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2006 ANNUAL REPORT
for Public Reserved, Non-reserved, and Submerged Lands
to the

JOINT STANDING
COMMITTEE
on
AGRICULTURE, CONSERVATION,
AND FORESTRY



Hiker looking over Squapan Management Unit

March 1st, 2007



MAINE DEPARTMENT
OF CONSERVATION
Bureau of Parks and Lands

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I. EXECUTIVE SUMMARY

The Bureau of Parks and Lands is responsible for the management and administration of Maine's Public Reserved and Non-reserved Lands, Submerged Lands, Coastal Islands, and other lands as provided by law. The Bureau is statutorily mandated to manage the Public Reserved and Non-reserved Lands in a manner consistent with the principles of multiple land use to produce a sustained yield of products and services in accordance with both prudent and fair business practices and the principle of sound planning (Title 12 MRSA ' 1833 and 1847).

The "Lands" division of the Bureau is a dedicated revenue component of the agency funding all of its administrative, planning, management, and operational activities from revenue generated from the land base. Fifteen year, multiple-use plans for the major properties guide the Bureau's management activities. Benefits from the wise management of these lands include:

- **Protection of unique natural and cultural resources**
- **Enhancement of wildlife habitat**
- **Access to recreational opportunities**
- **Production of forest products**

The Bureau also has responsibility for managing public trust rights to Submerged Lands, and, when granting leases for the use of Submerged Lands, includes conditions to maintain customary and traditional public access, navigation, and commercial marine uses.

II. 2006 HIGHLIGHTS

Acquisitions – Acquired additional lands as part of the Katahdin Lake Project; developed project requests for the Land For Maine's Future program

Submerged Lands – The Bureau completed a review of its fees under the submerged lands leasing program and reported its findings to the Legislature. In 2007, the Bureau will continue to work with other natural resource agencies,

leaseholders, and other interest groups to identify public infrastructure and planning needs along the coast and develop a revised fee structure to provide an appropriate level of contribution to those efforts.

Forest Certification - Completed a full re-certification audit under the Forest Stewardship Council program and the first annual audit under the Sustainable Forest Initiative

Timber Management Program - Harvest volumes decreased by 10% compared to last year, due mainly to adverse weather conditions; however, this was offset by improved timber markets

Recreation - Substantial renovations were made to camping areas and campsites along the shoreline of Moosehead Lake. Installation of five new vault toilets was started along the Machias River Corridor from Route 9 to Third Machias Lake, when installation is complete all toilets will be accessible in compliance with Americans with Disabilities Act standards. In addition, a new access road was constructed to the campsite at the confluence of the West Branch and Machias Rivers, with renovations to the campsites.

Wildlife - A variety of habitat management projects were completed this past year; including, an access road along the West Branch of the Machias River was discontinued and a tributary known to support young Atlantic Salmon was opened into a free-flowing condition in cooperation with several state and federal agencies.

Land Management Planning – Significant progress was made on management plans for the Downeast, Seboomook, Flagstaff and Northern Aroostook regions.

III. PREFACE

Title 12 MRSA ' 1839 requires the Bureau of Parks and Lands to prepare a yearly report of its Reserved, Non-reserved, and Submerged Land activities. This report is submitted by March 1st of each year to the Joint Standing Committee on Agriculture, Forestry,

and Conservation. The first section of this Report provides a summary of the Bureau's management activities during the 2006 calendar year in the following program areas:

- Land Management Planning
- Wildlife
- Recreation
- Timber Management
- Transportation
- Land Transactions
- Submerged Lands
- Public Access
- Shore and Harbor Management Fund
- Coastal Island Program
- Income and Expenditures Accounting
- Administration

As required, information on gates and barriers that prevent public vehicle access to Public Reserved and Non-reserved Lands, recreation facility fees charged for the use of these lands, and a status report on Ecological Reserves is included. The report also contains information on income and expenditures for calendar year 2006.

Secondly, a Financial Report for FY 2008 is included as part of this document. The ACF Committee, in turn, has the obligation to report by March 15th to the Appropriations Committee on the Bureau's Lands Division FY 2008 budget.

IV. INTRODUCTION

The Bureau of Parks and Lands is an agency within the Department of Conservation. In addition to its responsibilities for the management of State Parks, Historic Sites, the Allagash Wilderness Waterway, the Penobscot River Corridor, Boating Facilities, and the Snowmobile and ATV Programs, the Bureau is responsible for the management of approximately 570,764 fee acres of Public Reserved Lands, 2,870 fee acres of Non-reserved Lands, 251,752 acres of conservation easements, 2.3 million acres of the State's marine and freshwater Submerged Lands, and 1,316 publicly owned coastal islands. Bureau staff involved in managing Reserved and Non-

reserved Lands include specialists in planning, forest transportation, wildlife, recreation, and field forestry. All collaborate to ensure an integrated and balanced approach to the management of the various resources on these lands.

Since the creation of the Bureau of Public Lands in 1973, many of the original public lots have been traded with other landowners to consolidate the State's holdings into larger management units having greater public use values. Other lands, such as coastal islands, surplus institutional lands, and land acquired through the Land for Maine's Future Program have been assigned to the Bureau for management. The Bureau is statutorily mandated to manage Reserved and Non-reserved Lands "under the principles of multiple use to produce a sustained yield of products and services by the use of prudent business practices and the principles of sound planning" (12 MRSA ' 1833 & 1847).

Submerged Lands beneath coastal waters to the 3-mile territorial limit, and natural Great Ponds, are managed by the Bureau under the Public Trust Doctrine to protect the public trust rights to fishing, waterfowl hunting, navigation, and recreation. In addition, the Bureau maintains the Coastal Island Registry, which catalogs the ownership of all coastal islands.

V. LAND MANAGEMENT PLANNING

OVERVIEW

The Bureau owns and manages 149 parcels of public reserved land and 13 parcels of non-reserved public land. It also holds conservation easements on 19 properties with varying management responsibilities. Historically, resource management plans were prepared for each of the larger parcels (units), many of which are consolidations of former public lots. Today, management plans are prepared regionally, and a single plan addresses all of the reserved and non-reserved lands within a planning region.

The Bureau's *Integrated Resource Policy* adopted in 1985 and revised in 2000 guides resource management decisions and governs management planning for all Public

Reserved and Non-reserved lands. The planning process allocates areas for specific uses including:

- **Special Protection**
- **Wildlife**
- **Recreation**
- **Timber**

Because of the nature of multiple-use management, these areas often overlap, creating zones where management is designed to accommodate a variety of uses. The relative impact of one use upon another is carefully weighed to establish a hierarchy of resource management that protects the most sensitive resources and uses, while allowing other management to continue. For example, planned timber harvests in deeryards can provide a sustained yield of forest products and deer browse, while maintaining the winter shelter value of these areas.

Regional plans are developed utilizing technical expertise at the State and Bureau level, and involving the general public in the plan development process. For each plan, Public Advisory Committees are established representing local, regional, and statewide interests. These committees serve as forums for discussion of draft plans. Public Meetings are also held, providing interested parties an opportunity to comment on draft plans. After consideration of these comments, the Bureau then submits to the Department Commissioner, upon recommendation by its Director, a final plan for adoption.

PLANNING INITIATIVES

Downeast Region Management Plan. A final draft of this plan was developed in 2006, which includes the **Donnell Pond, Cutler Coast, and Rocky Lake Units** along with the **Great Heath**, and public lots in **Osborn, T24 MD, No. 21 Twp. and No. 14 Twp.** The plan is being prepared for final review and adoption by the Commissioner in early 2007.

Seboomook Region Management Plan. Planning for the management of over 51,000 acres of lands in the **Seboomook Regional Unit** was completed in 2006 following a final

public meeting and comment period. The plan is being prepared for final review and adoption by the Commissioner in early 2007. Further discussions with North Maine Woods are needed to determine the future operation of the 20-Mile gate that serves as an entry point for both the NMW system and the **Seboomook Unit.**

Flagstaff Region Management Plan. A first draft plan was developed for the **Bigelow Preserve, Mt. Abraham, Chain of Ponds, Dead River Twp., Flagstaff Twp., Wyman Twp., Carrabassett Valley, Coplin Plt., Highland Plt., Redington Twp., King & Bartlett Twp., and Freeman Twp.** An Advisory Committee meeting and a public meeting and comment period are scheduled for the spring of 2007. The goal is to present a plan for final review and adoption by the Commissioner in June 2007.

Northern Aroostook Region Management Plan. The Northern Aroostook Region includes the **Deboullie, Eagle Lake, and Salmon Brook Lake Bog Units and public lots in St. John Plt., Winterville Plt., New Canada, T17 R4, Cyr Plt., Caswell, Hamlin, Westmanland, and New Sweden.** A public scoping meeting was held in December 2006, and a preliminary plan is being prepared for review by the plan Advisory Committee in February 2007. The goal is to present a plan for final review and adoption by the Commissioner in June 2007.

Kennebec Highlands Management Plan. Resource inventory work has begun for this 5500-acre unit located in central Maine in the towns of **Rome, Vienna, Mount Vernon and New Sharon.** A public scoping meeting is planned for early 2007. The goal is to present the plan for final review and adoption by the Commissioner in September of 2007.

Table 1. Management Plans

1	Mount Abraham ¹	Revision in progress
2	Bald Mountain/Rangeley	To do
3	Bigelow Preserve ¹	Revision in progress
4	Chain of Ponds ¹	In progress
5	Chamberlain	To do
6	Cutler Coast ²	Final draft under review
7	Dead River/Spring Lake ¹	Revision in progress
8	Deboullie ³	Revision in progress
9	Dodge Point	Adopted Nov. 1991
10	Donnell Pond ²	Final draft under review
11	Duck Lake	Adopted Feb. 1989
12	Eagle Lake ³	Revision in progress
13	Four Ponds	Adopted Oct. 1989
14	Gero Island/Chesuncook	To do
15	Great Heath ²	Final draft under review
16	Holeb	Adopted Dec. 1989
17	Kennebec Highlands	In Progress
18	Little Moose	Adopted Oct. 1988
19	Machias River	To do
20	Mahoosuc	Adopted Feb. 1988
21	Moosehead	Adopted July 1997
22	Nahmakanta	Adopted Nov. 1995
23	Pineland	Adopted Sept. 1988
24	Richardson	Adopted Mar. 1990
25	Rocky Lake ²	Final draft under review
26	Round Pond	Adopted Dec. 1992
27	Salmon Brook Lake Bog ³	In progress
28	Scraggly Lake	Adopted Oct. 1988
29	Seboeis	Adopted Feb. 1990
30	Seboomook	Final draft under review
31	Squapan	Adopted Mar. 1990
32	Telos	Adopted Feb. 1990
33	Tumbledown Mt.	To do
33	Wassataquoik	To do

¹Flagstaff Region Plan

²Downeast Region Plan

³ Northern Aroostook Region Plan

Memorandum of Understanding. In general, inventories are done in advance of management planning to provide up-to-date information at the time these plans are developed or revised.

NRI's completed in 2006. Natural Resource Inventories were conducted for the Eastern Interior properties, including Duck Lake and Bradley along with a number of public lots. Additional work on the Downeast, Flagstaff, Seboomook, and Northern Aroostook Region NRIs was also completed.

ECOLOGICAL RESERVES - OVERVIEW

Ecological reserves are designated areas containing representative native ecosystem types managed as special protection areas. These areas serve as benchmarks against which to measure changes in both managed and unmanaged ecosystems, to provide habitat unlikely to occur where active management occurs, and to serve as sites for scientific research, monitoring, and education. The annual report must indicate the status of these reserves, including acres of reserved and nonreserved lands designated as ecological reserves and the results of monitoring, scientific research and other activities related to the reserves (12 MRSA §1839 and §1853). The bureau is also required to notify the committee when a management plan proposes designation of an ecological reserve (12 MRSA §1805). This section of the report addresses both requirements

The bureau director may designate ecological reserves on bureau lands included in "An Ecological Reserves System Inventory: Potential Ecological Reserves on Maine's Existing Public and Private Conservation Lands," Maine Biodiversity Project, July 1998. The Director may designate additional reserves in conjunction with the adoption of a management plan, when that process includes public review and comment on the plan and notification to the committee of the proposal.

VI. NATURAL/HISTORIC RESOURCES

NATURAL RESOURCE INVENTORIES

The Maine Natural Areas Program, a division of the Bureau of Geology and Natural Areas, conducts inventories of natural resources on lands managed by the Bureau under a

Original Ecological Reserves Designated in 2001 and Modifications Proposed in 2007		
Name	2001 Acres	2007 Acre Changes
1. Bigelow Preserve ER	10,540	
2. Chamberlain Lake ER	2,890	
3. Cutler Coast ER	5,216	+5
4. Deboullie ER	7,253	-350*
5. Donnell/Tunk ER	5,950	+274
6. Duck Lake Unit ER	3,870	
7. Gero Island ER	3,175	
8. Great Heath ER	5,681	-40
9. Mahoosucs ER	9,974	
10. Nahamakanta ER	11,082	
11. Rocky Lake ER	1,516	
12. Salmon Brook Lake ER	1,053	
13. Wassataquoik ER	775	
Total Acres	68,975	-111

* Estimated acres affected.

In 2001, the director designated thirteen ecological reserves totaling 68,975 acres on public reserved lands included in the above-referenced inventory. These original reserves were designated using the best available information at the time, with the understanding that adjustments would be needed as research in conjunction with management plans revealed different conditions on the ground and other factors affecting the lands included in the reserves. The Downeast Region Management Plan, to be adopted in 2007, recommends changes to three original reserves because of recent land acquisition at Donnell Pond, deed conditions affecting use of the Great Heath and fieldwork on the natural communities at Cutler Coast. The Northern Aroostook Region Management, also scheduled for adoption in 2007, will recommend changes to the ecological reserve at Deboullie where it overlaps an area of 300-400 acres with developed facilities and significant public use. The change in ecological reserve acreage because of these management plan proposals is a net reduction of approximately 111 acres.

Between 2002 and 2004, the bureau acquired three areas with the condition that the lands be designated ecological reserves: Big Spencer Mountain, the Saint John Ponds and Mount Abraham. The March 2006 annual report to the ACF committee reported the acceptance of

these reserves. These areas, acquired as public reserved lands, are proposed for designation as ecological reserves as part of the adoption of the Seboomook Unit Management Plan and the Flagstaff Region Management Plan in 2007. Opportunities for public comment on these management plans are noted under Section V, LAND MANAGEMENT PLANNING.

Additional Ecological Reserves Proposed for Designation in 2007	
Name	Acres*
Big Spencer ER	4,249
Mount Abraham ER	5,186
St John Ponds ER	3,905
Total Acres	13,340

*Acres reported in deed.

The total land acreage designated as ecological reserves may not exceed 15% of the total land acreage under bureau jurisdiction or 100,000 acres, whichever is less. No more than 6% of the operable timberland acres on public reserved and nonreserved lands may be designated as ecological reserves. Lands acquired after the effective date of the ecological reserve statute with the condition that the land be designated an ecological reserve are not included when calculating these acreage limits.

Ecological Reserves included in this calculation (qualifying reserves) currently comprise nearly 69,000 acres or 10.7% of the total land acreage under bureau jurisdiction as fee lands, which is well below the 15% or 100,000-acre limit set in statute. Of the current 378,000 acres of operable timberland on public reserved and nonreserved lands, 20,896 acres or 5.5% are located in qualifying reserves. This is 1784 acres or 0.5% below the 6% limit set in statute.

Ecological Reserves as a Proportion of Total Acres Under Bureau Jurisdiction in 2007*	
Type of Land	Total Fee Acres
State Park Lands,	84,529
Boat Access Lands	495
Public Reserved Lands	569,264
Nonreserved Public Lands	3,786
Unregistered Coastal Islands	761
Subtotal	658,835
Land acquired on condition of ecoreserve designation	-13,340
Total	645,495
Acres in Qualifying Reserves	68,864
Ecological Reserves as a Proportion of Operable Timberland Acres on Public Reserved and Nonreserved Lands in 2007*	
Type of Land	Operable Timberland Acres
Public Reserved Lands	376,800
Nonreserved Public Lands	1,200
Total	378,000
Acres in Qualifying Reserves	20,896
*Operable timberland acres are lands held in fee. Ecological Reserve acres include modifications proposed for adoption in 2007.	

A Memorandum of Understanding has been developed with the Maine Natural Areas Program to collect baseline data for the Bureau's Reserve inventory. These surveys are being conducted in accordance with established monitoring guidelines. This ongoing effort will provide information necessary for measuring ecological changes on Reserves over time.

Baseline Data Collection in 2006. Data was collected on the St. John Ponds and Big Spencer Ecological Reserves, totaling 7,847 acres. A total of 13 Reserve inventories have now been completed (with 4 remaining) as part of this ongoing project. A separate report on monitoring results is available from the Maine Natural Areas Program.

HISTORIC/CULTURAL INVENTORIES

The Bureau's Historic Site Specialist routinely conducts research into the history of parcels subject to the management planning process. This research, along with input from the Maine Historic Preservation Commission and the public process that accompanies Plan development, results in a resource inventory called a Cultural Landscape Inventory (CLI) for each Lands property. This information is then

included in the management plans. The MHPC is the lead agency in identifying significant historic resources requiring preservation and protection of these resources on the State's ownership, including designating historically sensitive areas for special protection.

VII. WILDLIFE RESOURCES

OVERVIEW

A key component of the Bureau's integrated resource management program is coordinating land management activities with fisheries and wildlife habitat enhancement. Since 1984 a wildlife biologist from the Maine Department of Inland Fisheries and Wildlife has been assigned to the Bureau through a cooperative agreement between the two agencies. The primary responsibility of the biologist has been to develop and implement a habitat management program for Bureau-managed lands. Wildlife management activities conducted in 2006 on lands managed by the Bureau were as follows:

Wildlife Inventory and Survey Work. A seasonal Wildlife Technician conducts most of the inventory and survey work. In 2006 waterfowl brood counts were completed on 6 Bureau-managed wetlands, Bicknells thrush surveys were conducted in two high elevation areas, and loon-nesting surveys were conducted in four locations.

Prescriptions. Fourteen multiple-use timber harvesting prescriptions covering 13,237 acres were reviewed for compatibility with fish and wildlife habitat recommendations.

Forest Certification. Planning and administration for fisheries, wildlife, and biodiversity issues related to forest certification conditions in both the Sustainable Forestry Initiative (SFI) and Forest Stewardship Council (FSC) programs continued. The Wildlife Biologists participated in yearly compliance audits conducted by both programs. Ongoing assistance was provided to IF&W staff preparing for its own third-party forestry audit, to be conducted in the near future.

Habitat Management. One hundred forty three waterfowl nest boxes were maintained and 4 replacements were installed. Contracts for routine beaver control activities were developed by the Parks and Lands regional offices. Wetland management activities involving maintenance of existing siphon pipe/fence installations were implemented at Seboomook (3) and Dodge Point. The 65 acre Wiggins Brook impoundment in Little Moose Twp. was drained for one growing season.

Control of invasive multiflora rose which is killing apple trees in an orchard at Hebron continued by hand cutting and using herbicide. The bureau acquired a tow behind ATV mower and maintained fields at Chain of Ponds, Adamstown and Hebron using this equipment. Additional field reclamation was conducted at Days Academy Grant by herbiciding 2 acres of red osier dogwood, aspen and alder. Technical assistance was provided to BP&L in assessing natural resource values for potential acquisitions from Gardner Logging.

The seasonal 16-week position assigned to the Bureaus' wildlife program conducted a variety of inventory and survey work including waterfowl brood counts at 6 wetlands, a high elevation bird survey and loon nest monitoring. Habitat enhancement work was conducted at 7 public properties.

Through a joint project with the Department of Inland Fisheries & Wildlife, Crater Outlet Dam was replaced. *A tributary of the West Branch of the Machias River was returned to free-flowing condition by removing a culvert and discontinuing an old road.*

Seeding Program. Herbaceous seeding was established on 50 acres for wildlife forage and erosion control. (Northern Region = 17.55 acres on 6 parcels.)

Habitat Agreements. Work continued on developing specific Habitat Management Area plans for Round Pond and Holeb. Both these HMA plans are still behind schedule. Wintering conditions for deer were never restrictive enough to conduct aerial surveys during this reporting period.

Training and Education. Training for recertification credits for pesticide applicators

license was completed. Attended the Northeast Aquatic Plant Management Society annual meeting to learn about invasive species control.

VIII. RECREATION RESOURCES

PROJECT OVERVIEW

In accordance with management plan commitments, and in response to public demand, the Bureau continued to develop or make upgrades to recreation facilities on its lands. The Bureau's Lands Division is responsible for 321 campsites, over 150 miles of hiking trails 35 trailered and hand-carry boat launching areas, and 131 miles of public access road. In 2006, projects completed or worked on were:

Deboullie Unit. Completed campsite improvements at Perch Pond and the Togue East campsite.

Squapan Unit. Submitted grant applications for hiking trail reconstruction and a new loop at T15R9, and for an ATV trail reconstruction at T11R4.

Round Pond Unit. Started preliminary work on the Round Pond tower project – repairs on three towers (Round Pond, Allagash, Deboullie) were bid out, but none were awarded due to high bids.

Donnell Pond Unit. *The Donnell Pond initiative started last year to respond to increased use of both Redman's Beach and Schoodic Beach, and to reduce recent vandalism, showed marked success. The effort will continue this year with continued increase ranger presence and cooperation with the Maine Warden Service and the Hancock County Sheriff's Office. A new vault toilet was installed at the Schoodic Parking lot and a new parking lot constructed for accesses to Schoodic Bog as a joint project with the Frenchman's Bay Conservancy.*

Machias River Corridor. Installation of five new vault privies was commenced. When installation is complete all toilets will be accessible in conformance with the standards of the Americans with Disabilities Act. Corridor

from Route 9 to Third Machias Lake. In addition, a major campsite at the confluence of the West Branch and the Machias River was improved with a new access road and designated campsites designed to protect the stream banks and water quality.

Cutler Coast. A vault toilet was installed at the Cutler Bold Coast trail head parking lot.

Nahmakanta Unit. A new hiking trail was constructed in cooperation with the Maine Conservation Corps from the Appalachian Trail to Tumbledown Dick Falls. Another new trail was constructed from the Turtle Ridge Trailhead to Leavitt Pond, where a new campsite was also built.

Moosehead Lake. In partnership with Florida Power and Light, major site renovations were completed to the Cowans Cove camping area on the **Days Academy Unit**, and campsites on **Spencer Bay** in Spencer Bay Twp., including the replacement of picnic tables, fire rings, and privies (ADA accessible). Also, a major erosion control project was completed at Cowan's Cove. Toilet facilities were upgraded at Jewett Cove campsite.

PUBLIC INFORMATION - OVERVIEW

The Bureau continued to develop, revise, and distribute informational brochures to visitors to its lands, which describe the location of hiking trails, campsites, and other recreation opportunities on the properties listed below:

Table 2. Completed Brochures

Bigelow Preserve
Cutler Coast
Deboullie
Dodge Point
Donnell Pond
Duck Lake
Holeb
Little Moose
Mahoosuc
Pineland
Richardson/Bald Mountain
Rocky Lake
Scraggly Lake
Seboeis
Squapan
"Your Islands and Parks on the Coast"

Website Updates. The Bureau took advantage of available technology to improve and update information on its website, which now provides photos, maps, and facility information for most of its consolidated units.

Nahmakanta Brochure. A new **Nahmakanta Unit** brochure was completed in 2006..

STAFFING - OVERVIEW

Six seasonal rangers were involved in recreation management activities in 2006. The seasonal rangers were responsible for recreation facilities maintenance and construction, and informing visitors about Bureau rules. In 2005 and 2006 the bureau's recreation specialist was temporarily assigned to the Department of Conservation Commissioner's Office to direct the Maine Backcountry Project. The full-time **Bigelow Preserve** Manager spent much of the summer managing recreational use.

FEES - OVERVIEW

Fees are generally not charged on Public Reserved and Non-reserved Lands managed by the Bureau; however, in four situations fees are charged because these lands are near or within private recreation management systems having similar management objectives. Fees were charged in 2006 on Public Reserved Lands as described below:

North Maine Woods. Approximately 135,500 acres of Public Reserved Lands managed by the Bureau, including the **Deboullie, Round Pond, Chamberlain, Telos, and Seboomook Units**, are within the three million-acre North Maine Woods (NMW) system. To access these lands, the public passes through NMW checkpoints, where fees are paid for day use and camping. Visitors then travel over roads on private land within the NMW system. In 2006, Maine resident camping fees were \$8.00 per night per person and \$5.00 per day per person for day use. Fees are retained by NMW for facility maintenance and development, except that camping fees on the **Deboullie Unit** are returned to the Bureau once the Bureau's seasonal park ranger assumes responsibilities for the summer months.

South Arm Campground. The Bureau leases campsites on the **Richardson Unit** (Upper Richardson Lake) to South Arm Campground, a privately owned campground on adjoining private land. In 2006, the campground owner charged \$15.00 (including tax) per night per site. The campground retains a portion of this fee for maintenance of the 12 campsites and the Mill Brook public boat launch facility at the north end of lake.

Penobscot River Corridor. The Penobscot River Corridor (PRC), managed by the Bureau's Parks Division, includes campsites on Public Reserved Lands on **Gero Island** on Chesuncook Lake, and the portion of the **Seboomook Unit** below Seboomook Dam, including the Roll Dam and Burbank campsites. PRC staff maintains recreation facilities at these sites. Visitors to the area pass through checkpoints operated by North Maine Woods, Inc., which collects the PRC camping fee of \$4 per person per night for residents and \$6 per person per night for nonresidents. A portion of these fees is returned to the Bureau for campsite management and maintenance. Resident and nonresident day use fees (\$5.00 and \$8.00 respectively) are charged for the day in and day out only, and retained by North Maine Woods to cover operating costs for the checkpoint system.

Baxter State Park. Management of recreation sites on Webster Lake in the **Telos Unit** have been assigned by mutual agreement to the Baxter State Park Authority. Most of the use of Webster Lake is connected with the Webster Stream canoe trip, which traverses the northern end of Baxter State Park. Under the agreement, campsites at the west end of Webster Lake are administered through Baxter State Park and subject to its rules and policies

PARTNERSHIPS - OVERVIEW

For some properties, the Bureau has entered into partnership agreements with other organizations to assist in managing recreational use. Noteworthy examples of partnerships in place in 2006 were:

Appalachian Trail. The Bureau continued its partnership with the Maine Appalachian Trail

Club to accomplish stewardship and trail maintenance along the AT corridor in the **Mahoosuc, Four Ponds, Bald Mountain, and Nahmakanta Units**, as well as the **Bigelow Preserve**.

Bigelow Preserve. An agreement is in place with the Maine Appalachian Trail Club to ensure a summer staff presence at heavily used areas of the Appalachian Trail in the Preserve.

Coastal Islands. The Bureau continued its partnership with the Maine Island Trail Association for the management of certain state-owned islands along the coast of Maine that are part of the Maine Island Trail.

Cutler Coast. The Cobscook Trails Coalition provided trail stewardship and visitor information through a management agreement with the Quoddy Regional Land Trust, The Nature Conservancy, Maine Coast Trust Heritage Trust, Moosehorn National Wildlife Refuge, Maine IF&W, local businesses, and the Bureau.

Dodge Point. An ongoing arrangement is in place with the Damariscotta River Association to assist with the maintenance of trails and facilities.

Frenchman's Hole, Mahoosuc Unit. A partnership is in place with the Mahoosuc Land Trust to assist in the maintenance of this day use area.

Grafton Loop Trail. The Bureau continues to be an active member of a coalition of non-profit organizations and private landowners in developing a 39-mile hiking trail in the Mahoosuc Mountains. The trail branches off from the Appalachian Trail on the **Mahoosuc Unit** and continues east over private land to Puzzle Mountain, where it then returns to the Appalachian Trail.

Kennebec Highlands. This recently acquired property is managed in part through a partnership with the Belgrade Regional Conservation Alliance.

North Maine Woods. The NMW provides maintenance and monitoring services on the **Seboeis** and **Nahmakanta Units**

Machias River Corridor. BP&L cooperates with the Maine Atlantic Salmon Commission, the U.S. Fish and Wildlife Service, NOAA, Project SHARE and local watershed councils to protect and enhance Atlantic Salmon habitat.

IX. TIMBER RESOURCES

The Bureau manages the natural resources on the lands under its care through a carefully planned multiple use program that balances timber management with all other resource values. An important facet of the timber management program is examination and inventory of the forest resource. The field data acquired in 1999 detailed timber, site, and natural resource measurements, important for both forest management planning, and third-party forest certification auditors.

Status of Current Inventory. The 1999 analysis revealed a total inventory of over 7 million cords on 349,414 regulated acres (the acres used in calculating sustainable harvest levels), or a stocking of 21 cords per acre. This level of stocking is approximately 30 percent more than the average for all of Maine's timberland as reported by the U.S. Forest Service in 1995. The most abundant tree species on Bureau lands is red spruce, and its volume per acre is over 50 percent greater than that shown statewide in the 1995 report. The acquisition of the **Seboomook Unit** added approximately 30,000 acres (pending management plan allocations) to the Bureau's timber management program, which according to figures from the previous landowner held 510,000 cords, or 17 cords per acre.

PRESCRIPTIONS - OVERVIEW

Planning for the timber management of Public Reserved and Non-reserved Lands is a two-step process:

- A management plan for the unit as a whole is prepared and adopted;

- More detailed plans for discrete areas between 500 - 2,000 acres (known as compartments) are then developed for the unit.

Compartments are examined on a 15-year cycle to identify timber and wildlife resources and recreational opportunities. Based on the field examination and the information collected, work plans called "prescriptions" are developed to ensure adequate protection of special resources and a sustained yield of forest goods and services, which include timber, wildlife, and appropriate recreational uses.

Prescriptions in 2006. Bureau staff examined and prescribed 26 compartments totaling 24,416 acres for a wide range of resource management activities. In addition they participated in the prescription for 4 tracts which are part of the Parks Division demonstration forest project.

TIMBER SALES - OVERVIEW

If a timber harvest is prescribed in a compartment, a timber sale is developed. The majority of timber sales are put out to competitive bid, following State rules and procedures governing the sale of State property and purchase of services. Most timber is sold as stumpage. Under this system, the contractor agrees to pay the Bureau a bid price per unit for each type of forest product harvested. Occasionally timber is sold using contracts for logging services. Under this system, the Bureau pays the contractor to harvest timber and deliver it to specified mills; these mills then pay the Bureau directly for these products. In 2006 no timber was harvested under contracts for logging services.

Once the timber contracts are awarded, Bureau foresters and forest technicians work closely with contractors to ensure contract compliance, and that timber management objectives are met. Bureau staff closely supervises each harvest by marking individual trees for removal or by providing loggers with strict harvesting criteria. These criteria specify which trees are to be harvested. All harvest operations are inspected by Bureau staff on a weekly basis; more often when individual situations warrant.

Summary of Timber Sales in 2006. The implementation of prescriptions resulted in:

- A total of 73,892 cords (allowable cut is 112,000 cords) harvested from 7,485 acres.
- A total of 40 operations were ongoing in 2006, not including firewood sales to individuals. These operations are a combination of newly established sales, and sales carried over from previous years.
- In concert with the Bureau's contractors, wood was marketed to over 50 mills statewide.

2006 Harvest and Market Analysis. The 2006 harvest was 6,884 cords less than reported the previous year. This harvest represents 66% of the Bureau-established "allowable cut." Much of the decrease in volume was because the winter was abnormally warm, and almost snow less except in Northern Aroostook. Normal frozen-ground harvesting was limited in the North and West regions and almost nonexistent in the East. Another very rainy autumn and warm December prevented any late season catching up.

Hardwood saw log and veneer prices were excellent, while softwood saw log rates dropped a bit. Pulpwood declined also, with a major price reduction in hardwood pulp from 2004's record high prices. The harvest volume was 60% hardwoods, well above the 47% predicted by the Allowable Cut model and very similar to that for 2005, as the Bureau continued to remove low quality wood to favor the better trees for the future.

As part of its multiple use management, the Bureau will continue to emphasize maintaining the harvest volume at a level near the allowable cut, while continuing to practice the highest quality silviculture. In future years the hardwood-to-softwood ratio is likely to be more balanced, which will increase the average revenue per cord. Larger volume, multi-year sales have been initiated during the past two years in an effort to provide stability for contractors, which in turn should increase annual harvest volumes. These contracts have attracted contractors with desired harvesting equipment. In addition, this approach should foster better working relationships and improve efficiency. However, economic conditions that

result in poor markets, and weather events that can reduce harvest levels, will remain beyond the Bureau's control.

SILVICULTURAL ADVISORY COMMITTEE - OVERVIEW

In 1986, the Bureau established a Silvicultural Advisory Committee with representatives from environmental groups, academia, and forest managers from public and private landowners, to review and critique forest management policies and practices on public lands. Each year the Bureau sponsors a field trip on which the Committee examines work the Bureau has completed or is planning, providing valuable input to staff through on-site dialogue.

Committee Tour in 2006: The Downeast area provided the sites for this year's field tour. Over two days the committee visited sites at Cutler, Rocky Lake, and Tunk/Donnell. Topics addressed included spruce/fir management on infertile sites, rehabilitation of low quality burn origin stands, pine/spruce management, harvesting in areas of visual concern (and providing scenic vistas), and planning/allocation issues. Recent harvests seen were at Tunk/Donnell and Rocky Lake, which both received highly complementary remarks. An older (1980s) budworm salvage harvest at Rocky got more mixed reviews, while the residual stands there offer opportunities for high quality timber production.

BOUNDARY LINES - OVERVIEW

The Bureau continued to make progress on the maintenance of boundary lines this past year, with 22 miles maintained in 2006. The perimeter survey of the recently acquired **Kennebec Highlands** property in the Belgrade Lakes region was completed. Six miles of boundary lines were surveyed in Spencer Bay Twp. as part of a 500' shoreline acquisition project.

FOREST CERTIFICATION - OVERVIEW

The Bureau was awarded certification of its forestlands under the Sustainable Forestry Initiative (SFI) and the Forest Stewardship Council (FSC) programs in 2002. These third-party audits were conducted to determine if these lands were being managed on a

sustainable basis. The process for conducting the audit was rigorous and unique in that the Bureau underwent the two audit programs simultaneously. The audit was comprised of a field analysis of forest management practices at selected sites around the state, and an analysis of the Bureau's financial, personnel, policy development, and record-keeping systems. Successful completion of the FSC/SFI systems also qualified the Bureau to enter into the "chain of custody" program to market its "green-certified" wood. The process for enrollment in this program was completed in 2003, with certified wood now being marketed from Bureau managed lands.

A Bureau-wide certification team was implemented to address "conditions" and "minor nonconformances" stipulated in the audit reports, including: significant enhancements to forest inventory data, development of a computerized forest-modeling program, a timeline for updating management plans for the entire land base; improvements in the use of Best Management Practices to protect water quality; and new commitments to public outreach and education programs. The Bureau is required to meet these conditions within certain timeframes in order to keep its certification status in good standing over the five-year certification period.

Certification Accomplishments in 2006. The Bureau hosted its first full recertification by FSC, concurrently undergoing its first surveillance audit by SFI, this latter now required under SFI's updated standards. Although the field portion took place during and immediately after a heavy November rainstorm, Best Management Practices implemented on Bureau lands were working well, and certifiers for both systems were very pleased with Bureau silviculture at all sites visited. As is usually the case, there were several conditions (now called Corrective Action Requests, or CARs) made by each certification system, which the Bureau will need to satisfy as it continues to improve its forest management which has already been certified as being exemplary.

X. TRANSPORTATION

OVERVIEW

The Bureau continued to improve road access within consolidated units and other properties, focusing primarily on recreational needs, and as part of implementing its timber management.

Open Bottom Culverts for Fish Passage. In the Eastern Region, the Bureau partnered with the Maine Forest Service, Project: SHARE, the Atlantic Salmon Commission, NOAA, and the U.S. Fish and Wildlife Service to discontinue a campground access road running immediately along the West Branch of the Machias River and restore a small tributary know to contain young of the year salmon to a free-flowing condition. A new access road to the campground was constructed completely out of the riparian zone. Students from Washington Academy of East Machias planted trees to stabilize the old roadbed.

BRIDGES

Allagash Wilderness Waterway. Northern Region Manager served on the Commission to Study Henderson Brook Bridge in the Allagash Wilderness Waterway. Temporary repairs were made to the Henderson Brook Bridge

Deboullie Unit. A new bridge was constructed at Crater Outlet on the **Deboullie Unit**.

Scraggly Lake Unit. The Bureau in cooperation with the Passamaquoddy Indian Tribe and Frontier Forest, replaced a bridge over the Moose River in Holeb Twp. Two bridges were also replaced on the **Scraggly Lake Unit** in T7R8 WELS. These bridges provide recreational and logging access into the unit.

Machias River Corridor. Four bridges on the Machias River Corridor were redecked at the Crooked River, West Branch of the Machias, and the Machias River at the inlet of First Machias Lake and the outlet of Third Machias Lake. Land For Maine's Future Access funds were used for this project.

ROADS & ACCESS IMPROVEMENTS

Road Construction. To facilitate the timber management program, approximately 16 miles of road was constructed or reconstructed.

Access Improvement Projects.

Land For Maine's Future Access funds were used to construct five vault toilets, redeck four bridges and construct a new access road to a campground on the Machias River Corridor. In addition, the campground was redesigned to protect the stream bank and water quality.

Road Maintenance. Each year the Bureau contracts for maintenance services for grading and brushwork on public use roads. In 2006, approximately 140 miles of roads were maintained.

XI. PUBLIC ACCESS

OVERVIEW

Three-fourths of the Public Reserved Lands are accessible to the public without fee or special arrangements. There are a few circumstances where public vehicle access is limited or restricted. As required in 12 MRSA § 1853, the following is a report of barriers that affect primary motor vehicle access.

EXTERNAL GATES TO PUBLIC LANDS

North Maine Woods Checkpoints. There are seven checkpoints, staffed seasonally, controlling primary access from Maine points to 135,500 acres of Public Reserved Land within the nearly three million acre North Maine Woods area, including the **Deboullie, Round Pond, Chamberlain, Telos, and Seboomook Units.** These checkpoints are all on private land and facilitate management of recreational use on both public and private land.

KI/Jo-Mary Checkpoints. The Katahdin Iron Works checkpoint controls access to the 960-acre public lot in **Bowdoin College Grant East.** Free public access to the **Nahmakanta Unit** has been established from the west, with the unit no longer managed as part of the KI/Jo-Mary system. However, the Bureau funds a checkpoint at Henderson Brook and a fee for

access from Route 11 to the unit through the KI/Jo-Mary system continues as in the past.

Cary Plantation, Aroostook County. A locked cable gate on private land restricts access to this 230-acre parcel.

Magalloway Plantation, Oxford County. A locked metal gate on private land restricts access to this 1,000-acre parcel.

Dallas Plantation, Franklin County. A chained, metal gate on private land restricts access to the north lot in **Dallas Plantation**, and to the lot in **Davis Twp.** The total area of the two lots is 1,050 acres. The gate is owned and maintained by the camp owners on the south end of Kennebago Lake.

Cupsuptic Gate, Franklin County. A staffed gate leased by the Kennebago Campowners Association on private lands limits access to the 62-acre public lot in **Stetsontown Twp.** on Kennebago Lake. A public access agreement with the Association allows up to three vehicles at any one time to access the lake via the public lot, and to park at the Grants Camps lease site located on the lot.

INTERNAL GATES

The Bureau maintains 18 internal gates for safety purposes, to protect sensitive areas, to limit vehicle traffic on service roads, or to control certain recreational uses. None of the barricades restrict foot traffic into these areas. Many of these barriers are left open during the winter season to allow safe passage by snowmobiles.

XII. LAND TRANSACTIONS

ACQUISITIONS

Approximately 7,350 acres in the East and West Regions were sold as part of the Katahdin Lake deal.

In 2006 there were three significant land acquisitions projects closed, with one of those, the Katahdin Lake project requiring much time and effort to complete. In addition to the Katahdin Lake project, the Machias River Phase 2 and Katahdin Forest projects were also

completed. Other transactions involving the sale of lands were also completed in 2006..

Katahdin Lake Project. After many months of public discussion, the Legislature authorized the conveyance of approximately 7,350 acres of public lots in Aroostook, Franklin, Penobscot, and Washington Counties. This conveyance was a significant component to a land conservation effort that has now protected approximately 6,000 acres adjacent to Baxter State Park. Specifically, the State and its partner, the Trust of Public Land, completed in late 2006, the acquisition of approximately 4,000 acres around Katahdin Lake, now owned and managed by Baxter State Park, and another 2,000 acres adjacent to and north of this parcel managed by the Bureau. A portion of the proceeds from the sale of these public lots acquired the 2,000 acres, and the remaining proceeds must be used to buy other public reserved lands in the same Counties from which they were conveyed. The Land for Maine's Future Board will determine which lands are to be purchased with these funds.

Machias River Phase 2 Project In June, 2006, the Bureau completed the acquisition of approximately 7,662 acres of fee land in Phase 2 of the Machias River protection effort. This project included the acquisition of 47 miles of lakeshore on 3rd, 4th, and 5th Machias Lakes and Nicatous Lake, as well as over 13 miles of frontage on Machias Lake Stream and Gasabias Stream. Combined with Phase 1 of this effort, approximately 32,000 acres have been protected, and will be permanently available for public recreation while protecting significant Atlantic Salmon Habitat.

There were many public and private funding sources that helped provide the approximately \$7.1 million necessary for this acquisition. These sources included the Land for Maine's Future Fund, the Bureau's internal acquisition fund, the Bureau's Boating Facility Fund, the Forest Legacy program, National Fish & Wildlife Foundation, the North American Wetland Conservation Act, the Recovery Land Acquisition Grant, the Loon Protection Fund, The Nature Conservancy, Sweet Water Trust, and The Conservation Fund.

Katahdin Forest Project In June 2006, the Bureau completed the acquisition of an approximately 194,000 conservation easement from The Nature Conservancy using money from the Land For Maine's Fund, and Forest Legacy Program. The State was able to purchase this easement for approximately \$6.5 million, which was significantly less than the fair market value of approximately \$23 million. In addition, The Nature Conservancy has donated \$500,000 towards an endowment fund to help defray the Bureau's expenses in regards to its monitoring responsibilities.

This "working forest" conservation easement protects more than 40 lakes and ponds, hundreds of miles of stream, enhances protection of the West Branch of the Penobscot River and the Appalachian Trail, ensures public access for traditional recreational activities, and will provide a sustainable flow of timber products through sound forest management.

2006 LAND TRANSACTIONS BILL

In addition to the Katahdin Lake legislation, the Bureau also received approval for the following conveyances in 2006:

Winterville Plantation. Authorization was given to sell for "fair market value" a 5,625 square foot parcel to an abutter in Winterville Plantation. The abutter needed the additional land in order to meet setback requirements for a septic system. The conveyance is scheduled to close sometime in 2007.

Smalls Falls. Authorization was given to convey for "fair market value" approximately 4.69 acres to the Maine Department of Transportation to relocate a portion of Rt. 4 in Letter E Township. This transfer has been completed.

OTHER DISPOSTIONS

Augusta Surplus Lands. In 2006 the Department of Health and Human Services through an Executive Order, conveyed approximately 15 acres across Hospital St. to the Bureau. The Bureau will manage the land consistent with the other uses in the area.

Sandy Bay Twp. The Bureau completed the conveyance of approximately 1 acre to the U.S. Department of Homeland Security to make improvements at the Jackman Border Station.

XIII. SUBMERGED LANDS

These lands are managed under the Public Trust Doctrine to ensure protection of the public trust rights of fishing, waterfowl hunting, navigation, and recreation. The Submerged Lands Program plays an important role in maintaining a balance among competing uses of submerged lands and resolving conflicts between public trust rights and the demand for private and commercial uses of these lands.

Project/Permit Applications. In 2006, the Submerged Lands Program processed 400 applications for proposed and existing waterfront structures and dredging projects requiring a submerged lands lease or easement. This includes 220 constructive easement conversions, and 18 leases and easements for new development projects, bringing the combined program total to 1,837 conveyances. The Bureau also reviewed an additional 158 environmental permit applications and determined that no conveyances were required.

Constructive Easements. The Bureau continues to research information on constructive easements (structures in existence prior to October 1, 1975) and has identified approximately 1,000 structures that will require a new conveyance. To date, the Bureau has received over 800 applications and executed 440 new leases and easements for these structures.

Advisory Board. The Submerged Lands Advisory Board met twice during the year. This group, established by the legislature in 1997 to provide advice to the Director, discussed a variety of topics relating to submerged lands, including constructive easement conversions, municipal grants from the Shore and Harbor Fund, and the lease fee structure.

Sunken Logs. The Bureau authorized one new sunken log salvage operation on Moosehead

Lake. Approximately 1,936 board feet of logs were recovered.

XIV. SHORE AND HARBOR MANAGEMENT FUND

In 1991, the Legislature created the Shore and Harbor Management Fund in anticipation that annual revenues from the Submerged Lands Program would exceed operating costs. These funds could then be used to support shore and harbor management activities by providing grants to municipalities.

The \$1,200 cap on submerged lands rents that was passed by the legislature in 1997 has significantly reduced the anticipated revenues. In 2006, the Bureau contributed \$25,000 to the Maine Island Trails Association in support of continuing partnership for ongoing recreation management of Maine's coastal islands.

The Bureau completed a review of its fees under the submerged lands leasing program and reported its findings to the Legislature. In 2007, the Bureau will continue to work with other natural resource agencies, leaseholders, and other interest groups to identify public infrastructure and planning needs along the coast and develop a revised fee structure to provide an appropriate level of contribution to those efforts.

XV. COASTAL ISLAND PROGRAM

OVERVIEW

Maine's Coastal Island Registry was created by the 106th Legislature as a means of clarifying title to 3,000 coastal islands by establishing and registering ownership. By now most island owners have registered their islands. The Bureau continues to receive periodic requests to register an island or make changes in existing registrations (address or ownership changes). There are also many requests for ownership information from persons with a general interest in Maine islands.

The Bureau's brochure "Your Islands and Parks on the Coast" continues to be updated each year. This brochure shows the

location of approximately 40 State-owned islands suitable for recreational use and explains the Bureau's visiting, camping, and resource protection policies. The Maine Island Trail is a water trail extending along the entire coast of Maine and includes both publicly and privately owned islands. The Bureau continues its partnership with the Maine Island Trail Association in the management and oversight of the State-owned islands on the Trail.

XVI. INCOME AND EXPENDITURES ACCOUNTING

OVERVIEW

The Bureau has several different accounts established for specific purposes with statutory restrictions on their use. **The statutes require that financial summaries be prepared on a calendar year basis.** The figures presented below do not match those reported elsewhere **on a fiscal year basis**, and may tend to exaggerate the Bureau's income and expenditures in any one calendar year, depending upon where the income and expenses actually fall within the fiscal year.

Public Reserved Lands Management Account (014.04A.0239.22)

This account is restricted to uses related to the management of lands that have Public Reserved Lands status, which includes the original public lots, land acquired through trading Public Reserved Lands, and other lands designated as Public Reserved Lands. Sources of income to this account include the sale of timber stumpage, camplot leases and other special leases on the Reserved Lands, and interest on the account balance. Income for calendar year 2006 was \$3,327,971 with expenditures of \$3,964,849. Because the Bureau's largest source of revenue is timber, income fluctuates from year to year in response to the amount of wood harvested and economic conditions that affect timber markets.

In 2006 the Lands Division has gone through a staff-intensive green certification process, dealt with depressed timber markets, unfavorable weather conditions and personnel challenges- factors contributing to reduced

revenues. At the same time expenses for personnel services, land acquisition, vehicle operations, information technology and management costs for non-revenue generating activities have increased.

Revenue generated in 2006 was less than expenditures, due to the factors described above.

Not shown in either the income or expenditure figures above are the portion of moneys received from camplot leases and timber sales that are shared with towns and plantations pursuant to 12 MRSA §1854. Based on the income received in 2006 (payable in 2005), the Bureau revenue sharing amounts total \$41,300.36, paid to 18 towns and plantations.

Income from the Reserved Lands Account supports most of the administrative, planning, timber, transportation, recreation, and wildlife activities on the land base.

At this time the balance in this primary account is precariously low due to the factors described above. Concerted efforts to reduce costs and increase revenue, including developing new sources of recurring revenues will be necessary to maintain financial viability in this dedicated revenue.

Public Non Reserved Lands Management Account (014.04A.0239.23)

This account is used for the management of lands not in the Public Reserved Lands System. These Non-reserved Public Lands include institutional lands (those lands considered surplus by other State agencies) assigned to the Bureau for natural resource management, and coastal islands. Income is primarily derived from agricultural leases, though the sale of timber contributes occasionally when timber harvests are completed on Non-Reserved Lands. Income for calendar year 2006 was \$2,100 with no expenditures. Expenses are primarily for the management of the Maine Island Trail and the Casco Bay Islands. The cash balance is drawn down when expenses exceed revenues.

Submerged Lands Account (014.04A.0239.27)

The Submerged Lands Account is comprised of funds generated from leases and easements on

the State's submerged lands. Most of the fund's income is derived from leases of coastal waterfront properties to allow commercial uses such as marinas, piers, and boatyards. In 1997, additional income was generated as part of a registration program requiring holders of constructive easements to pay a \$50 fee. This fee was collected again in 2001, for the period of January 1, 2001 to December 31, 2005. Additional revenues were generated from the sale of salvaged logs and gravel. Total revenues in 2006 were \$268,902, with expenses of \$204,061. Funds for personnel services (salaries) comprise the bulk of the program's budget.

Shore and Harbor Management Fund **(014.04A0239.29)**

A Shore and Harbor Management Fund was established in 1991 to provide grants to municipalities for harbor planning, public access, and similar local management activities on submerged lands. This account receives funds from the Submerged Lands account when income from leases exceeds the operating costs of the program. The rental cap of \$1,200 has significantly limited the amount of money available in this fund. In 2000 and 2001, one-time revenues totaling \$1,537,500 from the sale of submerged lands and dredge materials to BIW were deposited to this account. In 2005, a significant portion of this revenue totaling \$1,290,000 was transferred to provide funding for municipal grants (\$550,000), the Bureau's Boating Facilities Program (\$600,000), coastal island management (\$115,000), and the FY04 general fund (\$25,000). Total revenues in 2006 were \$7,990, mostly from interest. This revenue contributed to a year-end balance of \$142,905.

Land Acquisition Fund **(014.04A.0239.24)**

Funds from this account are restricted by statute to the acquisition of lands of significant public use and value for the Public Reserved Lands system, and acquisition-related costs. These funds cannot be used for operation or maintenance of existing land, and therefore, expenditures do not take place on a regular basis. Income that accrues as a result of sales, trades, or interest is carried forward until needed for future acquisitions. Income for calendar year

2006 was \$295,042 against expenditures of \$351,780. Income this year was derived from interest earned on the account balance and reimbursements from state grants. Expenses included the acquisition of 9,637 acres in fee and 198,115 acres in conservation easements, with additional expenditures on legal, appraisal, and survey costs associated with these acquisitions. In all cases, funds were expended in conjunction with other funding sources outside of the Bureau. Funds from this account are restricted by constitutional amendment (Article IX, Section 23) to the acquisition of lands having significant conservation and recreation value in the same county in which the sale of lands generating the funds took place.

Non-Reserved Land Acquisition Fund **(014.04A.0239.37)**

This account was recently established to receive revenue from the sale of Public Non-Reserved Lands. Income for calendar year 2006 was \$7,602.95. In 2006 \$7,403 was spent on legal fees required for land acquisitions. Funds from this account are limited by constitutional amendment (Article IX, Section 23) to the acquisition of lands having significant conservation and recreation values in the same county in which the sale of lands generating the funds took place.

Mackworth Island Trust Fund **(014.04A.0239.30)**

Section 2 of Chapter 102 Public Law 1998, authorizes the proceeds from the sale of a 157 acre Bureau of Parks and Lands property in Colorado to be invested as a separate trust fund and managed by the State Treasurer for the benefit of Mackworth Island. In November 1999, the Colorado property was sold. The proceeds of \$60,000 have been deposited into this trust fund. A non-lapsing account receives interest income from the trust fund. This account will be used to manage public recreational activities and related resources on land under the Bureau's care on Mackworth Island in Falmouth. Income for calendar year 2006 was \$1,535, with no expenditures.

XVII. ADMINISTRATION

OVERVIEW

During 2006, staff responsibilities to support the Bureau's various programs and activities, and to manage responsibilities over newly acquired land continued to increase.

The Bureau received approval of a Part II budget request in FY 2002 to address current and future responsibilities and management needs by increasing staff. The new positions included in that budget are necessary to assist with an increasing workload.

Budget constraints warranted a conservative approach in filling new positions, although the Chief Forester, Interpretive Specialist, the part-time Planning & Research Associate II have since been filled. Two new Forester I positions were filled in 2005.

The Bureau continues to explore and utilize new technology, and to look for ways to deal effectively with its increasing workload, increased expenses and inadequate revenue to fund all programs.

XVIII. FINANCIAL REPORT FOR FY 2007

OVERVIEW

Pursuant to Title 12 M.R.S.A., ' 1839 and 1853 the Joint Standing Committee on Agriculture, Conservation, and Forestry must review allocations for the Bureau of Parks and Lands dedicated funds and revenue accounts pertaining to Public Reserved and Non-reserved Lands for the upcoming fiscal year, and submit a written report to the Joint Standing Committee on Appropriations and Financial Affairs by March 15th. To assist in the preparation of that report, the Bureau is submitting information regarding Bureau income, expenditures, and management of the following seven dedicated accounts:

- ***Public Reserved Lands Management Fund***
- ***Public Lands Management Fund (Non-reserved Public Lands)***
- ***Public Reserved Lands Acquisition Fund***
- ***Public Non-Reserved Lands Acquisition Fund***
- ***Submerged Lands Fund***
- ***Shore and Harbor Management Fund***
- ***Coastal Island Registry***
- ***Mackworth Island Trust***

These accounts derive revenue from the sale of forest products, from lease fees, from interest on cash balances, and from the sale of land. Programs funded by these accounts receive no support from the State's General Fund. The dedicated revenues in these accounts must cover all operating expenses. The Bureau plans its expenditures for each fiscal year based on a level of income it projects to receive from its various revenue sources. If projected income is not sufficient, then the Bureau determines whether the balance in its contingency fund is sufficient to carry it through until additional revenues are received. If both revenue projections and contingency funds are insufficient, then the Bureau postpones planned expenditures until revenue returns to an adequate level. The Bureau has established internal financial management procedures to accomplish this process and reviews budgetary matters on a monthly and quarterly basis.

In the past, this internal management has proven successful. The Bureau has adjusted its expenditures and managed its financial resources so that core program activities have continued to be funded. The Bureau continues to manage the State-owned Public Reserved and Non-reserved Lands to produce timber on a sustained yield basis and within established levels for allowable harvest to generate revenue to support resource protection, wildlife, and recreation programs. Presented below are the FY 2008 budget allocations proposed for each of seven dedicated accounts within the Bureau's "Lands" division. These allocations represent the limits within which the Bureau must operate.

FY 2008 ACCOUNT SUMMARIES

1. Public Reserved Lands Management Fund Account # 014.04A.0239.22

Income		Expenses	
Earnings on Investments *	\$95,000	Personal Services	\$3,020,080
Rent of Lands*	\$800,000	All Other (not including STACAP)	\$920,626
Camplot Leases*	\$212,000		
Registration Fees	\$21,000		
Misc Services & Fees	\$32,000	Capital	
Fed Grants for Other Purposes	\$12,000		
Recreational Use of Parks	\$11,000		
Sale of Stumpage *	\$3,355,196		
Misc Income	\$50,000	Capital Subtotal	
DICAP**	(\$420,151)	STACAP	\$160,597
Total Income	\$4,168,045	Total Expenses	\$4,101,303

* Represents the major components of the Bureau's income stream.

** Consistent with state accounting practices, DICAP is shown as a "revenue debit," although it is actually an expenditure.

The Bureau, as of February 12, 2007, has an account balance of \$399,523.19 which serves as its contingency fund. Because most of the Bureau's timber harvesting takes place during the winter (to minimize environmental impacts and potential conflicts with recreational users), there is a significant seasonal fluctuation in income. The contingency fund enables the Bureau to operate during the first half of the fiscal year when income is low and expenses are relatively constant. It also serves as a buffer to cover operating costs when expenses exceed revenues.

The current balance is significantly below the optimum level, which would be half of the annual operating expense. It is below the level necessary to remain self sufficient and support program needs. A concerted effort, with particular emphasis on the timber management program, and modifications to harvest preparation and sale practices, is ongoing and will be necessary to build up this contingency fund. In addition, many desired program expenditures will need to be curtailed and alternative sources of revenue will need to be explored and developed.

New Initiative

Requested for 2008		Dedicated Revenue	
Personal Services		Sale of Stumpage	\$207,334
All Other Increase in the cost of legal services from the AG's office	\$5,000	DICAP	(\$976)
increase in CFM cost	\$63,148		
Consolidation of IT cost to a centralized account	(\$56,056)		
All Other Subtotal	\$12,092		
Capital Equipment	\$30,000		
Roads and Bridges	\$105,000		
Capital Subtotal	\$135,000		
TOTAL	\$147,092	TOTAL	\$206,358

2. Public Non-Reserved Lands Management Fund Account # 014.04A.0239.23

Income		Expenses	
Earnings on Investments	\$3,000	All Other (not including STACAP)	\$33,522
Rent on Lands and Buildings	\$16,850	Capital	
Sale of Stumpage	\$17,582	STACAP	\$750
DICAP**	(\$3,468)		
Total Income	\$33,964	Total Expenses	\$32,772

** Consistent with state accounting practices, DICAP is shown as a "revenue debit", although it is actually an expenditure.

Increases in all other are requested to address increased rates being charged to the Bureau for legal services provided by the Attorney Generals office and for rental vehicles by Central Fleet Management. In addition, increased funds are requested to cover the costs associated with the consolidation of computer services to a central account. Both income and expenses will be less than the budgeted allocations in this account. The account has a balance of \$13,719, which is used as a contingency fund to cover expenses that occur between the relatively small and infrequent timber harvests on these lands. It is unlikely the Bureau will harvest the amount of timber needed to meet the proposed revenue projection. Therefore, management expenditures and associated activities will be limited.

New Initiative

Requested for 2008		Dedicated Revenue	
Personal Services		Sale of Stumpage	\$60,000
All Other			
Capital Land	\$25,000		
Structures	\$35,000		
Capital Subtotal	\$60,000		
TOTAL	\$60,000	TOTAL	\$60,000

3. Public Reserved Lands Acquisition Fund Account # 014.04A.0239.24

Income		Expenses	
Earnings on Investments	\$144,000	All Other (not including STACAP)	\$201,859
Sale of Land	\$90,254	Capital	
DICAP**	(\$21,672)	STACAP	\$7,616
Total Income	\$212,582	Total Expenses	\$209,475

** Consistent with state accounting practices, DICAP is shown as a "revenue debit", although it is actually an expenditure.

By statute, the money in this account is used only for purposes related to the acquisition of interest in land. Lands purchased with the funds from this account have Public Reserved Land status. These funds are necessary to acquire rights-of-ways, in-holdings, conservation easements, and additions to the existing land base. As in most years, it is difficult to predict the timing, income, and expenditures involved in potential land transactions. This budget allows the Bureau, if the opportunity arises, to acquire land or other interests within the available allocation. The "All Other" expenses are used to cover the cost of legal assistance for title searches, drafting deeds, appraisals, and related items. This account currently has a balance of \$1,224,860. At this time all of the funds in this account are limited for use in specific counties from which the revenue was generated, as required by the Constitution. This situation will limit the Bureau's ability in the future to pursue acquisition projects in counties without funds.

New Initiative

Requested for 2008		Dedicated Revenue	
Personal Services		Sale of Land	\$700,000
All Other			
Capital Land	\$700,000		
TOTAL	\$700,000	TOTAL	\$700,000

4. Public Non-Reserved Lands Acquisition Fund Account # 014.04A.0239.37

Income		Expenses	
Sale of Land	\$69,544	All Other (not including STACAP)	\$60,578
DICAP**	(\$6,506)	Capital	
		STACAP	\$2,306
Total Income	\$63,038	Total Expenses	\$62,884

** Consistent with state accounting practices, DICAP is shown as a "revenue debit", although it is actually an expenditure.

The money in this account is used only for purposes related to the acquisition of interest in non-reserved land. Lands purchased with the funds from this account have Public Non-Reserved Land status. These funds are necessary to acquire rights-of-ways, in-holdings, conservation easements, and additions to the existing land base. As in most years, it is difficult to predict the timing, income, and expenditures involved in potential land transactions. This budget allows the Bureau, if the opportunity arises, to acquire land or other interests within the available allocation. The "All Other" expenses are used to cover the cost of legal assistance for title searches, drafting deeds, appraisals, and related items. This account currently has a balance of \$438,111.

New Initiative

Requested for 2008		Dedicated Revenue	
Personal Services		Sale of Land	\$200,000
All Other			
Capital Land	\$200,000		
TOTAL	\$200,000	TOTAL	\$200,000

5. Submerged Lands Fund Account # 014.04A.0239.27

Income		Expenses	
Earnings on Investments	\$21,000	Personal Services	\$205,866
Rent of Lands	\$257,785	All Other (not including STACAP)	\$20,128
		STACAP	\$8,604
DICAP**	(\$24,271)		
Total Income	\$254,514	Total Expenses	\$234,598

** Consistent with state accounting practices, DICAP is shown as a "revenue debit," although it is actually an expenditure.

Most of the rental income for the program is not received until late in the fiscal year because rent payments are due in February. Like the Public Reserved Lands account, the Submerged Lands account carries a balance that funds the program through the first portion of the fiscal year. This account currently has a balance of \$642,479. With the \$1200 rental cap that is now in place, annual program expenses have until this year exceeded rental income. To address this revenue constraint, the Bureau has carefully managed expenses and carried a larger balance to ensure that program costs are covered. As constructive easements are brought under lease, the fund balance has increased and annual rental income is now beginning to exceed operating costs. As revenue projections stabilize with the substantial completion of the constructive easement conversions in 2007, the bureau anticipates transferring more of the balance to the Shore and Harbor Management Fund.

New Initiative

Requested for 2008		Dedicated Revenue	
		DICAP	\$371
Personal Services			
All Other	(\$3,459)		
Consolidation of IT cost to a centralized account			
Capital			
TOTAL	(\$3,459)	TOTAL	\$371

New Initiatives

Additional "all other" funds are requested to cover costs of consolidating computer costs to centralized account.

6. Shore and Harbor Management Fund Account # 014.04A.0239.29

Income		Expenses	
Transfers and Earnings on Investments	\$120,527	Grants to Cities & Towns	\$120,527
Total Income	\$120,527	Total Expenses	\$120,527

This account was set up by the legislature in 1991 in anticipation that the Submerged Lands Program would eventually yield revenues that could provide benefits to the public beyond what was needed to administer the program. These funds are set aside in a special account and made available to municipalities and state agencies for grants to enhance shore and harbor management, planning, and public access efforts. A portion of the fund is also available to support management programs on coastal islands under the Bureau's jurisdiction. As noted above, with the substantial completion of the constructive easement conversions in 2007, the Bureau anticipates improved funding for municipal coastal planning and public access projects. This account currently has a balance of \$142,905.

7. Coastal Island Registry Fund Account # 014.04A.0241.26

Income	\$120	Expenses	\$107
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Funding in this program covers the cost of reviewing new applications for island registrations. Most private coastal island titles have been reviewed and current program activity, for the most part, involves providing information to the public and occasionally reviewing application and deed information. The account currently has a balance of \$419.

8. Mackworth Island Trust # 014.04A.0239.30

Income		Expenses	
Earnings on Investments	\$5,000	All Other (not including STACAP)	\$3,906
DICAP**	(\$419)	STACAP	\$149
Total Income	\$4,581	Total Expenses	\$4,055

** Consistent with state accounting practices, DICAP is shown as a "revenue debit", although it is actually an expenditure.

This account is used to manage public recreational activities and related resources on land under the Bureau's care on Mackworth Island in Falmouth, Maine. Section 2 of Chapter 102 Public Law 1998, authorizes the proceeds from the sale of a 157 acre Bureau of Parks and Lands property in Colorado to be invested as a separate trust fund and managed by the State Treasurer for the benefit of Mackworth Island. In November 1999, the Colorado property was sold. The proceeds of \$60,000 have been deposited into this trust fund. A non-lapsing account receives interest income from the trust fund. The account currently has a balance of \$10,670.

XIX. CONCLUSION

Expenditures will be managed to operate within the Bureau's financial means for all accounts. The Public Reserved Lands Management Fund is under considerable pressure to meet increasing demands to cover rising costs in such areas as personnel services, health care, land acquisition, vehicle rental, information technology (computer), while assuming management responsibility for more and more non-revenue generating acres and activities. The Bureau continues to make a concerted effort to further increase the volume of timber harvested to an amount closer to the sustainable harvest level, in anticipation of a more favorable forest products market. However, if these trends continue it may be necessary to identify new non-timber sources of revenue available on an annual basis. This effort will need to be balanced with continued demands on staff time related to new acquisition initiatives and non-timber related responsibilities, including recreation. The Bureau will continue to explore ways to stabilize revenues in all accounts, while managing Public Reserved and Non-reserved Lands on a sustained yield basis.