

State Land Department

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DESCRIPTION	FY 2005 ACTUAL	FY 2006 ESTIMATE	FY 2007 JLBC
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	188.4	206.4	206.4
Personal Services	6,757,400	7,762,000	7,762,000
Employee Related Expenditures	1,884,000	2,324,600	2,324,600
Professional and Outside Services	1,341,800	4,039,300	3,505,300
Travel - In State	216,800	298,300	298,300
Travel - Out of State	12,200	1,500	1,500
Other Operating Expenditures	1,877,800	1,935,900	1,935,900
Equipment	449,200	439,200	340,500
OPERATING SUBTOTAL	12,539,200	16,800,800	16,168,100
SPECIAL LINE ITEMS			
CAP User Fees	1,026,400	1,859,300	1,347,900
Environmental County Grants	125,000	125,000	125,000
Fire Equipment	917,000	0	0
Fire Suppression	3,000,000	3,000,000	3,000,000
Inmate Fire Crews	465,400	1,176,200	903,500
Natural Resource Conservation Districts	429,900	446,100	446,100
AGENCY TOTAL	18,502,900	23,407,400	21,990,600
FUND SOURCES			
General Fund	17,266,000	22,821,700	21,493,900
<u>Other Appropriated Funds</u>			
ADOA Risk Management Fund	917,000	319,600	230,600
Environmental Special Plate Fund	319,900	266,100	266,100
SUBTOTAL - Other Appropriated Funds	1,236,900	585,700	496,700
SUBTOTAL - Appropriated Funds	18,502,900	23,407,400	21,990,600
Other Non-Appropriated Funds	13,724,800	18,919,800	9,139,100
Federal Funds	4,100	9,800	9,800
TOTAL - ALL SOURCES	32,231,800	42,337,000	31,139,500
CHANGE IN FUNDING SUMMARY			
	<u>FY 2006 to FY 2007 JLBC</u>		
	<u>\$ Change</u>	<u>% Change</u>	
General Fund	(1,327,800)	(5.8%)	
Other Appropriated Funds	(89,000)	(15.2%)	
Total Appropriated Funds	(1,416,800)	(6.1%)	
Non Appropriated Funds	(9,780,700)	(51.7%)	
Total - All Sources	(11,197,500)	(26.4%)	

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 2005	FY 2007
	Actual	Actual	Actual	JLBC
• Average land sales processing time (application to auction, in months) Comments: The department expects the average time to process an application to continue to decrease due to increased resources for trust land revenue generation.	32.0	29.3	23.1	14
• % of customers giving the department a rating above 4 (5=very satisfied)	89	84	85	87
• Total trust generated (\$ in millions) (total earnings/expendable fund earnings) Comments: The total trust generated includes both expendable and permanent fund revenue. The expendable earning portion of this performance measure includes both revenues generated by the Land Department and interest earned by the Treasurer. The department attributes the increase in the amount of money generated for the trust to increased land values and large sales of land in North Phoenix. The department also attributes the increase to outward growth of the Phoenix Metro Area where there is currently state trust land, and the ability to have planned the land and have it prepared for sale.	\$204.2/ \$101.7	\$232.8/ \$71.1	\$393.6/ \$99.4	\$486.2/ \$127.8
• Total trust land sales (\$ in millions) (NEW) Comments: The JLBC Staff recommends adding a new measure in FY 2007 to provide the total dollar amount of trust land sales during the fiscal year.	--	--	--	\$500
• Total number of trust land acres sold in Maricopa, Pima, and Pinal Counties (NEW) Comments: The JLBC Staff recommends adding a new measure in FY 2007 to provide the total number of trust land acres sold in Maricopa, Pima, and Pinal Counties.	--	--	--	3,000
• Total number of trust land acres sold in all other remaining counties (NEW) Comments: The JLBC Staff recommends adding a new measure in FY 2007 to provide the total number of trust land acres sold in all other remaining counties.	--	--	--	1,000

RECOMMENDED CHANGES FROM FY 2006

Operating Budget

The JLBC recommends \$16,168,100 for the operating budget in FY 2007. These amounts consist of:

	FY 2007
General Fund	\$15,937,500
ADOA Risk Management Fund	230,600

These amounts would fund the following adjustments:

Eliminate One-time Funding GF (639,700)

The JLBC recommends a decrease of \$(639,700) from the General Fund in FY 2007 to eliminate \$(194,700) for one-time funding for equipment and \$(445,000) for one-time funding for studies.

Wineglass Ranch Dam Safety OF (319,600)

The JLBC recommends a decrease of \$(319,600) from the Arizona Department of Administration (ADOA) Risk Management Fund in FY 2007 to eliminate one-time funding for Wineglass Ranch Dam Safety. The Department of Water Resources classified the dam as unsafe with "high hazard potential." In FY 2006, the

budget provided monies to partially breach the dam to increase safety to residents and reduce liability to the state by limiting the amount of water that could be stored and the potential for uncontrolled release.

Dam Repair OF 230,600

The JLBC recommends an increase of \$230,600 from the ADOA Risk Management Fund in FY 2007 for dam repair and maintenance. The Powerline, Vineyard, and Rittenhouse Dams are flood control dams located in eastern Maricopa County. Each structure has been classified as "high hazard potential," which means failure can result in "loss of human life" and "property losses may be extensive." Currently, the Maricopa County Flood Control District (MCFCD) is paying 100% of the costs to maintain these dams and claims to be the owner of the dams. The State Land Department provided state trust land to MCFCD for the dams without receiving any consideration. Litigation is pending questioning the validity of easements provided for no consideration. In the interim, the State Land Department has agreed to pay 50% of the costs to maintain the dam as a temporary solution to the pending litigation. The recommended amount includes \$230,600 for one-time repairs in FY 2007 to update the emergency action plan and dam breach analysis, assess earth fissures and earth fissure risk zoning, and repair

JLBC RECOMMENDED FORMAT — Operating Lump Sum with Special Line Items by Agency

JLBC RECOMMENDED FOOTNOTES

Standard Footnotes

Of the operating lump sum appropriation, the sum of ~~\$3,064,900~~ \$2,564,500 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 APPROPRIATED IN THE FY 2006 BUDGET 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.

The appropriation includes \$1,347,900 for Central Arizona Project User Fees in FY 2007. For every \$1.00 received as reimbursement to the state in FY 2007, 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.

Of the amount appropriated for Natural Resource Conservation Districts in FY 2007, \$30,000 shall be used to provide grants to NRCD environmental education centers.

New Footnotes

The appropriation includes \$230,600 in FY 2007 for 50% of the costs to update the emergency action plan and dam breach analysis, assess earth fissures and earth fissure risk, zoning and repair cracks at 3 dams located in the Maricopa County Flood Control District. If MCFCD does not offer the remaining 50% of the costs to repair the dams, these monies shall revert to the Arizona Department of Administration Risk Management Fund.

The appropriation includes \$96,000 in FY 2007 for radio system upgrades. Prior to any expenditure for the radio system upgrade, the department shall submit an expenditure plan to the Joint Legislative Budget Committee for review. The submittal shall include an assessment by the Public Safety Communications Commission as to whether the department's proposal is consistent and compatible with the statewide interoperable microwave system.

SUMMARY OF FUNDS	FY 2005 Actual	FY 2006 Estimate
ADOA Risk Management Fund (ADA4216/A.R.S. § 41-622)		Appropriated
Source of Revenue: One-time appropriation of Arizona Department of Administration Risk Management Funds.		
Purpose of Fund: One-time equipment purchase for fuel and fire equipment, personal protective equipment, and vehicles and inmate crew transportation.		
Funds Expended	917,000	319,600
Year-End Fund Balance	0	0

SUMMARY OF FUNDS	FY 2005 Actual	FY 2006 Estimate
CAP Municipal and Industrial Repayment Fund (LDA2129/A.R.S. § 37-526)		Non-Appropriated
Source of Revenue: Reimbursements to the state for back water payments when cities assume their allocation of CAP water, legislative appropriation.		
Purpose of Fund: To make CAP water fee payments for urban state trust land. Monies remaining in the fund revert to the General Fund after the CAP subcontract obligations are met.		
Funds Expended	0	136,900
Year-End Fund Balance	136,900	0
Cooperative Forestry Fund (LDA2232/A.R.S. § 37-624)		Non-Appropriated
Source of Revenue: Legislative appropriations, reimbursements from organizations, the public, other levels of government, and state agencies.		
Purpose of Fund: To fund the State Forester's activities, including forestry assistance and wild land fire prevention and suppression on state lands.		
Funds Expended	6,346,700	6,680,700
Year-End Fund Balance	515,800	752,100
Environmental Special Plate Fund (LDA2274/A.R.S. § 37-1015)		Appropriated
Source of Revenue: \$17 of the \$25 fee for environmental license plates.		
Purpose of Fund: To provide grants for environmental education projects.		
Funds Expended	319,900	266,100
Year-End Fund Balance	34,700	18,700
Federal Funds (LDA2000/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: Federal grants for urban and rural forestry, resource conservation, development of forest lands, insect and disease control, fire training and protection of forests, and other forestry projects.		
Purpose of Fund: For resource conservation and development, in accordance with the requirements of each grant.		
Funds Expended	4,100	9,800
Year-End Fund Balance	20,800	11,000
Federal Reclamation Trust Fund (LDA2024/A.R.S. § 37-106)		Non-Appropriated
Source of Revenue: Reimbursements from lessees and interest.		
Purpose of Fund: To make payments for federal reclamation project assessments when state land lessees are delinquent.		
Funds Expended	0	4,000
Year-End Fund Balance	443,600	446,100
Fire Suppression Fund (LDA2360/A.R.S. § 37-623.02)		Non-Appropriated
Source of Revenue: General Fund appropriations, monies authorized by the Governor's Emergency Council and the Wild Land Fire Emergency Council and other monies.		
Purpose of Fund: To cover the costs of fighting fires on public and private lands.		
Funds Expended from the General Fund	3,000,000	3,000,000
Other Funds Expended	6,821,400	11,357,200
Year-End Fund Balance	4,826,100	(2,531,100)
Interagency Agreements Fund (LDA2212/A.R.S. § 35-148)		Non-Appropriated
Source of Revenue: Collections from other state agencies for services and products provided by the State Land Department.		
Purpose of Fund: To pay for joint projects based upon interagency agreements with other state agencies.		
Funds Expended	7,000	0
Year-End Fund Balance	382,300	0

SUMMARY OF FUNDS	FY 2005 Actual	FY 2006 Estimate
State Land Department Fund (LDA2451/A.R.S. § 37-108)		Non-Appropriated
Source of Revenue: Reimbursements from successful bidders on state lands for expenses incurred to advertise land sales and for zoning application fees.		
Purpose of Fund: To fund expenses incurred from the advertisement of state trust land sales and to pay zoning fees for new projects.		
Funds Expended	453,700	423,300
Year-End Fund Balance	338,000	414,700
Military Airport Land Exchange Fund (No Fund Number/A.R.S. § 37-1224)		Non-Appropriated
Source of Revenue: Legislative appropriations and land exchange proposal-processing fees.		
Purpose of Fund: To fund the expenses of the military airport land exchange section for the purpose of facilitating exchanges of federal land for private land near military airports.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Resource Analysis Division Revolving Fund (LDA4009/A.R.S. § 37-176)		Non-Appropriated
Source of Revenue: Receipts from the provision of Geographic Information Systems (GIS) products and services.		
Purpose of Fund: To offset the costs of GIS supplies and support.		
Funds Expended	96,000	317,700
Year-End Fund Balance	178,800	112,100
Riparian Acquisition Trust Fund (LDA3201/A.R.S. § 37-1156)		Non-Appropriated
Source of Revenue: Receipts from the sale or use of state streambed lands and resources, damages collected due to a federal violation of public trust by the conveyance of state streambeds, and designated donations.		
Purpose of Fund: To fund the acquisition of wetland areas in the state.		
Funds Expended	0	0
Year-End Fund Balance	3,600	3,600
Universities Timber Land Account Fund (LDA3134/A.R.S. § 37-482)		Non-Appropriated
Source of Revenue: Proceeds from sales of timber or timber products on state trust land where the University Land Fund is the beneficiary.		
Purpose of Fund: To fund expenses incurred by the State Land Department for the conservation, sale, and administration of timber and timber products located on state lands where the University Land Fund is the beneficiary.		
Funds Expended	0	0
Year-End Fund Balance	96,200	96,200