

Agency of Natural Resources
LANDS AND FACILITIES TRUST FUND

Annual Report

January, 2005

(Trust Fund Balance as of 06/30/04: **\$1,084,163**)

Introduction

The enabling legislation for the Lands and Facilities Trust Fund (Act 61, § 2807) requires submittal of an annual report on the trust fund to the Legislature. This 2005 Annual Report to the Legislature on the Lands and Facilities Trust Fund represents the fourth such report. As required by statute, this year's annual report documents the balance in the fund at the end of the last fiscal year and identifies revenue sources deposited in the fund. As with previous annual reports, this report summarizes the goals and priorities for the trust fund and builds on the previous reports which documented the need for addressing stewardship priorities; described the Agency's process for considering and criteria for prioritizing eligible stewardship activities; and outlined a preliminary marketing and outreach strategy for promoting and capitalizing the trust fund.

Background

In response to an urgent and growing need to provide an enhanced level of stewardship for state lands and facilities held by the Agency of Natural Resources, the Legislature created the *Lands and Facilities Trust Fund* in 2001. This legislation established an income-producing fund in the state treasury, managed by the state treasurer, for funding eligible activities that further the management of Agency lands, facilities, and recreational assets and which are not covered in operating budgets. Eligible activities include repair and maintenance at state parks; contract surveys and mapping; maintenance of state land boundaries, roads, trails and facilities; contract inventories of state land natural resources; repair; replacement and maintenance of conservation camps; and timber management activities conducted in accord with USDA silvicultural guidelines. Land acquisition is *not* an eligible activity.

As established, the trust fund is set up to accept funding from a variety of public and private sources including donations, grants, special use permit fees, federal funds so designated for uses compatible with the intent of the fund, timber sale receipts from state forest land, and such sums as may be appropriated by the Legislature. Beginning in 2004, the amount of trust fund monies available is equal to 5% of the moving average of the fund's market value over the prior 12 quarters. Under this formula, we anticipate that \$40,000 could be available for eligible stewardship projects in FY'06. (Up until this time, the fund was not capitalized sufficiently to generate a meaningful amount of funding for eligible stewardship activities). Annual expenditures from the trust fund are limited to projects that are approved by the Commissioner of the Department of Forests, Parks and Recreation, subject to the approval of the department's budget by the General Assembly.

Trust Fund Goals and Priorities

The Agency's short-term goal for the trust fund is to build the fund to a sufficient level so that it can contribute in a meaningful and substantial way to the Agency's annual costs of providing responsible stewardship to the lands, facilities and recreational assets under its management and control. While it may take decades for the trust fund to become fully capitalized, there is now sufficient funding available in the trust fund to consider funding priority stewardship activities in FY'06.

As the trust fund becomes increasingly capitalized, the Agency's focus will be to fund a mix of both high priority lands management activities (including, but not limited to sustainable forest management activities) and needed repair and maintenance of facilities and infrastructure. The overall objective is to fund the Agency's highest priority stewardship needs while working to maintain an equitable split of funding between the Agency's principle departments that generally reflects the department's relative proportion of lands and facilities it manages.

Needed repairs and maintenance of existing facilities and infrastructure at Vermont State Parks and Conservation Camps and sustainable forest management activities continue to be among the Agency's highest immediate priorities for use of available trust fund monies. Also, the need to increase public awareness of and support for the trust fund has been identified as a current need. Again, trust fund monies will *not* be used to acquire land or for stewardship projects that are otherwise covered within department operating budgets.

In selecting eligible stewardship projects for funding, the Agency has established a project review process that incorporates consideration of the following criteria: cost; availability of funds; condition of the resource or facility; level of use; level of public need; the stated intent of the donor (if donated property is involved); and the ability to enhance or protect a public investment or resource. This process allows for a thorough and efficient analysis of project proposals, and ensures that only those projects that reflect the Agency's highest priority stewardship needs are forwarded for approval.

Fund Sources and Balances

At the end of FY'04 (June 30, 2004), the balance in the Lands and Facilities Trust Fund was \$1,084,163. Total fund sources and amounts as of 06/30/04 are summarized below:

• Timber Sale Receipts on State Forests:	\$986,238
• Permit Fees on State Forests:	33,383
• Donations:	620
• Interest:	<u>63,922</u>
Total (as of 06/30/04)	\$1,084,163

Fund Expenditures

Up until this time, there has not been enough funding in the trust fund to generate a meaningful amount of money for eligible Trust Fund projects. Because of this, the Agency did not spend any trust fund monies on stewardship projects through FY'05. With the trust fund's balance now in excess of \$1,000,000 the Agency is considering initial expenditures from the trust fund for FY'06.