

**Agency of Natural Resources
LANDS AND FACILITIES TRUST FUND**

Annual Report

January, 2006

(Trust Fund Balance as of 06/30/05: **\$2,069,892**)

Introduction

The enabling legislation for the Lands and Facilities Trust Fund (Act 61, Sec. 53 of the 2001/2002 legislative session) requires submittal of an annual report on the trust fund balances and expenditures to the Legislature. This 2006 Annual Report on the Lands and Facilities Trust Fund represents the fifth such report. As required by statute, this year's annual report documents the balance in the fund at the end of state fiscal year 2005 (June 30, 2005) and identifies revenue sources deposited in the fund. Although no trust fund expenditures were made during FY'05, the Agency did solicit projects proposals for future funding consideration. A summary of this process is also included within this annual report.

As with previous annual reports, this report summarizes the goals and priorities for the trust fund and builds on the previous reports. Readers are referred to previous annual reports on the trust fund which more fully describe the need for addressing stewardship priorities for Agency lands and facilities, document the Agency's process for considering and criteria for prioritizing eligible stewardship activities, and contain other related information. These reports are posted on the Department of Forests, Parks and Recreation's website at <http://www.vtfpr.org/lands/lftf/index.htm>.

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 for stewardship projects is equal to 5% of the moving average of the fund's market value over the prior twelve quarters. Under this formula, the Agency budgeted **\$40,000** from the trust fund for eligible stewardship projects in FY'06 and anticipates that **\$60,000** would be available for eligible stewardship projects in FY'07. 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

From its inception, the Agency's short-term goal for the trust fund has been 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, the Agency is making significant progress on this front. The trust fund is now generating enough funding under the formula to begin funding some modest stewardship projects.

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 an ongoing need. Again, trust fund monies will *not* be used to acquire land or for stewardship projects that are otherwise covered within department operating budgets.

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 principal departments.

Fund Sources and Balances

At the end of FY'05 (June 30, 2005), the balance in the Lands and Facilities Trust Fund was **\$2,069,892**. This is nearly double the amount of funding that was in the fund at the end of FY'04 (\$1,084,063). Receipts from timber sales on state forest land accounted for most of this increase (approximately \$918,000 timber sale receipts in FY'05). Total fund sources and amounts as of June 30, 2005 are summarized below:

• Timber Sale Receipts on State Forests:	\$1,904,945
• Permit Fees on State Forests:	50,769
• Donations:	3,169
• Interest:	<u>111,009</u>
Total (as of 06/30/05)	<u>\$2,069,892</u>

Fund Expenditures

Up until FY'06, there had not been enough funding in the trust fund to generate a meaningful amount of money under the formula for eligible trust fund projects. Consequently, the Agency did not spend any trust fund monies on stewardship projects through FY'05. However, with the trust fund's balance exceeding \$1,000,000 in FY'04 and now in excess of \$2,000,000 for FY'05, the Agency budgeted **\$40,000** in initial expenditures from the trust fund for FY'06.

In selecting eligible stewardship projects for these funds, 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 is described in detail in the January 2002 Annual Report and 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.

Using this process, the Agency of Natural Resource's Lands Stewardship Team reviewed eleven potential stewardship projects for FY'06 funding consideration. Total preliminary estimated costs associated with these eleven projects exceeded \$300,000. Of these stewardship proposals, three projects were ultimately forwarded to and were subsequently approved by the Commissioner of Forests, Parks and Recreation. Given the cost estimates associated with these three projects, the Commissioner approved spending \$40,000 in trust fund monies in FY'06 and is recommending an additional allocation of \$60,000 in trust fund monies to complete these projects as a part of the Agency's FY'07 budget proposal. Descriptions of the three approved trust fund projects are provided below:

- **Repairs to Osmore Pond Picnic Shelter at New Discovery Campground (Groton State Forest):** This popular structure was built by the Civilian Conservations Corps and receives a considerable amount of use by the public. Unfortunately, funding has not been sufficient to adequately maintain this historic structure. The 1998 State Park Infrastructure Study identified a number of needed repairs to this facility including new roof; replace foundation, floor slab, and deteriorated/rotten logs; restaining; window glazing and replacement of sash; and masonry repairs to fireplace, hearth, and floor. Total estimated repair costs for the picnic shelter are **\$94,500**. Up to \$36,000 in funding for this project will be committed in FY'06 from the trust fund, with the balance to come in FY'07. Work will begin on this project in the spring of 2006 and is expected to be complete by the end of FY'07.
- **Completion of Forestry Education Center Log Cabin at Kehoe Conservation Camp:** This cabin will be the centerpiece of a demonstration forest and Vermont tree arboretum at the Department of Fish and Wildlife's Kehoe Conservation Camp at Lake Bomoseen and will contain historic forestry tools and instruments. The cabin is being built by Stafford Technical forestry students at their Rutland facility and will be moved to Kehoe when completed. Although the logs and lumber have been donated,

materials including cedar roof shakes, field stone chimney and liner, nails, spikes, hinges, tar paper, windows, chinking, and other supplies are needed to complete the cabin. Total estimated cost of these materials is **\$4000**. This project is well underway and is expected to be completed by the summer of 2006.

- **Marketing and Promotion of Lands and Facilities Trust Fund:** Since its inception in 2001, an overriding need has been to promote and increase the visibility of the Lands and Facilities Trust Fund. Although a preliminary marketing strategy for the Trust Fund was developed by the Agency (as outlined within both the 2003 and 2004 annual report on the Trust Fund to the legislature), the Agency has lacked the capacity to move forward and implement the strategy. A marketing consultant will be hired to develop and implement a plan in conjunction with the above two projects to increase public visibility of (and ultimately support for) the trust fund. Total estimated cost is **\$12,000**. (Note: This project may be deferred until FY'08 unless there are some cost savings on the above projects and/or if supplemental funding can be secured).