

Agency of Natural Resources
LANDS AND FACILITIES TRUST FUND

Annual Report
January, 2015

Trust Fund Balance as of 06/30/14: **\$4,361,703**

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 2015 Annual Report on the Lands and Facilities Trust Fund represents the thirteenth such report. This report documents the balance in the fund at the end of state fiscal year 2014 (June 30, 2014) as well as revenue sources deposited and funds spent during FY'14.

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 FY13:	4,103,494
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Income during FY14:

Timber Sale Receipts on State Forests	529,916	
Permit Fees on State Forests	41,153	
Fines	375	
Donations	75	
Earnings	<u>473,163</u>	
		1,044,682

Project funds dispersed in FY14:

State Lands Management – Forestry	633,360	
State Lands Survey	34,436	
Integrated Pest Management Crew	43,662	
Bald Mountain Fire Tower Cabin	23,300	
ANR Lands Maintenance, Districts 1 – 4	15,779	
Okemo State Forest Branch Brook Access Road	9,981	
Bear Hill Fire Tower	7,400	
Invasive Plant Control in Ft. Dummer and Ascutney State Parks	4,500	
Timber Stand Improvements, District 4	3,300	
Invasive Plant Monitoring and Management, District 5	3,030	
Dead Creek WMA Culvert Replacement	3,020	
Lake Willoughby South End Beach Monitoring	2,000	
Duxbury Gravel	1,640	
Eagle Point WMA Interpretive Signing	952	
Signs, Kiosks & Vegetation Enhancement, District 5	<u>112</u>	
		(786,473)

Balance at end of FY14	4,361,703
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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. Eligible activities include repair and maintenance at state parks; contract surveys and mapping; maintenance of, roads, trails and facilities; property surveys, boundary investigations, and marking state land boundaries; 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'14 (June 30, 2014), the balance in the Lands and Facilities Trust Fund was \$4,361,703. This represents an increase of \$258,209 over the balance at the end of FY'13 (\$4,103,494).

Over the last several years and continuing into FY'15, state agencies have faced substantial budget shortfalls. This situation is expected to continue into FY'16 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 has enabled Department 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 Department 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. In FY'14, the Department awarded LFTF funding for several new stewardship project projects on ANR lands. Proposals for additional stewardship projects were solicited in FY'15 as well, but most of the funding for these projects was ultimately not awarded due to mandatory budget rescissions. Moving forward, we hope to continue to make LFTF funding available for eligible ANR lands stewardship projects while reducing the Department's reliance on LFTF monies for supporting state lands stewardship staff.

Fund Expenditures

The Agency spent \$786,473 in trust fund monies in FY'14. All FY'14 LFTF expenditures are summarized below:

State Lands Management (Forestry) - \$633,360

Staff from the Division of Forests has the primary responsibilities for 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.

The three main focus areas during FY14 are: continued development or revision to long-range management plans for ANR lands; the planning for, marking, selling and administration of timber sales; and state forest highway and recreational trail projects.

Long-range management plans are the documents that guide all work on Agency lands. Plans provide assessments of natural communities, recreational and cultural resources, wildlife habitats, and timber and other resources. 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. The planning process also includes public input to hear from the public during the development stages of a plan. During FY14, the following planning work was accomplished on ANR lands:

Mt. Philo State Park – District staff conducted an internet survey and began the process of drafting a long range management plan for the Park.

West Rutland State Forest – District staff completed and summarized field assessments in preparation for a public scoping meeting.

Camel's Hump Management Unit (Camel's Hump State Park, Camel's Hump State Forest, Huntington Gap Wildlife Management Area, Robbins Mt. Wildlife Management Area) – District staff completed a revised draft management plan for the management unit for review by the ANR Lands Stewardship Team.

The Heights Management Unit (Mathewson State Forest, Holbrook State Park, Calendar Brook Wildlife Management Area) - A draft plan has been developed and is undergoing review by district staff.

Victory Management Unit (Victory State Forest, Victory Basin Wildlife Management Area and Darling State Park) - Portions of a draft plan have been written by district staff for this management unit.

In addition, forestry staff also assisted the Department of Fish and Wildlife in the development long-range management plans for Wildlife Management Areas. Three of these plans were approved and signed during FY14 (Atherton Meadows WMA, West Mountain WMA, and Public Access Plan for Plum Creek Timberlands).

Timber sale administration not only is a large part of the workload for division staff, it also brings in the bulk of revenues in the Lands and Facilities Trust Fund. Revenues during FY'14 from timber sales on state forest land brought back \$529,916 to the Lands and Facilities Trust Fund. Below is a summary of timber sales that were marked on state forests and state parks in FY'14:

Downer SF – 23 acres, 86 mbf, 43 cords
Coolidge SF – 106 acres, 237 mbf, 441 cords
Coolidge SF – 59 acres, 63 mbf, 344 cords
Coolidge SF - 18 acres, 18 mbf, 180 cords
Fort Dummer SP- 46 acres, 155 mbf, 305 cords
Groton SF – 114 acres, 184 mbf, 477 cords
Mount Mansfield SF– 107 acres, 116 mbf, 834 cords
Sweet Pond SP - 15 acres, 32 mbf, 60 cords

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

A total of 48 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 eight 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 FY14 was limited due to funding, but critical areas were addressed where possible along with some routine maintenance. These forest access roads not only provide access for forest management purposes, but access for the public for a wide variety of recreational uses including walking, biking, hunting, fishing, horseback riding, snowshoeing and skiing to name a few.

Recreation trail maintenance activities continued to receive a lot of attention in FY14. 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 SP, Emerald Lake SP, and Willoughby SF. Trail maintenance projects continued to be the focus on both Camels Hump SP and Mt. Mansfield SF where recreational trail use is heavy. Trail construction projects for FY14 included work on cross country skiing/ snowshoe

trail network in Downer SF and biking trails on Ascutney SP. District staff worked with VAST to maintain and make improvements to snowmobile trails on state lands.

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

State Lands Survey - \$34,436

Property survey is a fundamental component of state lands stewardship. During FY'14, state lands survey staff responded to several alleged encroachments or boundary disputes and conducted surveys or related investigations at Camel's Hump State Park in Bolton and Emerald Lake State Park in Dorset. Survey staff also provided assistance on other projects including field work at Alburgh Dunes State Park, survey of the subdivision of the proposed Lafreniere sale parcel at Camel's Hump State Park, survey of a portion of Grand Isle at Grand Isle State Park, assistance on the survey of the West Shore Access Road in Groton State Forest, survey of a Rutland City right of way at Coolidge State Forest, survey assistance at Branbury State Park, survey work at Camels Hump State Park to resolve a property dispute, survey of an encroachment on a portion of Coolidge State Forest next to the Plymouth Notch ski area, research and field work at Darling State Park, and miscellaneous mapping and other small projects involving ANR lands.

Integrated Pest Management Crew - \$43,662

The Integrated Pest Management Crew consisted of three temporary staff dedicated to the identification, assessment, mapping and treatment of invasive terrestrial plants on state land in southwest Vermont (Region/District 2). The crew consisted of one crew leader and two crew members all trained and licensed herbicide applicators. Invasive species were controlled using both mechanical (i.e. hand pulling, weed wrenches) and chemical (judiciously applied) methods. The focus of the crew was to present a focused and dedicated approach to assessing, mapping and ultimately controlling invasive species. Their efforts built on previous and ongoing work of the forestry and parks division. The crew focused efforts in seven state parks and two state forests.

Okemo State Forest Branch Brook Access Road - \$9,981

This project involved construction of a combination forest management access road and back country ski-trail on Okemo State Forest in Mt Holly. This road will provide access for timber harvest on a previously inaccessible 500 acre unit of Okemo State Forest with close to 1 million board feet of sawtimber, allow access for annual maintenance of a wild apple habitat area popular with hunters, and provide a new route for the Catamount Ski trail which is physically separate from VAST snowmobile trails.

Bear Hill Fire Tower – \$7,400

LFTF funds were used to provide new steel stair treads at this popular fire tower at Allis State Park. Approximately half of the treads were installed on the fire tower in FY'14. The remainder will be installed (by existing staff with no additional costs) this upcoming summer.

Invasive Plant Control in Ft. Dummer & Ascutney State Parks - \$4,500

Project funding provided for the treatment of a dozen sites in two state parks with dense invasive plant populations with a combination of “brontosaurus” brushing and follow up herbicide treatment. The project reduced seed production in advance of forest management activities, reduced spread into campgrounds and natural areas and should dramatically reduce deer tick population’s that endanger park visitors.

Bald Mountain Fire Tower Cabin – \$23,300

This project involved the rehabilitation of the historic fire tower cabin at Bald Mt. at Willoughby State Forest. Project partners included the Northwoods Stewardship Center, Vermont Division for Historic Preservation, and numerous volunteers. The restored cabin is now available for public use. Educational/interpretive signing will be installed later this year.

Before:



After:



State Lands Maintenance (Districts 1 thru 4) - \$15,779

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 stewardship activities.

Timber Stand Improvements (District 4) - \$3,300

LFTF funding paid for the timber stand improvement in a regenerated stand of red spruce, balsam fir, and mixed hardwood species on the Ricker Block of Mt. Mansfield State Forest. Work focused on the release of softwood regeneration, preferably red spruce, from competing hardwood vegetation. In areas where softwood is not established, work consisted of crop tree release of preferred hardwood species such as yellow birch, black cherry, paper birch, sugar maple and red maple. A timber stand improvement project in a northern hardwood pole and sawtimber stand was also completed on the Woodward Hill Block of Mt. Mansfield State Forest. The goal of this project was to improve stocking levels and increase the percentage of high quality stems. This stand is comprised primarily of good quality sugar maple stems.

Dead Creek WMA Culvert Replacement – \$3,030

This project involved replacing three 36-inch culverts that were each 30-feet long. They are located on the Dead Creek WMA, Brilyea access road. This road is heavily used by hunters, anglers, wildlife watchers, and hikers using the maintenance roads.

Lake Willoughby South End Beach Monitoring - \$2,000

Project funding was used to pay the Northwoods Stewardship Center to provide a staff presence and monitor users at the south end of Lake Willoughby at Willoughby State Forest. This site has a history of heavy and sometimes inappropriate use.

Duxbury Gravel - \$1,640

This project addressed maintenance issues at the state-owned gravel pit on the Duxbury Road in Bolton at Camel's Hump State Park. The work enabled the Department's use of the pit through the summer and included cleaning ditches, adding drainage structures, stabilizing sections of the pit, and stockpiling gravel for use on roads within Camel's Hump State Park.

Eagle Point WMA Interpretive Signing - \$952

Interpretive signs have been installed at the large parking facility explaining the history of Eagle Point WMA. This unique WMA is located in the Town Derby on Lake Memphremagog and is owned by the U.S. Fish and Wildlife Service and managed by the Vermont Department of Fish and Wildlife under a cooperative agreement.

Signs, Kiosks & Vegetation Enhancement, District 5 - \$112

Project funding provided for the purchase of lumber for trail sign construction. This has enabled the Department to provide an updated and consistent look for trails signs on state lands across the district.

The Future

For FY'14, the principal in the LFTF increased moderately over the previous year. State budget concerns may limit annual increases for the next couple of years. Over the long term, however, we expect the fund's growth to continue and hopefully, 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, as the fund principal continues to grow, interest earnings become an increasingly important revenue source.

The Department is increasingly focused on establishing needed stewardship funding for new land holding that are acquired. We are now requiring a \$15,000 stewardship endowment for all federal Forest Legacy conservation easements that are acquired by the Department. These funds will be deposited into the LFTF and will be dedicated for stewardship of these easements. Going forward, we anticipate additional contributions to the LFTF for conservation easement stewardship and other specific ANR lands stewardship and management 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 continues to be well poised to provide a meaningful and reliable source of funding for needed stewardship projects for ANR lands and facilities. Unfortunately, this potential is reduced by the Department's continued need to use LFTF funding to support staff. The future of the LFTF is bright, but if it is to fully live up to its potential, the Department must be successful in reducing its reliance on using trust fund monies to support Forestry Division operations and staff.