

Agency of Natural Resources
LANDS AND FACILITIES TRUST FUND

Annual Report

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1. Introduction

In response to an urgent and growing need to provide an enhanced level of stewardship to state lands and facilities held by the Agency of Natural Resources, the Legislature created the *Lands and Facilities Trust Fund* in 2001 (Act 61, § 2807). This legislation establishes 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 of 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. During the first three years of the Trust Fund's existence, up to 5% of the principal may be made available for eligible activities. After three years, the amount of Trust Fund monies available shall be equal to 5% of the moving average of the fund's market value over the prior 12 quarters. 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 General Assembly.

This report outlines the Agency's long-term goals and short-term stewardship priorities for future fund expenditures; documents the need for addressing these stewardship priorities; describes the Agency's process for considering and criteria for prioritizing eligible stewardship activities; documents the current balance in the Trust Fund; and identifies revenue sources deposited in the fund. The report concludes with a brief description of the process envisioned for developing a strategy for marketing and capitalizing the Trust Fund.

2. Trust Fund Goals and Priorities

The Agency's overall 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 well take decades for the Trust Fund to become fully capitalized, the Agency believes that by leveraging Trust Fund monies with available grants for eligible stewardship activities, there should be sufficient funding available in FY'04 to

begin funding priority stewardship activities. (The Agency, however, is not proposing to fund any stewardship activities with Trust Fund monies in FY'03).

An immediate priority for the Agency over the coming year will be to develop an effective marketing strategy and launch a capital campaign for the Trust Fund. Section 7 provides additional information on this important topic.

For the foreseeable future, however, it is expected that receipts from timber sales on state forests will constitute the primary revenue source for the Trust Fund. Timber sale receipts generally average between \$300,000 and \$400,000 per year - a substantial and on-going revenue source for the Trust Fund. Given this, the Agency believes that once the Fund is sufficiently capitalized, it will be important to reinvest a portion of its annual Trust Fund allotment to sustainable forest management activities on state lands.

Over the long-term, the Agency's priority in allocating Trust Fund monies 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. In so doing, the Agency will work to fund an equitable mix of projects among the Agency's land managing departments.

Notwithstanding the above, the Agency's immediate priorities for using Trust Fund monies will be for needed repairs and maintenance of existing facilities and infrastructure - specifically at state parks and conservation camps. Until the Trust Fund is sufficiently capitalized so that it can finance a broader array of eligible stewardship activities in a meaningful way, such a focus is both warranted and appropriate. (Although the repair and maintenance of ANR dams is technically eligible for Trust Fund assistance, due to the tremendous expense of such projects, the Agency does not anticipate using Trust Fund monies for these purposes for the foreseeable future).

3. Need

Over the past decade, ANR has added significant acreage to its holdings. Since 1990, the Agency has acquired over 80,000 acres of land and close to 120,000 acres of conservation easements. Collectively, these new land additions comprise approximately 40% of the land holdings now under Agency ownership and management. The Agency now manages over 420 separate units of state land in 211 towns across the state. These holdings include state parks, state forests, wildlife management areas, boating access areas, streambank parcels, dam sites, and various miscellaneous holdings.

During this same time period, public use of Agency lands and facilities has been increasing. As the Agency's land base continues to increase, the number of encroachments and boundary

disputes also has increased. Maintaining existing facilities and infrastructure, managing ever-increasing public use in a responsible manner, and resolving encroachments and other boundary issues all represent real management needs that are essential elements of a responsible stewardship program.

The Agency's stewardship needs have never been greater and are increasing. Many facilities at our state parks and conservation camps are in disrepair and require major maintenance; many recreational trails on state land are in poor shape and require constant maintenance and attention; and active management of vegetation and wildlife resources on state lands for recreation, wildlife, and sustainable forestry continues to be deferred. Additionally, tens of thousands of acres of ANR lands are without a property survey and miles of state boundary line need to be blazed. Natural resource inventories are also needed for many ANR lands to develop a sound basis for future resource management activities. The creation of the Trust Fund provides an important opportunity for the Agency to begin to address these critical stewardship needs.

The Agency's most obvious and immediate stewardship needs are at its state parks and conservation camps. For this reason, repair and maintenance of facilities at these areas represent the Agency's initial focus for Trust Fund expenditures.

There are currently 58 designated state parks in Vermont. Of these, approximately 50 sites have been developed to some extent, generating upwards of 1,000,000 visitors per year. Many state park facilities were developed by the Civilian Conservation Corps during the 1930's and are not handicapped accessible or are otherwise showing their age. A 1998 survey of the infrastructure at Vermont State Parks showed a backlog of an estimated \$31 million in needs to bring state park facilities up to standard. Since that time, the Department of Forests, Parks and Recreation has received \$4.1 million through the state's capital budget to begin to address this backlog. Given the increase in construction costs and recent failures of sewer and water systems at several parks that were not included within the original \$31 million estimate, the current need is probably more realistically estimated at \$40 - \$50 million.

The Fish and Wildlife Department operates two conservation camp facilities – one at Lake Bomoseen in Castleton, and the other at Buck Lake in Woodbury. These facilities serve approximately 1000 youths each summer for conservation camp and are used heavily in the spring and fall for other conservation education programs. Like the state parks, facilities at these camps are old, with many of the buildings built in the 1930's. Roofs are leaking and foundations are failing at several buildings. Major renovations are now needed for most of the buildings including dining halls, staff living quarters, cabins, and storage buildings.

4. Administration of the Trust Fund

The Agency intends to solicit projects for Trust Fund consideration from ANR district offices on an annual basis. Project proposals will be submitted to the Waterbury offices to designated department contacts for department review in September of each year. Upon department review and approval, the proposals will be forwarded to the ANR Lands Stewardship Team, which will review and rank the proposals in November. (The ANR Lands Stewardship Team is composed of various ANR Division directors and serves in an advisory capacity to the ANR Secretary on lands policies and related issues). The Lands Stewardship Team will develop project funding recommendations based on fund availability, need, and the specific priorities, criteria and considerations outlined herein.

These funding recommendations will be forwarded to the Commissioner of Forests, Parks and Recreation and the ANR Secretary for approval in December. New project proposals will then be outlined within the annual Trust Fund report submitted to the Legislature in January. Projects approved for Trust Fund assistance will be incorporated into the Agency's Annual Stewardship Plans, which are completed by each ANR District office in February. These Annual Stewardship Plans describe the various stewardship activities proposed for ANR lands in each district for the coming fiscal year.

For the next several years, project proposals will be limited to needed upgrades or improvements to the Agency's existing facilities at Vermont State Parks and Conservation Camps. The overall objective is to fund the Agency's highest priority stewardship needs while working to maintain an equitable split of funding between the departments that over the long-term, is generally reflective of the department's relative proportion of lands and facilities it manages. Again, Trust Fund monies will *not* be used to acquire land or for stewardship projects that are otherwise covered within department operating budgets.

Since it will likely be years before the Trust Fund accrues enough funding to adequately address the Agency's broad array of land and facility stewardship needs, it is especially important to develop a rational and effective means of prioritizing potential stewardship projects. Leveraging limited Trust Fund monies with other available funds for eligible stewardship projects will also be critical to the Fund's success.

The enabling legislation for the Trust Fund requires that project priorities include consideration of at least the following: cost; availability of funds; condition of the resource, facility, or infrastructure; 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. The Agency has established a project review process that reflects these considerations, 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. General funding considerations for all stewardship proposals along with specific review criteria for construction projects can be found in the appendix.

5. Fund Sources and Balances

The Lands and Facilities Trust Fund was created on July 1, 2001 as a part of the trust investment account established in 32 V.S.A. § 434. Consequently, there is no FY'01 balance in the Trust Fund.

For the period July 1, 2001 through January 15, 2002, the Trust Fund accumulated a total of \$180,290.55 in funding. Fund sources and amounts are summarized below:

• Timber Sale Receipts on State Forests:	\$174,068.05
• Permit Fees on State Forests:	5,947.50
• Donations:	<u>275.00</u>
Total (as of 1-15-02)	\$180,290,55

6. Fund Expenditures

Given the limited amount of funding currently available in the Trust Fund, the Agency does not propose to spend any funds from this source on stewardship projects in FY'02. Depending on the Trust Fund's balance, the Agency expects to propose expenditures from the Fund as early as FY'03.

7. Trust Fund Marketing Strategy and Capital Campaign

A major Agency initiative in 2002 will be to develop a marketing strategy and capital campaign for the Trust Fund. While budget limitations may initially restrict the scope of this effort, the Agency believes it is imperative to begin work on this as soon as possible. The success of the fund will hinge largely on how good a job the Agency does at promoting the need for enhanced stewardship of Agency lands and facilities, how effective the Agency is in getting the word out that a trust fund has now been established specifically for these purposes, and ultimately how successful the Agency is in soliciting grants and donations to the Trust Fund.

Over the coming year, the Agency, through its departments of Fish and Wildlife and Forests, Parks and Recreation, will work cooperatively to incorporate the Lands and Facilities Trust Fund in its overall marketing efforts. These two departments already have considerable experience in marketing their respective facilities and programs.

Many non-profit organizations in Vermont, such as the Vermont Community Foundation, Vermont Land Trust, and other groups have also proven very adept at promoting their goals and in developing successful capital campaigns for conservation-related initiatives. The Agency will meet with these groups to discuss the development of a marketing plan and capital campaign strategy and to explore partnerships that could benefit the Trust Fund.

Although the details of a marketing strategy for the Trust Fund still need to be developed, components will likely include development of brochures, information sheets, press releases, and public service announcements. Creation of an internet web page for the Trust Fund and establishing related web links may also be appropriate.

Regardless, identifying possible funding sources that may be sympathetic and supportive of the Trust Fund's goals would be a key element of any effective marketing strategy. (Potential funding sources would include public agencies, corporations, private foundations and organizations, as well as private individuals). The Trust Fund marketing plan would, in turn, provide a necessary framework for developing, implementing, and sustaining a capital campaign effort.

To summarize, the Agency will commit to the following activities over the coming year towards the development of an effective marketing strategy and capital campaign for the Trust Fund:

- Incorporate the Lands and Facilities Trust Fund within on-going and planned marketing activities of the departments of Fish and Wildlife and Forests, Parks and Recreation.
- Meet with non-profit groups, private organizations and public agencies to discuss marketing strategy and to explore cooperative or joint ventures that could benefit the Trust Fund.
- Identify and directly market the Trust Fund to potential donors that may be particularly supportive of Trust Fund goals.
- Identify and actively solicit grants from corporations, foundations, and organizations that may be supportive of the Trust Fund.

Appendix

General Funding Considerations and Project Review Criteria

The Agency's project review process for evaluating potential stewardship projects for Trust Fund assistance is based on general funding guidelines or considerations that apply to all eligible stewardship proposals. Construction projects undergo a two-tiered evaluation process that employs specific review criteria as well as the general funding considerations. These funding considerations and project review criteria are described below.

General Funding Considerations:

- Project Cost: Project costs should generally be commensurate with the amount of Trust Fund monies available in a given year. However, total project costs may exceed the amount of Trust Fund assistance available if the remaining funding is available through other sources and is proposed to be used in conjunction with Trust Fund monies.
- Availability of Funds: In an effort to make the most of the funding available in the Trust Fund, priority will be given to projects that propose to use Trust Fund monies with other available funding specifically designated for uses compatible with the intent of the Trust Fund. This will be especially important during the initial years where the Trust Fund's principal has not been built up and there is likely to be only a small amount of funding available through the Fund for projects.
- Condition of the Resource, Facility or Infrastructure: To the extent that it is possible, it is the Agency's intent to use available Trust Fund monies for improving the overall condition of the lands and facilities under its jurisdiction. The current condition of the resource, facility, or infrastructure, and the degree to which a stewardship proposal enhances or improves these conditions are primary funding considerations. In many cases, particularly with Agency buildings or infrastructure, the condition of the facility (such as a leaking roof or failed septic system) may be obvious to the general public. Badly eroded trail systems and lack of adequate signing may also be readily apparent conditions that can be remedied through Trust Fund assistance. On the other hand, some stewardship needs such as property survey, boundary line maintenance, resource inventory, forest or wildlife management activities, and other activities may not be as readily apparent to the public, but can substantially improve the overall condition of a resource if implemented.

(Note: Given that the initial focus for use of the Trust Fund will be on maintaining or repairing facilities and structures at state parks and conservation camps, the condition of the facility or infrastructure will be a primary consideration in recommending a project for Trust Fund monies. In addition to these general funding considerations, all construction projects shall be ranked according to the project review criteria outlined in the appendix).

- Public Use: Priority will generally be given to projects that serve the greatest number of people and/or enhance the public's interaction with or appreciation of the environment. Examples of areas/facilities that receive high public use include Fish and Wildlife conservation camps, many developed state park sites such as Boulder Beach, Sandbar, or Quechee Gorge state parks, and other ANR sites such as parts of Mt. Mansfield State Forest, the Gordon House at the Ed Weed Fish Hatchery, Dead Creek Wildlife Management Area, the Long Trail, the summit of Camel's Hump, etc. Examples of sites with moderate public use would include less visited state parks such as Allis or Thetford state parks, side trails to the Long Trail and other trail facilities, many popular wildlife management areas and state forests. Examples of sites with low levels of use would be remote state forests, wildlife management areas, and certain undeveloped and little known state parks.

(Note: The amount or level of use is generally most relevant in evaluating proposals to maintain or repair Agency facilities and infrastructure. This consideration may not always be as appropriate a consideration for other needed land stewardship activities such as boundary line maintenance, forest management activities, resource inventories, etc.).

- Level of Need and Support: Priority will generally be given to projects that meet identified needs and are actively supported by the public. Project need can be documented within other Agency (or non-Agency) plans such as the Vermont Recreation Plan, State Park Infrastructure Study, Department Strategic Plans, ANR Annual Stewardship Plans, regional or town plans, etc. Questions to consider regarding project support include: Is there demonstrated public support for the proposal? If so, from whom or what group? What concerns or issues have been or are likely to be raised by the public if the proposal is (or is not) pursued? Is the Town/Region likely to support the proposal? Has the project been previously scheduled and is backlogged?
- Urgency or Degree of Threat – Priority will generally be given to stewardship projects that are of an urgent nature and respond to an identifiable threat. To the extent that is possible, the Agency intends to use Trust Fund monies for projects that, if left unattended, will likely increase in scope, cost more to resolve in the long run, and

pose a threat to public health and safety or negatively impact public resource values.

- Management Costs – The on-going management costs associated with Agency lands and facilities represent an important funding consideration. The Agency will avoid using Trust Fund monies to repair a facility or to address a land management need that ultimately, is not sustainable. The Agency (or responsible managing department) must have the capacity to meet the routine costs of operating or maintaining the resource or facility. Additionally, any unusual management concerns or excessive management or stewardship costs associated with the resource, facility, or infrastructure must be identified and addressed up front.
- Alternatives – In evaluating potential stewardship projects, the Agency will identify whether there are any reasonable alternatives to the proposed project. Alternative funding sources will also be evaluated. Only those projects that allow for the most reasonable alternative to be pursued, and for which the Trust Fund represents an essential funding source will be considered by the Agency.
- Economic Impacts – The Agency shall consider the overall economic impacts associated with a stewardship proposal. The project should represent a cost-effective means of addressing the problem. The economic impacts associated with the resource/facility, and the economic impact of the proposal itself, must be carefully considered.
- Stated Intent of Donor: Individuals or organizations may elect to donate money or resources to the Trust Fund for a specific intent consistent with the purposes of the Fund. Such funding will be earmarked exclusively for projects that reflect the donor’s specific intent and will not be available for other eligible stewardship proposals.

Project Review Criteria (Construction Projects Only):

The following criteria will be used by the Agency as a second-tier review to prioritize construction proposals for consideration for Lands and Facilities Trust Fund assistance. The criteria are based on the project prioritization process contained in the 1998 State Park Infrastructure Study, which has been used successfully by the State Parks Division in developing project priorities for capital expenditures. *(It should be made clear that these criteria are intended to help rank and prioritize **only** construction projects or proposals for maintaining or repairing ANR facilities or infrastructure and are of limited use in ranking other eligible stewardship activities such as survey, boundary maintenance, resource inventory, sustainable forest management, etc.).*

Project Review Criteria

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| 1. Project resolves non-compliance with codes and may affect public health or safety. | 100 pts |
| 2. Project reduces or eliminates recurring maintenance work. | 90 pts. |
| 3. Project addresses problem that if left longer, will cascade in scope and cost more to resolve. | 80pts. |
| 4. Project enhances user's interaction with the environment and/or "use value" of system(s) or building(s). | 80 pts. |
| 5. Project repairs historic building determined to be at risk. | 70 pts. |
| 6. Project has been previously scheduled and is backlogged. | 50 pts. |
| 7. Project includes normal maintenance plus minor upgrades. | 40 pts. |

Urgency Multipliers

Priority will be given to projects whereby immediate action must be taken due to public health issues, closure of a public facility, legal or statutory requirements, or due to some other urgent nature. The total combined score from the above project review criteria shall be weighted in accord with the following urgency multipliers:

I. "Very Urgent" – The problems this project solves are very serious. This project needs immediate attention as soon as possible. (Multiply score by a factor of 1.5).

II. "Urgent" – The problems this project solves are somewhat serious. This project needs attention within the next three years. (Multiply score by a factor of 1.2).

III. "Slightly Urgent" – The problems this project solves are slightly more serious than found in similar ANR structures, facilities, or infrastructure. (Multiply score by factor of 1.1).

IV. "Not Urgent" – Project needed but not urgent (no multiplier). Funding Considerations and Project Review Criteria.