

Land Commissioner: Mark Winkleman

JLBC Analyst: Eric Jorgensen

	FY 2004 Actual	FY 2005 Estimate	FY 2006 Approved
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	174.4	188.4	206.4 ^{1/}
Personal Services	6,502,600	6,957,400	7,762,000
Employee Related Expenditures	1,755,300	1,925,700	2,311,000
Professional and Outside Services	1,323,400	1,325,600	4,039,300
Travel - In State	224,400	265,300	298,300
Travel - Out of State	6,000	1,500	1,500
Other Operating Expenditures	2,028,400	1,846,600	1,949,500
Equipment	549,000	226,400	439,200
OPERATING SUBTOTAL	12,389,100	12,548,500	16,800,800^{2/}
SPECIAL LINE ITEMS			
CAP User Fees	1,026,400	1,026,400	1,859,300 ^{3/}
Environmental County Grants	125,000	125,000	125,000
Fire Equipment	0	1,200,000	0
Fire Suppression	3,000,000	3,000,000	3,000,000 ^{4/}
Inmate Fire Crews	0	790,200	1,176,200
Natural Resource Conservation Districts	488,500	430,000	446,100 ^{5/}
AGENCY TOTAL	17,029,000	19,120,100	23,407,400^{6/}
FUND SOURCES			
General Fund	16,540,500	17,600,100	22,821,700
<u>Other Appropriated Funds</u>			
ADOA Risk Management Fund	0	1,200,000	319,600
Environmental Special Plate Fund	488,500	320,000	266,100
SUBTOTAL - Other Appropriated Funds	488,500	1,520,000	585,700
SUBTOTAL - Appropriated Funds	17,029,000	19,120,100	23,407,400
Other Non-Appropriated Funds	19,408,400	18,646,600	14,683,100
Federal Funds	300	8,300	8,300
TOTAL - ALL SOURCES	36,437,700	37,775,000	38,098,800

1/ Includes 17 FTE Positions funded from Special Line Items in FY 2006.

2/ Of the operating lump sum appropriation, the sum of \$3,064,900 supplements current planning and disposition funding and shall be used by the State Land Department for the sole purpose of the planning and disposition of state trust land as follows: 1. The employment of outside professional services. 2. At least 2 of the 12 newly appropriated Full-Time Equivalent employment positions for the planning and disposition of state trust land located within 5 miles of the corporate boundaries of incorporated cities and towns having a population of less than 100,000 persons. 3. The State Land Commissioner shall provide for the disposition of state trust land in the most expeditious manner consistent with the fiduciary duties prescribed by the Enabling Act and the Constitution of Arizona. Each calendar quarter the commissioner shall provide a report to the Joint Legislative Budget Committee on the planning, sale and lease of trust land in the preceding quarter. The report shall: (a) Identify the number of acres that were added to a conceptual plan, added to a master plan, otherwise planned or prepared for disposition, sale and long-term commercial lease. (b) Include an analysis of the volume of trust land in each county entering the real estate market in comparison with private and other land in the real estate market. (c) Distinguish between urban and rural parcels. (d) Indicate the value added or revenue received. (e) List the resources used and dedicated to trust land planning and disposition, including Full-Time Equivalent Positions, contracts and appropriated and non-appropriated expenditures for each of the items included in the report. (f) Include in the report for the final quarter of the fiscal year a fiscal year-end inventory of trust land prepared for sale, including the appraised value and fiscal year-end totals for the fiscal year regarding: (i) The amount of trust land sold. (ii) The amount of trust land put under long-term commercial lease. (iii) The amount of revenue collected from the sale of trust land. (iv) The amount of revenue collected from the long-term commercial lease of trust land. (v) The amount of purchase price financed on installment sales of state trust land and the principal payoff terms and anticipated yield to the trust over the terms of the installment sales. (General Appropriation Act footnote)

3/ The appropriation includes \$1,859,300 for Central Arizona Project User Fees in FY 2006. For every \$1.00 received as reimbursement to the state in FY 2006, from cities that assume their allocation of Central Arizona Project water for past Central Arizona Water Conservation District payments, \$1.00 reverts to the state General Fund in the year that the reimbursement is collected. (General Appropriation Act footnote)

4/ These monies may be spent on wildfire suppression pursuant to A.R.S. § 37-623. Because this authorization is in permanent statute, it is not included in the General Appropriation Act.

5/ Of the amount appropriated for Natural Resource Conservation Districts in FY 2006, \$30,000 shall be used to provide grants to NRCD environmental education centers. (General Appropriation Act footnote)

6/ General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

AGENCY DESCRIPTION — The agency manages the state's 9.3 million acres of trust land on behalf of its 14 beneficiaries. In order to generate revenue, the agency plans, leases, and sells trust land. The agency also generates revenue by collecting royalties from the operators of 2 copper mines on state land. The department is also responsible for the prevention and suppression of forest fires on State Trust Land and private land outside incorporated municipalities (about 22 million acres total).

PERFORMANCE MEASURES	FY 2003	FY 2004	FY 2006
	Actual	Actual	Approved
• Average land sales processing time (application to auction, in months)	32.0	29.3	23.1
• % of customers giving the department a rating above 4 (5=very satisfied)	89	84	90
• Total trust generated (\$ in millions)	204.2	232.8	333.3

Comments: Despite the dip in customer service scores, the agency projects higher scores in upcoming years with improvements in data access, enhancements to the Web site and customer service training.

Operating Budget

The budget provides \$16,800,800 from the General Fund for the operating budget in FY 2006.

The approved amount includes an increase of \$338,300 from the General Fund in FY 2006 for statewide adjustments. *(Please see the Statewide Adjustments section at the end of this Appropriations Report for details.)*

Increased Revenue Generation

The approved amount includes \$3,064,900 and 12 FTE Positions from the General Fund in FY 2006 for additional staff and resources to increase productivity in the department's revenue generating operations. The 12 FTE Positions include 2 water resource engineers, an archaeologist, 2 land planners, and auditor, a real estate manager, a leasing and sales administrator and 4 appraisers. This funding will help alleviate a backlog of sales and leasing applications due to delays in processing (over 150 applications pending) and appraisals (backlog of about 75 appraisals). The amount includes \$2,220,400 for professional studies, consulting and other services, including 13 engineering and hydrological studies needed to develop over 40,000 acres. Of the total amount, \$500,400 is for one-time expenditures.

A General Appropriation Act footnote stipulates that the additional funding is to be used to supplement current spending for outside professional services and to hire 12 FTE Positions. It also states that 2 of the 12 FTE Positions are to be used for trust land within 5 miles of cities and towns under 100,000 persons. Finally, it instructs the department to provide quarterly reports to the JLBC regarding the disposition of state trust land.

Healthy Forest Implementation

The approved amount includes an increase of \$369,500 and 3 FTE Positions from the General Fund in FY 2006 for

healthy forest legislation implementation. Laws 2004, Chapter 326 increased the duties of the State Forester and the Geographic Information System's (GIS) responsibilities of the State Land Department. Among other duties, it requires the State Forester to monitor wildfire activities and forestry projects. To do this, the department is expanding its GIS capabilities to track this information. To implement these changes the budget provides 3 additional GIS Specialists and additional GIS equipment. This amount also includes a salary increase of \$12,300 for the State Forester. One-time expenditures for equipment are \$139,300.

Wineglass Ranch Dam Safety

The approved amount includes a one-time increase of \$319,600 from the Arizona Department of Administration (ADOA) Risk Management Fund in FY 2006 for Wineglass Ranch Dam Safety. The dam is located on state trust land in the Chino Valley area of Yavapai County. Because the land is no longer leased, the responsibility for the dam belongs to the State Land Department. The Department of Water Resources has classified the dam as unsafe with "high downstream hazard potential." If the dam fails, it could cause damage to several structures and roads. The budget provides monies to partially breach the dam to increase safety to residents and reduce liability to the state by limiting the amount of water that can be stored and the potential for uncontrolled release.

Navigable Streams Funding

The approved amount includes an increase of \$160,000 from the General Fund in FY 2006 to provide technical support to the Arizona Navigable Streams Adjudication Commission (ANSAC). The department provides ANSAC with engineering studies and other technical support for hearing related to the adjudication process.

Special Line Items

CAP User Fees

The budget provides \$1,859,300 from the General Fund for Central Arizona Project (CAP) User Fees in FY 2006. The approved amount includes an increase of \$832,900 from the General Fund in FY 2006 to retain CAP water rights on state trust land near Casa Grande.

Monies in this line item are used to pay the CAWCD for the department's allocation of CAP water used on state trust lands. The CAWCD sets the rates for all CAP subcontractors and applies the capital charges to the repayment of federal construction debt.

Environmental County Grants

The budget provides \$125,000 from the General Fund for Environmental County Grants in FY 2006. This amount is unchanged from FY 2005. Monies in this line item are used by Greenlee, Graham, Gila, Navajo, and Apache Counties for environmental projects that impact economic development in those counties. The State Land Department must approve any project prior to expenditure of the monies.

Fire Equipment

The budget provides no funding for new Fire Equipment in FY 2006. The approved amount includes a decrease of \$(1,200,000) from the ADOA Risk Management Fund in FY 2006 to eliminate one-time fire equipment. The monies were used in FY 2005 for fuel and fire equipment, personal protective equipment, and vehicles and transportation used by inmate fire-fighting crews.

Fire Suppression

The budget provides \$3,000,000 from the General Fund for Fire Suppression in FY 2006. This amount is unchanged from FY 2005. This program funds fire suppression on state trust land and rural private land. A.R.S. § 37-623.02 provides an annual appropriation of up to \$3,000,000 for fire suppression. Because this authorization is in permanent statute, it is not included in the General Appropriation Act.

Inmate Fire Crews

The budget provides \$1,176,200 and 17 FTE Positions from the General Fund for Inmate Fire Crews in FY 2006. These monies provide fire-fighting training for 15 inmate fire crews. The crews are used for fuel treatment and fire suppression in and around communities at risk.

The approved amount includes an increase of \$21,400 from the General Fund in FY 2006 for statewide adjustments.

Additional Fire Crews

The approved amount includes an increase of \$420,300 and 3 FTE Positions from the General Fund in FY 2006 for

3 additional inmate fire crews. This would bring the total number of crews to 15. The amount includes \$272,700 for one-time equipment.

Eliminate One-time Equipment

The approved amount includes a decrease of \$(55,700) from the General Fund in FY 2006 to eliminate one-time equipment. This funding was for personal protective equipment for inmate fire crews.

Natural Resource Conservation Districts

The budget provides \$446,100 for Natural Resource Conservation Districts (NRCs) in FY 2006. This amount consists of \$180,000 from the General Fund and \$266,100 from the Environmental Special Plate Fund.

Environmental Special Plate Fund Shift

The approved amount includes a decrease of \$(53,900) from the Environmental Special Plate Fund and an increase of \$70,000 from the General Fund in FY 2006 to offset falling Environmental Special Plate Fund revenues. This aligns the appropriation with the expected on-going revenues for the Environmental Special Plate Fund and includes \$26,100 from the fund's prior year ending balance, which will not be available in future years.

Monies in this line item are used to provide for natural resource research, scholarships, and staff at the state's 31 NRCs. These districts are established to provide local conservation assistance and education and to coordinate the receipt of federal grants. A General Appropriation Act footnote requires that \$30,000 of the monies be used to provide grants to NRC environmental education centers. The revenue deposited in the Environmental Special Plate Fund consists of \$17 of the \$25 fee for environmental license plates.