

# Investment and Development Fund Report

Fiscal Year

2017-18

Annual review of Investment and Development  
Fund investments on state trust lands

Colorado State  
Board of Land  
Commissioners

## INTRODUCTION

The Colorado State Board of Land Commissioners (State Land Board) is pleased to present its annual Investment and Development (I&D) Fund report. As required by Section 36-1-153, C.R.S., this report details FY 2017-18 investments made using I&D funds and the resulting impact on trust assets managed by the State Land Board. The State Land Board may transfer up to \$5 million of School Trust revenue per year to the I&D Fund to make investments in School Trust assets that increase or the value of, and/or income from these assets. Of the \$5 million authorized, the State Land Board may spend up to \$1 million annually on asset maintenance.

This report covers:

- Summary of I&D Fund Investments
- Description of New Investments
- Discussion of Ongoing/Active Investments
- Discussion of Completed Investments

## SUMMARY OF INVESTMENT PROGRAM RESULTS FOR FY 2017-18

During the past year, the State Land Board Commissioners approved the use of \$2.24 million of I&D funds to support seven projects:

- Chico Basin Ranch Improvements
- National Hog Farm Reclamation
- Chancellor Ranch Assets
- Asset Allocation Study
- In Lieu Lands
- Crow Hill Demolition
- Lowry Range Asset Management Plan

In addition to these new projects, sixteen investments from previous years continued into this year. Of those, six projects concluded during the year. The State Land Board anticipates that these new and ongoing investments will increase annual revenues by an average of \$911,000 and increase asset value by \$4.7 million. The six completed investments increased average annual revenue by \$102,000 and increased value by \$25.8 million. **Tables 1 & 2** provide additional fiscal detail on all projects. The remainder of this report discusses in greater detail new investments, projects completed this year, and ongoing State Land Board I&D Fund investments approved in previous fiscal years.

# Colorado State Board of Land Commissioners

## Investment and Development Fund Report | FY 2017-18

Tables 1 & 2: Active and Completed I&D Fund Project Analyses

### INVESTMENT and DEVELOPMENT FUND Active Project Analysis Summary as of June 30 2018

Project Name	Investment Purpose	Year of Investment	Gross Revenue/Value				Benefit		
			Beginning Income/Value	I&D Funds Allocated	Amount Invested I&D Funds Spent	Estimated Ending Income/Value (1)	Avg. Gross Annual Revenue Increase Over Period	Estimated Net Value Increase	Maintenance Benefit (2)
Chico Basin Ranch Improvements	Maintenance	2017		\$640,168	\$4,632				\$640,168
National Hog Farm Reclamation	Maintenance	2017		\$225,000	\$21,332				\$225,000
Chancellor Ranch Assets	Revenue	2018		\$820,000	\$0		\$82,950		
Asset Allocation Study	Value	2018	\$0	\$85,000	\$85,000	\$85,000		\$0	
In Lieu Lands	Value	2018	\$0	\$300,000	\$300,000	\$300,000		\$0	
Crow Hill Demolition	Maintenance	2018		\$90,000	\$0				\$90,000
Lowry Range Asset Management Plan	Value/Revenue	2018	\$0	\$80,000	\$0	\$80,000		\$80,000	
Hydroaxe	Revenue	2016		\$550,000	\$498,931		\$585,250		
Bohart Ranch Improvements	Maintenance	2016		\$380,579	\$102,540				\$380,579
1278 Lincoln Improvements (all phases included)	Value	2015-16	\$2,415,400	\$1,412,000	\$1,273,515	\$8,479,779		\$4,652,379	
Arista	Value	2016	\$0	\$100,000	\$0	\$100,000		\$0	
Bald Mountain Commission	Value	2017	\$1,573,000	\$120,000	\$0	\$1,693,000		\$0	
Stock Well	Revenue	2017		\$47,500	\$36,589	\$15,480	\$15,480		
Campground Improvements	Revenue	2017		\$600,000	\$0	\$48,000	\$62,482		
Brett Gray Infrastructure Improvements	Maintenance	2016		\$597,000	\$154,656			\$0	\$597,000
Obtain Legal Access State Parcels	Value	2016		\$300,000	\$10,315			12-18% average	
Personnel and Planning (FY 2017-18)					\$489,829				
			\$3,988,400	\$6,347,247	\$2,977,339	\$10,801,259	\$746,162	\$4,732,379	\$1,932,747

### Completed Project Analysis Summary for FY 2018

Project Name	Investment Purpose	Year of Investment	Gross Revenue/Value				Benefit		
			Beginning Income/Value	I&D Funds Allocated	Amount Invested- I&D Funds Spent	Ending Income/Value (1)	Avg. Gross Annual Revenue Increase Over Analysis Period	Net Value Increase	Maintenance Benefit (2)
Chancellor Infrastructure Improvements	Maintenance	2016		\$230,000	\$230,000		\$101,633		\$230,000
Sod Farm Well Repair	Maintenance	2016		\$57,000	\$56,651				\$56,651
48th and Tower Road Improvements	Value	2015-16	\$11,886,211	\$2,625,000	\$2,625,000	\$18,602,632		\$4,091,420	
Dowd Junction	Value	2009	\$9,025,000	\$400,000	\$102,710	\$20,000,000		\$10,872,290	
Erie	Value	2007	\$3,948,054	\$178,000	\$168,054	\$14,700,000		\$10,583,893	
Irrigation Well Repair	Maintenance	2016		\$71,000	\$35,555				\$35,555
			\$24,859,265	\$3,561,000	\$3,217,969	\$53,302,632	\$101,633	\$25,547,603	\$322,206

(1). For all revenue enhancement projects, the amount represented is the first year revenues received from the investment. For value enhancement projects, the number is the estimated value at the completion of the analysis period.

(2). For maintenance projects, any benefit is equal to outlay, unless there is a revenue component that is directly attributable to the maintenance outlay.

NEW INVESTMENTS IN FY 2017-18

Chico Basin Ranch Improvements

The Chico Basin Ranch property is an 86,211 acre parcel located in El Paso and Pueblo Counties. This maintenance expenditure will occur over a five-year plan developed with the lessee to prioritize a list of infrastructure improvements that are necessary to maintain and potentially increase the value of the ranch. Improvements will be made on the water distribution systems, fencing and facilities infrastructure.

Table 1: Chico Basin Ranch Maintenance Summary

<i>Summary</i>	
Status:	Ongoing
Estimated Benefit:	\$640,168
Year of Investment	2017
<i>Investment Assumptions</i>	
I&D Fund:	\$640,168
Other State Land Board:	N/A
Total State Land Board:	\$640,168

National Hog Farm Reclamation

In 1989 the State Land Board issued a 50-year commercial lease to National Hog Farms, Inc. consisting of 5,528 acres of state trust land. In 2000, Colorado voters passed amendments to the constitution that strictly limited the operations of these facilities on state trust land. As a result, National Hog Farms ceased operations at the facility and stopped making payments on their lease. Due to liability concerns, the State Land Board was reluctant to cancel the lease until the groundwater contamination reached acceptable levels. Once this occurred a cancellation agreement was agreed upon which specified that the State Land Board forgave the delinquent rent, National Hog Farms retained the liability for any contamination issues, and the State Land Board accepted the infrastructure that was left on state trust land. This maintenance expenditure will be used for the purpose of completing site cleanup.

Table 2: National Hog Farm Reclamation Maintenance Summary

<i>Summary</i>	
Status:	Ongoing
Estimated Benefit:	\$225,000
Year of Investment	2017
<i>Investment Assumptions</i>	
I&D Fund:	\$225,000
Other State Land Board:	N/A
Total State Land Board:	\$225,000

Chancellor Ranch Assets

This project funds maintenance improvements that the State Land Board strategically aligned with a new lease of Chancellor Ranch. The State Land Board issued a Chancellor Ranch lease RFP in late 2015. As directed, RFP respondents submitted bids with the understanding that the State Land Board would invest in the existing improvements on the ranch (fences, water lines and

Table 3: Chancellor Ranch Assets Revenue Summary

<i>Summary</i>	
Status:	Ongoing
Estimated Future Benefit:	\$82,950 in average annual revenue
Year of Investment	2018
<i>Investment Assumptions</i>	
I&D Fund:	\$820,000
Other State Land Board:	N/A
Total State Land Board:	\$820,000

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wells, etc.) and repairs to the three homes on site. Upon award of the lease and further investigation by State Land Board staff, it was determined that the homes were in such poor condition that repair and renovation was not feasible and the proper course of action was to demolish the homes. This investment will be used to build two ranch staff residential homes that will replace the homes that were demolished.

### Asset Allocation Study

This investment was used to hire Callan Associates to perform an asset allocation study that looks at both the tangible assets and the financial assets of the 'Whole Trust' (Land, Commercial and Public School Permanent Fund) and makes recommendations for long-term trust allocation and beneficiary distribution policy. The analysis looked at a variety of alternative asset allocation scenarios to determine ways to increase the value of all assets in the portfolio, which considers the Permanent Fund in addition to land and commercial assets. Callan also looked at the governance structure for the Board to determine opportunities to be more efficient and effective. The returns resulting from adjusted asset allocation could be significant. Looking only at the Permanent Fund, the historical return of an all bond portfolio is 5.4%. Depending on the future portfolio allocation, that return could be higher by 3-5%, generating an additional \$30-\$50 million annually from the Permanent Fund.

Table 4: Asset Allocation Study Summary

<i>Summary</i>	
Status:	Ongoing
Estimated Future Benefit:	\$85,000 increase in value offset by \$85,000 in investment.
Year of Investment	2018
<i>Investment Assumptions</i>	
I&D Fund:	\$85,000
Other State Land Board:	N/A
Total State Land Board:	\$85,000

Callan also looked at the governance structure for the Board to determine opportunities to be more efficient and effective. The returns resulting from adjusted asset allocation could be significant. Looking only at the Permanent Fund, the historical return of an all bond portfolio is 5.4%. Depending on the future portfolio allocation, that return could be higher by 3-5%, generating an additional \$30-\$50 million annually from the Permanent Fund.

### In Lieu Lands

The In Lieu Lands transaction works to resolve the debt the Federal Bureau of Land Management owes the State Land Board dating to 1876. At statehood the granted sections were not delivered to the State Land Board either for a variety of issues including Native American, Spanish or private ownership or did not exist because of differences between mapping and physical geography. BLM has confirmed an ongoing debt of the value of 9,827 acres. Staff and BLM staff have been working cooperatively to settle this debt for the past six years. To that end, the State Land Board have identified 93 parcels, totaling 23,077 surface acres and 6,354 mineral acres in 18 counties to be studied for inclusion in a value-for-value exchange. Following the identification of these parcels, Staff and BLM staff developed a mutually agreeable valuation methodology for all lands owed, as well as lands that will be used to settle this debt. The Value of these parcels is approximately \$63 million. A third party is needed to compile an Environmental Assessment report of identified acres. This work will cost an estimated \$300,000 over 18 to 24 months.

Table 5: In Lieu Lands Summary

<i>Summary</i>	
Status:	Ongoing
Estimated Future Benefit:	\$300,000 increase in value offset by \$300,000 in investment.
Year of Investment	2018
<i>Investment Assumptions</i>	
I&D Fund:	\$300,000
Other State Land Board:	N/A
Total State Land Board:	\$300,000

## Crow Hill Demolition

The property is part of an original Section 16 held in the School Trust. It is located directly southeast of U.S. Highway 285 approximately 45 miles southwest of Denver. Improvements on the property include a small house, a large barn, and five outbuildings. All of the improvements are in very poor condition. The structures present a nuisance and carry a risk of injury to staff, lessees or trespassers. Regular vandalism and graffiti tagging occurs on the buildings. These funds will be used to remove these structures from the property.

Table 6: Crow Hill Demolition Maintenance Summary

<i>Summary</i>	
Status:	Ongoing
Estimated Benefit:	\$90,000
Year of Investment	2018
<i>Investment Assumptions</i>	
I&D Fund:	\$90,000
Other State Land Board:	N/A
Total State Land Board:	\$90,000

Regular vandalism and graffiti tagging occurs on the buildings. These funds will be used to remove these structures from the property.

## Lowry Range Asset Management Plan

The Lowry Range is a 25,955-acre state trust land property in unincorporated Arapahoe County near the southeastern edge of the greater Metropolitan Denver area. Lowry Range is one of the last, largest contiguous undeveloped parcels along Colorado’s Front Range. The property’s size, location, significant natural values, and economic value make it unique among State Land Board assets and, as a result, more than 21,000 acres of the Ranch are designated into the Stewardship Trust.

The State Land Board is preparing an updated Asset Management Plan for the Range. The management plan is a tool that guides the State Land Board’s leasing and asset management decisions on the property. The plan establishes management priorities and enables the State Land Board to achieve its planned goals in a complex and dynamic financial, environmental, and social context. This expenditure will be used to fund this plan.

Table 7: Lowry Range Asset Management Summary

<i>Summary</i>	
Status:	Ongoing
Estimated Benefit:	\$80,000 in value offset by \$80,000 in investment.
Year of Investment	2018
<i>Investment Assumptions</i>	
I&D Fund:	\$80,000
Other State Land Board:	N/A
Total State Land Board:	\$80,000

ONGOING INVESTMENTS IN FY 2017-18

Hydro-Ax

The State Land Board generates significant revenue by leasing state trust land for grazing livestock and/or recreational hunting. Many of the landscapes that support these uses are impacted by increased dominance of invasive juniper on what was historically grassland or grass savannas. Juniper and Piñon pine encroachment can substantially alter the benefits of precipitation on rangeland and can reduce plant cover and productivity. Desirable forage grasses are often the most severely affected.

Historically, the State Land Board has hired independent contractors to remove encroaching juniper and perform sagebrush treatment. However, this approach is inadequate given the scale of the problem and the number of properties that need to be treated. The most efficient way to enhance wildlife habitat and restore the productivity of the land is with mechanical treatments. A machine mulches woody plant material into small pieces and spreads it across the landscape. Using this treatment is expected to save \$585,000 in annual costs compared to the alternative of hiring independent contractors to mitigate invasive species impact on revenue producing grassland.

Table 8: Hydro-Ax Revenue Summary

<i>Summary</i>	
Status:	Ongoing
Estimated Future Benefit:	\$585,250 in annual cost savings.
Year of Investment	2016
<i>Investment Assumptions</i>	
I&D Fund:	\$550,000
Other State Land Board:	N/A
Total State Land Board:	\$550,00

Bohart Ranch Infrastructure Maintenance

This project funded maintenance on the 48,000-acre Bohart Ranch located in El Paso County. Due to deferred maintenance items, the ranch required substantial investment to bring the property up-to-date and to provide efficient use of resources. This is a five-year plan to improve water, fencing and facilities.

Table 9: Bohart Ranch Infrastructure Maintenance Summary

<i>Summary</i>	
Status:	Ongoing
Estimated Future Benefit:	\$380,579 increase in value offset by \$380,579 investment.
Year of Investment	2016
<i>Investment Assumptions</i>	
I&D Fund:	\$380,579
Other State Land Board:	N/A
Total State Land Board:	\$380,579

## 1278 Lincoln Improvements

These investments are for improvements to the 1278 Lincoln commercial property to encourage new leasing. This building is 24,000 square feet, with an additional 6,900-square-foot basement. The building has been vacant since August 2014 when a 25-year tenant moved its operations to a new facility. While structurally sound, the building’s systems and interior space required complete replacement. These investments repair and/or replace all of the building systems and provide tenant improvements, including new interior walls, and pay for leasing commissions. Following improvements, the value of the building is expected to be \$8.5 million, an increase of \$2.9 million from the current value net of building improvement costs.

Table 10: 1278 Lincoln Improvements Summary

<i>Summary</i>	
Status:	Ongoing
Estimated Future Benefit:	\$2.9 million increase in value.
Year of Investment	2015-16
<i>Investment Assumptions</i>	
I&D Fund:	\$3.1 million
Other State Land Board:	N/A
Total State Land Board:	\$3.1 million

## Arista Property Planning

This 6.2-acre property is located within the Arista development in the City & County of Broomfield. Arista is a 200 acre mixed-use development that includes a sports/entertainment arena, hotel, Children’s Hospital Therapy Center, a regional bus hub as well as retail and office space and multifamily residential units. The property does not currently generate any revenue for the Trust. The Board was approached by Urban Frontier, a local developer, with an offer to reposition and develop this asset on one or more long term ground leases. Urban Frontier has seen significant interest in the site, and believes many of the retail tenants they are meeting with may wish to locate on state trust property. Urban Frontier will not be compensated for its up-front due diligence, planning and development efforts until and unless the property is ground leased and vertically developed. The I&D funds requested will be used only to reimburse Urban Frontier for third party planning/development reports and studies.

Table 11: Arista Property Planning Summary

<i>Summary</i>	
Status:	Ongoing
Estimated Future Benefit:	\$100,000 increase in value offset by \$100,000 investment.
Year of Investment	2016
<i>Investment Assumptions</i>	
I&D Fund:	\$100,000
Other State Land Board:	N/A
Total State Land Board:	\$100,000

Table 12: Bald Mountain Summary

<i>Summary</i>	
Status:	Ongoing
Estimated Future Benefit:	\$120,000 increase in value offset by \$120,000 investment.
Year of Investment	2017
<i>Investment Assumptions</i>	
I&D Fund:	\$120,000



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**Bald Mountain Commission**

Other State Land Board:	N/A
Total State Land Board:	\$120,000

The Board owns approximately 237 acres about five miles west of the City of Boulder. In 2015, the Board directed Staff to pursue the disposal of the state trust land encumbered to the County by the Bald Mountain Open Space Park. Subsequent discussions with County representatives determined that the County is only interested in acquiring approximately 146 acres of state trust land. Staff believes the highest and best use of the remaining 91 acres is low density residential development, consistent with the use and character of surrounding properties. Staff recommended that the services of a real estate broker familiar with both this area and the sale of vacant lots for residential development, be retained to assist the Board in disposing of these remaining parcels. This I&D request will pay for the broker commission.

**Stock Well Installation**

Staff identified seven parcels of state trust land that are currently vacant, due in large part to the lack of a livestock water source. A strong demand exists for small grazing parcels in these areas and recent competitive bidding processes suggest that these parcels would generate significant annual revenue if made appealing for lease. Data from recent competitive bid processes indicate that each of these parcels will likely receive bids in excess of \$20/AUM. Once a water source has been developed on these parcels, each of them will be offered to the public for competitive bidding. It is expected that this investment will increase revenue by \$15,480 on an annual basis.

Table 13: Stock Well Installation Summary

<i>Summary</i>	
Status:	Ongoing
Estimated Benefit:	\$15,480 increase in annual revenue
Year of Investment	2017
<i>Investment Assumptions</i>	
I&D Fund:	\$47,500
Other State Land Board:	N/A
Total State Land Board:	\$47,500

**Campground Improvements**

This investment will be used to develop a luxury campground on a 51 acre parcel located in Boulder County that is currently under contract to be bought by the State Land Board. Upon closing, the Board will invest in the development of site infrastructure (roads, utilities, trails, etc.) using these funds. The property will be leased to a private contractor for a period of 30 years, who will develop the site for their use and operate the property as a luxury camping resort. The lessee will pay the Board an annual minimum lease rate of 8 percent of the Board’s invested capital. A CPI based escalator will be applied to the lease rate beginning in year 4, and will continue through the term of the lease. At the end of the lease, all fixed improvements will become the full property of the Board. It is expected this investment will generate \$62,482 in annual revenue.

Table 14: Campground Improvements Summary

<i>Summary</i>	
Status:	Ongoing
Estimated Benefit:	\$62,482 increase in annual revenue
Year of Investment	2017
<i>Investment Assumptions</i>	
I&D Fund:	\$600,000
Other State Land Board:	N/A
Total State Land Board:	\$600,000

### Brett Gray Ranch Infrastructure

This project funded maintenance on the 49,000-acre Brett Gray Ranch located in Lincoln County. Due to deferred maintenance items, the ranch required substantial investment to bring the property up-to-date and to provide efficient use of resources. This is a five-year plan to improve water, fencing and facilities.

Table 15: Brett Gray Ranch Infrastructure Maintenance Project Summary

<i>Summary</i>	
Status:	Ongoing
Estimated Future Benefit:	\$597,000 increase in value offset by \$597,000 investment.
Year of Investment	2016
<i>Investment Assumptions</i>	
I&D Fund:	\$597,000
Other State Land Board:	N/A
Total State Land Board:	\$597,000

### Obtain Legal Access to State Trust Parcels

The goal of this project is to acquire legal access to state trust properties that currently lack it. The State Land Board has more than 100 parcels without legal access. The inability to access these properties reduces their value and limits the ability to competitively bid the leases. The Board approved funding to acquire access to approximately 20 to 30 properties. After the initial results are known and successful, future funding may be provided to acquire access to the other parcels. Based on independent appraisals, the State Land Board believes that providing access to parcels will generate value increases of between 12 and 18 percent.

Table 16: Obtain Legal Access to State Trust Parcels Project Summary

<i>Summary</i>	
Status:	Ongoing
Estimated Future Benefit:	Potential 12-18% increase in land value
Year of Investment	2016
<i>Investment Assumptions</i>	
I&D Fund:	\$300,000
Other State Land Board:	N/A
Total State Land Board:	\$300,000

PRIOR INVESTMENTS COMPLETED IN FY 2017-18

Chancellor Ranch Infrastructure Maintenance

This project funded maintenance improvements that the State Land Board strategically aligned with a new lease of Chancellor Ranch. The State Land Board issued a Chancellor Ranch lease RFP in late 2015. As directed, RFP respondents submitted bids with the understanding that the State Land Board would invest in the existing improvements on the ranch (fences, water lines and wells, etc.). As a result, the new lease will generate \$195,000 annually, an increase of \$102,000 in rent from the prior lease.

Table 17: Chancellor Ranch Infrastructure Maintenance Summary

<i>Summary</i>	
Status:	Complete
Estimated Future Benefit:	\$102,000 in average annual revenue.
Year of Investment	2015
<i>Investment Assumptions</i>	
I&D Fund:	\$230,000
Other State Land Board:	N/A
Total State Land Board:	\$230,000

48<sup>th</sup> and Tower Improvements

This investment was for infrastructure improvements to the State Land Board parcel located at 48<sup>th</sup> Avenue (Green Valley Ranch Blvd.) and Tower Road. The State Land Board approved \$2.5 million in 2015 and \$125,000 in 2016.

The total investment of \$2.6 million is for improvements necessary for future development at the 48<sup>th</sup> and Tower property. Improvements include roads, water and sewer lines, and platting. The State Land Board anticipates that this project will increase the value of the property by at least \$6 million based on recent valuations of entitled and improved development parcels in the area.

Table 18: 48<sup>th</sup> and Tower Improvements Project Summary

<i>Summary</i>	
Status:	Complete
Estimated Future Benefit:	\$4 million in estimated value increase
Year of Investment	2015-2016
<i>Investment Assumptions</i>	
I&D Fund:	\$2,625,000
Other State Land Board:	\$2,925,000
Total State Land Board:	\$5,550,000

## Dowd Junction

The Dowd Junction property is an 18-acre parcel, along I-70 between Vail and Avon, presently encumbered by an aging, low-density commercial building on ground leases (8 acres) and a CDOT maintenance facility on a perpetual right-of-way (10 acres).

In 2009, the State Land Board approved a \$400,000 investment for the planning and rezoning of the property. Subsequent to the investment approval, Eagle County agreed to spearhead the process, substantially reducing the State Land Board’s costs. Eagle County has now approved the master plan and rezoning for this area, at a cost of less than \$35,000 to the State Land Board.

With the new high-density, mixed-use zoning in place, the State Land Board believes that the value of this land has increase significantly, perhaps to as much as \$20 million, based on recent comparable sales.

Table 19: Dowd Junction Project Summary

<i>Summary</i>	
Status:	Complete
Estimated Future Benefit:	\$20 million (\$25/sf)
Year of Investment	2009
<i>Investment Assumptions</i>	
I&D Fund:	\$400,000
Other State Land Board investment required:	\$8.6 million land value
Total State Land Board:	\$9.0 million

## Erie Entitlement

The Erie entitlement project annexed and rezoned a 420-acre parcel in Weld County.

Originally started in 2007, this project envisioned capitalizing on the strong real estate market at the time. With the downturn in the economy in late 2008 and into 2009, the State Land Board suspended the Erie project, feeling the annexation and rezoning was premature until the return of the housing market. With the recovery of the housing market, this project has become feasible again.

The State Land Board invested \$168,000 in funds to move the property through the entitlement process and capture the increase in value from rezoning agriculture land to development land. A recent appraisal has determined the value of this parcel at \$35,000 per acre, approximately \$14.7 million.

Table 20: Erie Project Summary

<i>Summary</i>	
Status:	Complete
Estimated Future Benefit:	\$14.7 million \$35,000/acre
Year of Investment	2007
<i>Investment Assumptions</i>	
I&D Fund:	\$168,054
Other State Land Board investment required:	\$3.9 million land value
Total State Land Board:	\$4.0 million

## Irrigation Well Repair

The State Land Board acquired property in Yuma County in 1996. The purchase price included, among others, 1,033 acres of irrigated cropland, 9 center pivot circular sprinklers, 8 irrigation wells, and a home. Over time, the groundwater level has dropped due to the depletion of the Ogallala Aquifer. As a result, the pumps on the wells needed to be lowered to access adequate water for irrigation. This maintenance investment lowered several irrigation water pumps to improve pumping efficiency, and also made repairs to the house.

Table 21: Irrigation Well Repair Maintenance Summary

<i>Summary</i>	
Status:	Complete
Estimated Benefit:	\$71,000
Year of Investment	2016
<i>Investment Assumptions</i>	
I&D Fund:	\$71,000
Other State Land Board:	N/A
Total State Land Board:	\$71,000

## Sod Farm Well Repair

The State Land Board leases state trust land to a commercial sod farm in Larimer County. The lease requires the State Land Board to pay for repair and maintenance of the underground portion of the irrigation system. During the year one of the primary irrigation wells collapsed and was unable to supply adequate irrigation water to the lessee. This maintenance investment repaired the well.

Table 22: Sod Farm Well Repair Maintenance Summary

<i>Summary</i>	
Status:	Complete
Estimated Benefit:	\$56,651
Year of Investment	2016
<i>Investment Assumptions</i>	
I&D Fund:	\$56,651
Other State Land Board:	N/A
Total State Land Board:	\$56,651

## Program Costs

### *Program Expenditures*

The Investment and Development Statute provides flexibility for the State Land Board to hire staff and contract for services. The State Land Board has authorized 4.0 full-time employees (FTE) and associated program expenditures to support I&D Fund projects.

In FY 2017-18, the State Land Board spent a total of \$679,733 on salaries, business planning and property valuation activities. All program costs expenditures support increasing the income and the value of School Trust assets.