

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

Annual Report

January, 2008

Trust Fund Balance as of 06/30/07: **\$3,198,959**

Executive Summary

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 2008 Annual Report on the Lands and Facilities Trust Fund represents the seventh such report. This report documents the balance in the fund at the end of state fiscal year 2007 (June 30, 2007) as well as revenue sources deposited and funds spent on projects as of that date.

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 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 (www.vtfpr.org/lands/lftf.cfm).

Balance at end of FY06		\$2,729,052
Income during FY07:		
Timber Sale Receipts on State Forests	462,760	
Permit Fees on State Forests	20,295	
Donations	55	
Earnings	70,072	
	553,182	
Project funds dispensed FY07:		
Repairs at Osmore Pond Picnic Shelter at New Discovery Campground in Groton State Forest	77,219	
Forestry Education Center Log Cabin at Kehoe Conservation Camp	56	
Understory Treatment at Downer State Forest	6,000	
	(83,275)	
Balance at end of FY07		\$3,198,959

Background

In response to an urgent and growing need to provide 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 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 five percent of the moving average of the fund's market value over the prior twelve quarters. The Agency budgeted \$60,000 from the trust fund for eligible stewardship projects in FY07. 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 intent is to build the fund to a sufficient level that it is able to contribute substantially toward stewardship efforts for the lands, facilities and recreational assets it manages. While it may take decades for the trust fund to become fully capitalized, significant progress is being made. As of FY06, the fund began generating enough monies under the formula to begin funding some modest stewardship projects. At the end of FY07 (June 30, 2007), the balance in the Lands and Facilities Trust Fund was \$3,198,959. This represents an increase of \$469,907 from the balance at the end of FY06 (\$2,729,052).

The overall objective is to fund the Agency’s highest priority stewardship needs. In selecting stewardship projects for the fund, the Agency reviews them using the following criteria in no particular order: cost; availability of funds; condition of the resource or facility; level of use; level of public need; 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. The process allows for a thorough and efficient analysis of proposed projects, ensuring that those selected reflect the highest priority stewardship needs.

Needed repairs and maintenance of existing Agency facilities and infrastructure and sustainable forest management activities are 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.

Fund Income

Income to the fund came from four different sources, and receipts from timber sales on state forest lands provided the highest amount. Totals received from each funding source during FY07 (as of June 30, 2007) are as follows:

Timber Sale Receipts on State Forests	\$462,760
Permit Fees on State Forests	20,295
Donations	55
Earnings	70,072
	<hr/>
Total for FY07	\$553,182

Fund Expenditures

Prior to FY06, there were insufficient monies in the trust fund to generate a meaningful amount of money under the formula to undertake any projects. Consequently, the Agency did not spend any trust fund monies through FY05. At the end of FY05, the Agency budgeted \$40,000 for initial expenditures from the fund in FY06. The Commissioner approved spending \$60,000 in trust fund monies in FY07 for the following four projects:

- **Repairs at Osmore Pond Picnic Shelter at New Discovery Campground in Groton State Forest**

As reported in the 2007 report (with a number of photographs), extensive repairs were recommended for this Civilian Conservation Corps historic structure in the 1998 State Park Infrastructure Study. In FY07, \$77,219 was paid for the Phase I of this construction project. This included some funds that had been allocated to be spent on the project in FY06.

Items of work done are as follows:

Foundation, pavilion floor and underdrain work, including replacing a section of the toilet room foundation wall that had failed.

The excavation uncovered what was essentially construction on native soils on a wet site.

Unsuitable base material was moved and spread on the downhill edge of the existing fill prism, creating a larger flat area on the pond side of the building.

Graveled access walkways and gravel to reduce splash from eaves were added.

Post bases were elevated to remove them from wind-driven rain and snow melt puddles. One post required a spliced base.

Replacement of rotted bottom logs on pavilion portion. Used materials to match existing. This addressed all full log replacement for the structure.

Repair and cleaning of chimney masonry below roofline. Replacement of concrete hearth.

A replacement 1500-gallon septic tank was added to the contract but paid from a regional infrastructure account.

- **Forestry Education Center Log Cabin at Kehoe Conservation Camp**

As reported in the FY06 report (with photographs), this cabin is 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 was built by Stafford

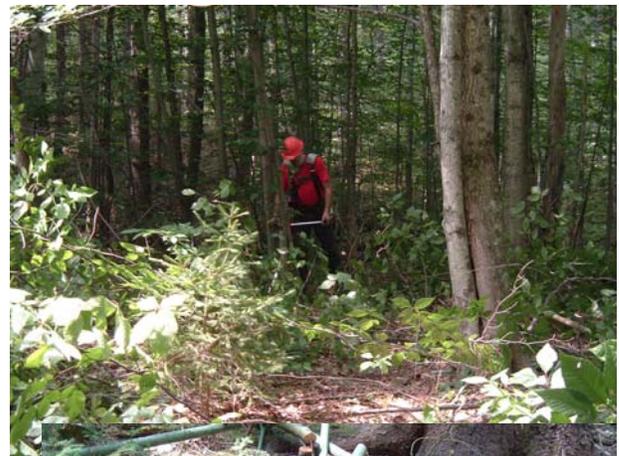
Technical forestry students at their Rutland facility and then moved to the Kehoe camp.

Logs and lumber were donated, while the cedar roof shakes, field stone chimney and liner, nails, spikes, hinges, tar paper, windows, chinking, and other supplies were paid for by the trust fund. The tasks of chinking the cabin and placing a stone face on the foundation still remain and are to be completed in FY08, using the remainder of the \$4,000 trust fund dollars previously allocated.

- **Understory Treatment at Downer State Forest**

Downer State Forest in Sharon, Vermont, a state forest since the early 1900s, has been the site of intensive forest management for decades. As envisioned and deeded by its donor, Charles Downer, it is also a place to conduct experimental forestry. For the last decade, foresters throughout Vermont have noted a tendency for forest reproduction to become dominated by two tree species, typically American beech and striped maple. Eventual dominance by these two low value species has the potential to severely lower the economic potential of the forest industry in Vermont and the ecological diversity of native forests.

Through a number of mechanical techniques, experimental pre-cutting of beech and striped maple saplings was made possible with \$6,000 from the Lands and Facilities Trust Fund in the summer of 2006. Desirable seedlings and sapling such as Norway spruce and yellow birch were left. The treatment was done two years before a commercial harvest so that any re-sprouted saplings would struggle in shade



and fail. The treatment was also timed so that the root systems of cut trees would be at their most depleted state in early- to mid-summer, curtailing the incidence of re-sprouting. Ultimately this treatment should give a number of more valuable species a competitive edge resulting in a more diverse and valuable forest in the future.

- **Marketing and Promotion of Lands and Facilities Trust Fund**

Promotion of the Lands and Facilities Trust Fund has been identified as needed to increase its visibility and financial growth. A preliminary marketing strategy for the fund was developed by the Agency (as outlined within both the 2003 and 2004 annual reports to the legislature). The Agency intends to hire a consultant to conduct a feasibility study for both marketing and fundraising in FY08. No fund dollars were expended in FY07 on this project.