

| | | |
|------------------------------|--|-------------------------------------|
| Trust Land Management | | Agency/Program #: 5706-35-G1 |
| | | Division: Trust Land |
| | | Program: |
| Agency Name: | Department of Natural Resources and Conservation | |
| Agency Contact: | Tom Schultz | 444-4978 |
| LFC Contact: | Senator Ripley, Representative Hollenbaugh | |
| LFD Liaison: | Barbara Smith | 444-5347 |
| OBPP Liaison: | James Chamberlain | 444-1338 |

Program or Project Description:

| Appropriation, Expenditure and Source | | | | | |
|---------------------------------------|------------|------------|------------|------------|--|
| Fund Name: | 2008 | | 2009 | | Approp & Expenditure numbers are as of June 30, 2009 |
| | Approp. | Expended | Approp. | Expended | |
| General Fund | | | | | |
| State Special | | | | | |
| Federal Funds | | | | | |
| Total: | \$0 | \$0 | \$0 | \$0 | |

Goal(s):

Maximize annual gross revenues for the trust beneficiaries from existing trust land management activities, including agriculture and grazing management, mineral development, forest management, and real estate management, while also implementing new and alternative methods of revenue generation from land management.

Performance Measures :

- 1) Land Banking
 - Process and sell 20,000 acres of trust land (avg. ROR < 1%) over the next biennium to generate \$15 million for the Land Bank Fund.
 - Acquire a minimum of 15,000 acres of legally accessible lands with the funds from the land sales. The annual rate of return (ROR) on the lands acquired will average approximately 1.6 % or greater.
- 2) Leasing of Navigable Rivers
 - The Trust Land Management Division will issue a minimum of 8 new hydroelectric leases.
- 3) Timber Salvage
 - FY2008 – Salvage 25 mmbf of timber from the forested lands that are beetle-infested or were burned in 2007.
- 4) Contract Harvesting
 - FY 2009 – Harvest an additional 1 mmbf of timber utilizing contract harvesting authorities, which is projected to generate an additional \$45,000 in net revenues when compared to existing timber sales.

| 2009 Biennium Significant Milestones: | Completion Dates | |
|---------------------------------------|------------------|--------|
| | Target | Actual |
| 1 | | |
| 2 | | |
| 3 | | |
| 4 | | |
| 5 | | |

Performance Report:

Conservation leases \$32 thousand
Hydropower lease \$4.2 million

Total \$86 million

1) Land Banking

- Process and sell 20,000 acres of trust land (avg. ROR < 1%) over the next biennium to generate \$15 million for the Land Bank Fund.

In FY 2009, the land banking program sold 11,793 acres for a total of \$5,150,084. These lands generated a .4% ROR.

- Acquire a minimum of 15,000 acres of legally accessible lands with the funds from the land sales. The annual rate of return (ROR) on the lands acquired will average approximately 1.6 % or greater.

Three parcels were purchased through the land banking program for \$6.4 million. The parcels acquired are projected to generate \$177,000 annually or a \$2.77% ROR.

2) Leasing of Navigable Rivers

- The Trust Land Management Division will issue a minimum of 8 new hydroelectric leases.

New leases for the hydroelectric facilities were not issued and remain pending until the Supreme Court renders a decision on PPL vs State of Montana, which is expected in 2010. Senate Bill 507 passed by the 2009 Legislature, defined the navigable rivers.

The state has authority to require lease, licenses, and easements for uses within those waters. The law became effective October 1, 2009.

3) Timber Salvage

- FY2009 – Salvage 25 mmbf of timber from the forested lands that are beetle-infested or were burned in 2007.

Forest Management Bureau – In FY 2009, Trust Land Division sold 15 mmbf of beetle-killed or beetle-infested salvage timber

4) Contract Harvesting

- FY 2009 – Harvest an additional 1 mmbf of timber utilizing contract harvesting authorities, which is projected to generate an additional \$45,000 in net revenues when compared to existing timber sales.

In FY2009, Trust Land Division developed contracts, created an eligible contractor pool, and established bidding and accounting practices for the contract harvesting program. The division prepared an 800 mbf sale utilizing contract harvesting authority, which was sold in the first quarter of FY 2010 and is currently in process.

LFD Narrative:

| |
|--|
| |
|--|

Version

Date

Author

Change Description



| | | |
|-----------------|-----------|-------|
| 5706-35-G1-CC-1 | 12/6/07 | Smith |
| 5706-35-G1 | 9/24/08 | Smith |
| 576-35-G1 | 12/1/2009 | Smith |

| |
|-------------------|
| Add LFD Narrative |
| Workgroup Update |
| Workgroup Update |





