to operation of state parks. In response to LFC discussions, DFWP staff reviewed a number of state park properties for potential operational changes such as divestiture, transfer to another entity, or privatization. This effort exposed several issues:

- How are state trust lands that house state parks treated? How is fair market value derived? What should the relationship between DNRC and the state parks program look like?
- What is the relationship between water projects land and state parks? How are these parcels evaluated for siting of a state park?
- What is the difference between a state park and a historic site? How should sites of regional significance be handled in the park system?
- Does the legislature want the state to subsidize the operations of a city park? Should DFWP be allowed to transfer property to another governmental entity for community use purposes?

The LFC report offered several legislative decision points for consideration. Two were acted upon by the 2011 Legislature [a fee increase for state parks (HB 370) and a revision of the primitive parks act (SB 43)]. Others that were not acted upon included:

- allowing FWP to transfer parks lands to other governmental entities for community use
- directing FWP to assure clear and clean title to all parks properties
- defining the parks system
- evaluating land arrangements between state agencies
- determining the role for historical parks

The related LFC reports listed below are available on the legislative web site at:

<http://leg.mt.gov/css/Committees/Interim/2011-2012/EQC/Studies-Duties/studies-duties.asp#hj32>

Issues Impacting the Fiscal Health of the State Parks Program, November 19, 2009

State Parks: Update, June 2, 2010

Property Analysis State Park Lands, June 2, 2010

State Parks Program Performance Audit

Legislative Audit Division (February 2001)

At the request of the Legislative Audit Committee, the Legislative Audit Division (LAD) examined the program activities of the Parks Division at the Department of Fish, Wildlife, and Parks (DFWP), which at the time was responsible for administering programs related to state parks, recreation sites, fishing access sites (FAS), trails development, land and water conservation funds, and Capitol Complex maintenance. LAD found that overall:

- state parks appear well-maintained
- FAS maintenance practices could be improved in Regions 3 and 6
- parks operations comply with primitive park designations

During the course of the audit, LAD identified other policy questions that needed to be addressed, including:

- Is the State Parks Program a natural resource protection program or a tourism program?
- How does having two key historical and cultural sites (Virginia and Nevada Cities) outside the system impact state parks operations?
- How is coordination with tourism and travel promotion assured?
- What are the long-term maintenance and replacement needs of an aging infrastructure?
- Should operations continue to place high reliance on volunteer staff?
- How should the state's Tourism Advisory Council and the Heritage Preservation and Development Commission be more involved in parks decisions?
- Who are the system's primary customers - residents or tourists?

LAD recommended that DFWP re-establish the State Parks Futures Committee to address those policy questions as well as changes that have occurred in the parks system, including park fee revenues, park resources, statutory parks designations, potential long-term policy changes, and other policy considerations. A State Parks Futures Committee was previously appointed by DFWP, with approval from the governor and legislative leaders, in 1989. A second State Parks Futures Committee was appointed in 2001 in response to the audit. That committee released its recommendations in December 2002, many of which were subsequently implemented by DFWP.

The full audit is available at:

<http://leg.mt.gov/content/Committees/Interim/2011-2012/EQC/Studies-Duties/parks-audit-2001.pdf>

HJR 32: Interim Study on Historic Preservation

Education and Local Government Interim Committee (2009-2010)

For HJR 32 (2009), the Education and Local Government (ELG) Interim Committee reviewed information on the current state of historic preservation in Montana. This study included the:

- Montana Historical Society and State Historic Preservation Office;
- Parks Division Heritage Resources Program at the Department of Fish, Wildlife, and Parks;
- Montana Main Street Program and Heritage Preservation and Development Commission at the Department of Commerce;
- Montana Arts Council's Cultural and Aesthetic Grants Program; and
- the Long-Range Building Program administered by the Department of Administration.

As part of its work, the ELG discussed various strategies for improving management of state heritage resources and issued the following recommendations:

- Require state agencies and the Montana University System to biennially report to the preservation review board the status and maintenance needs of heritage properties owned and maintained by those entities. (SB 3, 2011)
- Require the State Historic Preservation Officer to compile the information on the state and University System heritage properties and report to an interim legislative committee, along with any recommendations. (SB 3, 2011)
- State agencies that manage heritage properties should explore partnerships with nongovernmental entities for potential outsourcing of technical assistance programs that would make state dollars directed to heritage activities more effective.

The ELG also recommended that the 2011-2012 interim committee having the appropriate subject area jurisdiction continue to explore ways to strengthen historic preservation in Montana and that the following be among the considerations:

- Including the Main Street program in the Department of Commerce budget, rather than continuing to rely on one-time-only funding.
- Expanding the state historic preservation tax credit.
- Requesting that the Department of Commerce, through its travel and tourism promotion functions, place more focus on heritage tourism
- Exploring use of Treasure State Endowment Program funding and other potential funding sources in establishment of a Preservation Grants Fund.
- Commissioning a comprehensive analysis specific to Montana of economic impacts of tax credits and other historic preservation efforts, similar to a report issued in March 2010 by researchers with the Rutgers University Edward J. Bloustein School of Planning and Public Policy, which examined the origins and impacts of the Federal Historic Tax Credit.
- Exploring consolidation of some state heritage programs—such as SHPO, Montana Heritage Commission, Travel Montana, Main Street, FWP—to avoid redundancy and ensure greater effectiveness.

The full report is available at the below URL. The information begins on page II-1.

http://leg.mt.gov/content/Publications/Committees/interim/2009_2010/2010-community-service.pdf

Legislative Audit Reports

Findings/Recommendations

Each report listed below is available on the legislative web site at:

<http://leg.mt.gov/css/Committees/Interim/2011-2012/EQC/Studies-Duties/studies-duties.asp#hj32>

Montana Historical Society Financial-Compliance Audit, April 1999

- Recommended that the Historical Society (to which the Heritage Preservation and Development Commission was then attached) establish rules governing acquisition of historic sites in accordance with state law

State Parks Program Performance Audit, February 2001 (see page 3)

Montana Historical Society Financial-Compliance Audit, March 2001

- Recommended that the Heritage Preservation and Development Commission (which was attached to the Historical Society at the time):
 - work with the Society to comply with cash management provisions of its federal grant and resolve the need for repayment of interest with the federal grantor
 - work with the Society to establish controls to ensure federal financial and performance reports (related to federal grants) are submitted in accordance with federal regulations
 - establish policies and procedures to control its procurement process
 - establish internal controls to ensure costs charged to the federal grant are allowable and that access to equipment is adequately controlled
 - and the Society take measures to verify the existence of its artifacts in a timely manner
 - and the Society properly report property exchange transactions in accordance with federal regulations and work with the Department of Administration in order to properly record property exchange transactions on the state's accounting records

Montana Historical Society Financial-Compliance Audit, February 2003

- Recommended that the Heritage Preservation and Development Commission (which was attached to the Historical Society at the time):
 - work with the Society to comply with federal cash management requirements of its federal grant
 - and the Society establish procedures to ensure purchasing cards are used in accordance with state policy

Virginia and Nevada City Historic Site Management Performance Audit, February 2003

- Recommended that the Heritage Preservation and Development Commission develop a system of staffing controls and allocate staff to assure priority workload areas are addressed
- Recommended the legislature transfer ownership and management of all artifacts

- and real property to one managing entity (issue revolved around conflicting authorities with the Historical Society Board of Trustees)
- Recommended the Heritage Preservation and Development Commission create an established, foreseeable time line and methods for completing an artifact inventory
 - Recommended the legislature transfer the management of historic sites at Virginia and Nevada Cities to the Parks Division with the Department of Fish, Wildlife, and Parks and attach the Heritage Preservation and Development Commission to DFWP and use the professional expertise of the members in an advisory capacity

Other available publications

The reports listed below were produced by entities outside of the Legislative Branch and are also available at:

<http://leg.mt.gov/css/Committees/Interim/2011-2012/EQC/Studies-Duties/studies-duties.asp#hj32>

Report to the Montana Legislature for 2009-2010, Montana Heritage Preservation and Development Commission.

2010 Economic Impact Survey of Visitors to Montana State Parks, Bureau of Business and Economic Research, University of Montana, December 2010.

Montanan's Opinions Regarding Montana State Park Funding: A Montana Poll Finding, Bureau of Business and Economic Research, University of Montana, January 2011.