

Agency of Natural Resources
LANDS AND FACILITIES TRUST FUND

Annual Report
January, 2014

Trust Fund Balance as of 06/30/13: **\$4,103,494**

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 2014 Annual Report on the Lands and Facilities Trust Fund represents the twelfth such report. This report documents the balance in the fund at the end of state fiscal year 2013 (June 30, 2013) as well as revenue sources deposited and funds spent during FY'13.

Readers are referred to previous annual reports which are posted on the Department of Forests, Parks and Recreation's website (www.vtfpr.org/lands/lftf.cfm).

Balance at end of FY'12:		\$4,070,323
Income during FY'13:		
Timber Sale Receipts on State Forests	439,627	
Permit Fees on State Forests	51,721	
Sale of Products	-5,700	
Forest Legacy Stewardship & Monitoring Endowment	13,816	
Earnings	221,050	
		720,515
Project funds dispensed in FY'13:		
State Lands Survey	34,436	
State Lands Management – Forestry	614,902	
Okemo Fire Tower	3,721	
Coolidge SP Enhancements	-293	
ANR Lands Maintenance - Dist 1 - 4	6,802	
New Discovery Demonstration Project	1,115	
South Bay WMA Cleanup Event	1,870	
SP Vegetation Enhancements - Dist 5	100	
District 5 Inventory	4,992	
Duxbury Gravel	19,700	
		(687,345)
Balance at end of FY'13		\$4,103,494

Background

In response to an urgent and growing need to provide responsible stewardship of state lands and facilities held by the Agency of Natural Resources, the Legislature created the *Lands and Facilities Trust Fund* (LFTF) 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; property survey and boundary investigations; contract inventories of state land natural resources; repair, replacement and maintenance of conservation camps; monitoring and stewardship of conservation easements; timber management activities conducted in accord with USDA silvicultural guidelines; and other vegetation management activities such as crop tree release, prescribed burns, invasive species control, brush hogging wildlife openings. Land acquisition is *not* an eligible activity.

As established, the LFTF 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. 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 Legislature.

The Agency's long term goal is to build the LFTF to a sufficient level so that it provides a meaningful and sustainable source of income for priority stewardship activities for Agency lands and facilities. While it may take decades for the Trust Fund to become fully capitalized, the fund continues to grow nearly every year. At the end of FY'13 (June 30, 2013), the balance in the Lands and Facilities Trust Fund was \$4,103,494. This represents an increase of \$33,171 over the balance at the end of FY'12 (\$4,070,323).

Over the last couple of years and continuing in FY'14, state agencies have faced substantial budget shortfalls. This situation is expected to continue into FY'15 and impacts how the Agency allocates Trust Fund monies to eligible stewardship activities. With limited general fund monies available to the Agency trust fund monies are continuing to be used to fund priority stewardship activities that are conducted directly by Department of Forests, Parks and Recreation state lands staff. This funding enabled Forestry Division staff to continue to work on priority state lands management activities and stewardship projects.

It is important to recognize that the use of the LFTF to cover certain FPR personnel costs represents an emergency response to serious on-going budget limitations. While this use has allowed the Department to maintain functions without further staff reductions, legitimate questions remain about the long-term sustainability this practice. Nonetheless, the balance in the Trust Fund continues to grow (though modestly in recent years) and the State's budget situation seems to be slowly improving. In light of this positive news, the Department solicited new stewardship project proposals for LFTF in FY'14. Moving forward, we expect to continue to make LFTF funding available for eligible ANR lands stewardship projects while looking for ways to reduce the Department's reliance on LFTF monies for supporting state lands stewardship staff.

Fund Expenditures

The Agency spent \$687,345 in trust fund monies in FY'13. All FY'13 LFTF expenditures are summarized below:

State Lands Management (Forestry) - \$614,902

Staff from the Division of Forests has the primary responsibilities for the on-the-ground management activities on all Agency lands. These stewardship responsibilities range from the development of long-range management plans to the implementation of vegetative management activities. All proposed projects are detailed in annual district stewardship plans that go through inter-disciplinary agency review.

There were three main focus areas during FY'13: continued development or revision to long-range management plans for ANR lands; the planning for, marking, selling and administration of timber sales on ANR lands; and state forest highway and recreational trail projects.

Long-range management plans are the backbone of all our work on Agency lands. Plans provide assessments on everything from natural communities, to recreational resources, to special treatment areas and restrictions, to timber and wildlife resource values. In addition to the assessment function, long-range management plans detail the implementation strategies to be carried out short term and long term on the property. During FY '13, the following planning work was accomplished:

Lowell Lake State Park – forest inventory and ecological assessment completed. Draft long range management plan under review by district staff.

Mt. Philo State Park - all field assessments completed. Initial public scoping meeting was held. The district staff began process of drafting long range management plan.

West Rutland State Forest (included in the West Rutland Management Unit) - field assessments underway.

Black Turn Brook State Forest (included as part of Border Management Unit) - District staff working on final long range management plan in conjunction with other state properties.

Camel's Hump Management Unit (includes Camel's Hump State Park and Howe Block of Camel's Hump State Forest) -second draft plan developed and sent to ANR Lands Team for review spring of 2013. Additional assessment work started 2013.

Big Jay/Black Falls Block of Jay State Forest - Draft plan previously prepared by Green Mountain Club, district staff assisting with completing GIS mapping. Timber assessment needs to be done to finalize plan.

CC Putnam State Forest (part of Worcester Management Unit) - Development of resource assessments under way by district staff.

Mathewson State Forest/Holbrook State Park (part of Heights Management Unit) – Draft plan has been developed and is being reviewed internally. Needs historic assessment before final plan will be completed.

Victory State Forest and Darling State Park (part of the Victory Management Unit) planning efforts are underway, initial public involvement (scoping) meeting held last year.

In addition, forestry staff assisted the Department of Fish and Wildlife in the development of fifteen long-range management plans for Wildlife Management Areas. Two of these plans were approved and signed during FY' 13 (Missing Link WMA, Tinmouth Channel WMA).

Timber sale administration not only is a large part of the workload for division staff, timber sale revenues from state forests account for the bulk of revenues in the Lands and Facilities Trust Fund. Revenues during FY' 13 from timber sales on state forest lands contributed \$439,627.33 to the Lands and Facilities Trust Fund.

Here is a summary of timber sales that were marked on state forest and state parks in FY' 13:

Coolidge SF – 26 acres, 59 mbf, 110 cords
Coolidge SF – 36 acres, 49 mbf, 98 cords
Mt Mansfield SF – 269 acres, 246 mbf, 1389 cords
Camel's Hump SP – 100 acres, 218 mbf, 427 cords
Coolidge SF - 15 acres, 37 mbf, 190 cords
Coolidge SF - 90 acres, 245 mbf, 293 cords
Dorand SF – 35 acres, 66 mbf, 136 cords
Downer SF – 66 acres, 372 mbf, 348 cords
Elmore SP – 55 acres, 23 mbf, 565 cords
Groton SF - 63 acres, 54 mbf, 844 cords
Groton SF – 86 acres, 52 mbf, 389 cords
L. R. Jones SF – 138 acres, 171 mbf, 1282 cords
Willoughby SF – 136 acres, 46 mbf, 404 cords

In addition to the thirteen sales that were marked, offered for competitive bid and sold to contractors, there were an additional five sales that had been previously sold and were active during the reporting period. Sale administration is a critical element to the timber management program, ensuring that contract stipulations and silvicultural objectives are being met.

One of the Groton timber sales listed above also had the objective to demonstrate biomass retention techniques that can be employed during whole tree harvesting. During the course of the ongoing operation an informational kiosk was placed in the nearby New Discovery State Campground in an effort to inform the public. Additional tours were held for forestry professionals and landowners during the course of operations.

A total of 83 lots and 243 cords of firewood were made available through the division's roadside firewood lottery program. The division continued the lottery system instituted to equitably distribute available lots to the public. Finally, 50 cords of tree length firewood included in one of the seven sales

was offered for the Wood Warms Program. These 50 cords from Mt. Mansfield State Forest went to United Way of Lamoille County.

Forest Road and Trail Maintenance Activities

Forest road work in FY'13 was largely focused on the repairs and rebuilding of roads damaged by Tropical Storm Irene. District staff where possible carried out their normal forest highway maintenance.

Recreation trail maintenance activities continued to receive a lot of attention in FY'13. Forestry Division staff oversee most of the trail projects while the actual work is accomplished by VYCC and State Trail Crews and a wide range of volunteer organizations. Maintenance activities were undertaken on several trails including those at Mt. Ascutney State Park, Lake Carmi State Park, and Willoughby State Forest. Trail maintenance projects continued to be the focus on both Camel's Hump State Park and Mt. Mansfield State Forest where recreational trail use is heavy. Trail maintenance projects for FY'13 also included work on cross country skiing, snowmobiling, equestrian and biking trails on state lands around the state.

Overall stewardship of Agency lands remains a challenge. Projects over and above what was listed, include boundary line maintenance, monitoring and/or controlling invasive species, mowing trail-head parking lots, cleaning culverts, administration of special use permits, and other activities take time and resources. Agency land also has an important role to play as demonstration areas.

Sale of Products - \$5,700

The Department had an MOA with the Town of Duxbury that allowed the Town to use gravel from the State's pit for their repair work related to Tropical Storm Irene. The Town reimbursed the Department at the FEMA allowable rate of \$4.75/yd, which totaled \$29,041.50. After consulting with the Department of Finance and Management, we deposited this into the LFTF in FY 2012. It was reported as income under "Sale of Products". In this annual report for FY'13, there is a negative \$5,700 reported as income. The Department had to refund the Town of Duxbury \$5,700 of their payment during FY'13 due to a miscalculation in the amount of gravel used.

State Lands Survey - \$34,436

Property survey is a fundamental component of state lands stewardship. During FY'13, state lands survey staff responded to several alleged encroachments or boundary disputes and conducted surveys or related investigations Camel's Hump State Park in Bolton and Emerald Lake State Park in Dorset. Survey staff also provided assistance on other projects including surveying a land swap at Alburgh Dunes State Park in Alburgh, surveying the subdivision of the proposed Lafrenier sale parcel at Camel's Hump State Park, conducting survey research and field work for the Stone donation to Rupert State Forest in Dorset and Rupert, at the Morrisville Water and Light II addition to Green River Reservoir State Park in Wolcott and Hyde Park, and miscellaneous mapping and other small projects involving ANR lands.

Okemo Fire Tower - \$3,721

This project involved hiring the Okemo Ski Area maintenance staff to replace the roof on the Okemo Fire Tower that had been damaged by high winds. LFTF funding was put towards the total cost of this project. Okemo Ski Area maintenance staff first removed the old roof and then installed a new steel plate roof that they had designed, built and painted themselves.

Coolidge State Park Enhancements – Credit of \$293

Some of the funding for this project was originally miscoded and was subsequently reallocated to the State Lands Maintenance project. This project was closed out.

New Discovery Demonstration Project – \$1,115

These funds were used to purchase materials for making signs and paint for the signs. The signs were used to mark on the ground where past vegetation management projects have been conducted within Groton State Forest and Willoughby State Forest.

State Lands Maintenance (Districts 1 thru 4) - \$1,073

This project includes on-going maintenance activities on Agency lands in districts 1 through 4. Projects included control of invasive exotics, state park tree maintenance and other on-going activities.

South Bay WMA Cleanup Event - \$1,870

Excess funding from this project was utilized to obtain planting material for riparian area restoration along the Barton River. Trees were purchased from the Intervale. A replacement game camera was purchased for use at the WMA. Funding from this project was also reallocated to clean up the debris from old camps on Willoughby State Forest and associated purchase of supplies.

State Park Vegetation Enhancements (District 5) – \$100

Several blueberry plants were purchased to replace invasive plants at Maidstone State Park.

District 5 Inventory - \$4,992

UVM was paid to conduct an inventory of timber, natural communities, water resources & wildlife habitat in Holbrook State Park, Mathewson State Forest, & Calendar Brook WMA and provide a report of recommended management strategies for these parcels in the ANR long-range management plan format. This project is completed.

Duxbury Gravel - \$19,700

This project made improvements to the gravel pit to free up more gravel and paid for work on Camel's Hump State Park that will reduce the need for gravel withdrawal over the long term. The work includes maintenance such as ditch clearing, grading and resurfacing culvert enlargement, which will better manage runoff to hopefully avoid shoulder erosion or culvert blowouts in the future.

The Future

For FY'13, the principal in the LFTF increased slightly over the previous year. Over the long term, we expect this trend to continue and even accelerate. Timber sale receipts from state forest land are expected to remain robust for the foreseeable future and will continue to provide the main source of funding for the LFTF.

Additionally, in FY'13, the LFTF received a contribution for the purpose of monitoring and stewardship of a conservation easement held by the Department of Forests, Parks and Recreation. Going forward, we anticipate similar contributions to the LFTF for conservation easement stewardship and other specific stewardship purposes. To ensure that such funds are effectively administered and used for their intended

purpose, it will be important to establish separate accounts within the LFTF for any specific-purpose contribution it may receive.

With a growing balance currently in excess of \$4,000,000, the LFTF is well poised to provide a meaningful and reliable source of funding for needed stewardship projects for ANR lands and facilities. In FY'14 the Department approved over \$240,000 in new LFTF funding for eligible stewardship projects around the state. Next year's annual report on the Trust Fund will include a description of these projects and how some of this funding was used. Looking ahead, we expect to continue to allocate some trust fund monies for eligible stewardship projects.

The future of the LFTF is bright, but if it is to fully live up to its potential to support priority stewardship projects on ANR for ANR lands and facilities, the Department must be successful in reducing its reliance on using trust fund monies to support Forestry Division operations and staff.