AGENCY STRATEGIC PLAN
Fiscal Years 2007–2011

By

The General Land Office
and
The Veterans Land Board
July 2006
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>VISION FOR TEXAS</td>
<td>3</td>
</tr>
<tr>
<td>THE MISSION OF TEXAS STATE GOVERNMENT</td>
<td>4</td>
</tr>
<tr>
<td>THE PHILOSOPHY OF TEXAS STATE GOVERNMENT</td>
<td>6</td>
</tr>
<tr>
<td>RELEVANT STATEWIDE GOALS AND BENCHMARKS</td>
<td>8</td>
</tr>
<tr>
<td>AGENCY MISSION</td>
<td>20</td>
</tr>
<tr>
<td>AGENCY PHILOSOPHY</td>
<td>21</td>
</tr>
<tr>
<td>EXTERNAL/INTERNAL ASSESSMENT</td>
<td>22</td>
</tr>
<tr>
<td>EXTERNAL FACTORS</td>
<td></td>
</tr>
<tr>
<td>Economic Conditions</td>
<td>26</td>
</tr>
<tr>
<td>Trends</td>
<td>27</td>
</tr>
<tr>
<td>Opportunities</td>
<td>28</td>
</tr>
<tr>
<td>Opportunities in GLO Programs</td>
<td>28</td>
</tr>
<tr>
<td>Federal Legislation • Regulations</td>
<td>35</td>
</tr>
<tr>
<td>State Legislation</td>
<td></td>
</tr>
<tr>
<td>Bills Passed During 78th Texas Legislative Session</td>
<td>36</td>
</tr>
<tr>
<td>Litigation</td>
<td>37</td>
</tr>
<tr>
<td>Demographics</td>
<td>37</td>
</tr>
<tr>
<td>INTERNAL FACTORS</td>
<td></td>
</tr>
<tr>
<td>Technological Assessment</td>
<td>38</td>
</tr>
<tr>
<td>Mineral Extraction Technology</td>
<td>40</td>
</tr>
<tr>
<td>AGENCY GOALS</td>
<td>42</td>
</tr>
<tr>
<td>OBJECTIVES AND OUTCOME MEASURES</td>
<td>43</td>
</tr>
<tr>
<td>STRATEGIES AND OUTPUT, EFFICIENCY AND EXPLANATORY MEASURES</td>
<td>45</td>
</tr>
<tr>
<td>HISTORICALLY UNDERUTILIZED BUSINESS PLAN</td>
<td>50</td>
</tr>
<tr>
<td>APPENDICES (not posted)</td>
<td></td>
</tr>
<tr>
<td>a. DESCRIPTION OF AGENCY’S PLANNING PROCESS</td>
<td>A–1</td>
</tr>
<tr>
<td>b. CURRENT ORGANIZATIONAL CHART</td>
<td>B–1</td>
</tr>
<tr>
<td>c. FIVE-YEAR PROJECTIONS FOR OUTCOMES</td>
<td>C–1</td>
</tr>
<tr>
<td>d. LIST OF MEASURE DEFINITIONS</td>
<td>D–1</td>
</tr>
<tr>
<td>e. WORKFORCE PLAN</td>
<td>E–1</td>
</tr>
</tbody>
</table>
VISION FOR TEXAS FROM GOVERNOR RICK PERRY

Working together, I know we can accomplish our mission and address the priorities of the people of Texas. My administration is dedicated to creating greater opportunity and prosperity for our citizens, and to accomplish that mission, I am focused on the following critical priorities:

Assuring open access to an educational system that not only guarantees the basic core knowledge necessary for productive citizen but also emphasizes excellence and accountability in all academic and intellectual undertakings;

Creating and retaining job opportunities and building a stronger economy that will lead to more prosperity for our people, and a stable source of funding for core priorities;

Protecting and preserving the health, safety and well-being of our citizens by ensuring healthcare is accessible and affordable and by safeguarding our neighborhoods and communities from those who intend us harm; and

Providing disciplined, principled government that invests public funds wisely and efficiently.
The Mission of
Texas State Government

Texas state government must be limited, efficient, and completely accountable. It should foster opportunity and economic prosperity, focus on critical priorities, and support the creation of strong family environments for our children. The stewards of the public trust must be men and women who administer state government in a fair, just, and responsible manner. To honor the public trust, state officials must seek new and innovative ways to meet state government priorities in a fiscally responsible manner.

Aim high...we are not here to achieve inconsequential things!

As adopted and updated by Governor Rick Perry
In cooperation with the Legislative Budget Board,
March 2006
The Philosophy of Texas State Government

The task before all state public servants is to govern in a manner worthy of this great state. We are a great enterprise, and as an enterprise we will promote the following core principles.

• First and foremost, Texas matters most. This is the overarching, guiding principle by which we will make decisions. Our state, and its future, is more important than party, politics or individual recognition.

• Government should be limited in size and mission, but it must be highly effective in performing tasks it undertakes.

• Decisions affecting individual Texans, in most instances, are best made by those individuals, their families, and the local government closest to their communities.

• Competition is the greatest incentive for achievement and excellence. It inspires ingenuity and requires individuals to set their sights high. Just as competition inspires excellence, a sense of personal responsibility drives individual citizens to do more for their future and the future of those they love.

• Public administration must be open and honest, pursuing the high road rather than the expedient course. We must be accountable to taxpayers for our actions.

• State government has a responsibility to safeguard taxpayer dollars by eliminating waste and abuse, and providing efficient and honest government.

Finally, state government should be humble, recognizing that all its power and authority is granted to it by the people of Texas, and those who make decisions wielding the power of the state should exercise their authority cautiously and fairly.

As reaffirmed by Governor Rick Perry
In cooperation with the Legislative Budget Board
March 2006
Below are statewide functional goals, which specifically relate to the work of the General Land Office (GLO). Each of these goals is followed by a description of how the GLO helps to fulfill that goal.

**Goal 01.** To provide an attractive economic climate for current and emerging industries that foster economic opportunity, job creation, capital investment, and infrastructure development by:

- Promoting a favorable and fair system to fund necessary state services;
- Addressing transportation and housing needs; and
- Developing a well trained, educated, and productive workforce.

**01.01 The Texas economy will be diversified and healthy, creating and retaining the jobs needed for a prosperous Texas and its investments.**

GLO Response: The GLO promotes the Texas economy through its efforts to create and sustain markets for environmentally sound goods and services. Programs promoting energy savings, leasing activities, direct land sales, investment opportunities, erosion protection, removing derelict vessels, and providing low-cost loans support a healthy Texas economy.

The State Energy Marketing Program provides energy savings to state agencies, public institutions of higher education and political subdivisions of the state, and earns additional revenue for public education.

The GLO strives to maintain and improve the state’s economic development through its leasing activities, on both Permanent School Fund land, surface estates, and submerged land, and other state agency-owned lands. Public, private, and industrial developments on state lands enhance energy, communication, recreation, and transportation infrastructure statewide and produce revenues that are deposited directly into the state’s Permanent School Fund (PSF) for the support of public education.

The agency’s Professional Services Program through the Coastal and Uplands Surface Leasing Areas conducts submerged lands and surface estate leasing activity. They generate revenue and promote economic development on both PSF land and other agency lands, as authorized by law or interagency contract. The Mineral Leasing Division in the Energy Resources Program Area holds quarterly oil and gas lease sales.
in response to oil and gas industry nominations. Sales proceeds benefit the PSF.

The Asset Management's Disposition group evaluates real property owned by state agencies to dispose of nonproductive tracts through sealed bid or direct sales. Funds generated from these transactions are deposited into the general revenue account. The Asset Management Division also acts as the investment manager for the Permanent School Fund real estate portfolio. It is responsible for prudently investing in real estate to establish market value income streams for the Permanent School Fund. These investments also create significant economic development activity in the state and have a positive effect on the tax rolls.

The 79th Legislature expanded the framework to enable Asset Management group to invest revenues from oil, gas, and other mineral holdings in real property interests for the purpose of diversifying and improving the Permanent School Funds' portfolio and overall return. To further develop this strategy, GLO has engaged the services of an external real estate funds manager to enable geographic and market segment diversity in the investments and expand opportunities all over the United States. Implementing these changes will allow for the diversification of the PSF real property inventory. This in turn will provide stability to the PSF by allocating greater assets to real property, which are a more stable and predictable investment versus the volatile equity market.

The GLO is also the lead agency for the Texas Coastal Management Plan (CMP), a networked effort designed to bring coordination to the cause of coastal protection. Through the CMP and its policymaking board, the Coastal Coordination Council (CCC), about $2 million a year in grant money is available to coastal communities and organizations for beneficial coastal projects.

Through the Coastal Erosion Planning and Response Act (CEPRA), the GLO is working to combat coastal erosion head–on, as it continues to threaten public beaches, marshes, homes, businesses, and public infrastructure. The agency has developed innovative program plans and works towards effective, long–term management practices that will stem erosion, preserve valuable habitat, protect public infrastructure and enhance the tax base of coastal communities.

The Oil Spill Prevention and Response Program (OSPR) began implementing provisions of recently passed legislation relating to the persistent problem of abandoned vessels along the Texas coast. Until the passage of HB 2096 (79th Regular Session), no single state agency had comprehensive jurisdiction over the removal and disposal of abandoned vessels. With the new authority, OSPR has drafted vessel
removal guidelines and begun work on developing removal strategies for the more than 400 abandoned vessels in or on coastal waters.

The Texas Veterans’ Land and Housing Assistance Programs make significant contributions to the Texas economy by providing low-cost loan programs for land, housing, and home improvements, thereby increasing the loan demand for related goods and services. The VLB also provides a significant contribution to Texas through the operation of six long-term skilled care nursing home facilities. Each home employs up to 150 healthcare professionals and service workers. Annual payrolls vary from approximately $3 million to $3.9 million. The operation of these homes along with the development of additional State Veterans’ Homes and Texas State Veterans Cemeteries will continue to provide stimulus to local economies.

**Goal 02. To provide citizens with greater access to government services while reducing service delivery costs and protecting the fiscal resources for current and future taxpayers by:**

- Supporting effective, efficient, and accountable state government operations;
- Ensuring that state’s bonds attain the highest possible bond rating; and
- Conservatively managing the state’s debt.

**02.01 To support effective, efficient, and accountable state government operations.**

GLO Response: The GLO Asset Inspection Division has been streamlined to minimize resources required to manage land-use contracts, provide efficient service to the public, and maximize effectiveness of its employees. The agency has implemented a single electronic database for managing land lease data. It has also consolidated and standardized contract forms, formats, and language in the land leasing program to ensure compliance with state law and agency rules and consistency with current industry standards and practices.

The Appraisal Division has instituted measures to ensure objectivity in implementing agency evaluation functions and avoiding conflicts of interest in the valuation of real property.

Energy Resources has implemented a Gas Management System to improve its efficiencies in managing its State Gas Program. The land and lease database is being upgraded to effectively and efficiently manage state lands and minerals. The electronic reporting system for oil and gas production allows operators to report online and reduce
paperwork. Energy Resources also continues to add functions to its webpage to assist industry and interested parties.

Asset Management inventories and evaluates state agency real property to identify unused or underused parcels of land, and to provide the Legislature with recommendations on retaining or disposing of individual properties. The program also conducts sales or leases of agency lands as authorized by law. In addition to these traditional duties, the division has, under the auspices of the Commissioner and School Land Board, developed strategic policies and procedures for governance of its commercial real estate investment activity. These form the underlying principals and specific risk, return, diversification, and market/industry performance criteria that together with establishment of full accounting and control systems, directly address and support, “effective, efficient, and accountable government operations.”

The Coastal Management Program (CMP), because it has been federally-approved by the National Oceanic Atmospheric Administration (NOAA), is eligible for a variety of federal program funds, including funds for: administration of the state’s coastal management program, coastal resource improvement grants, coastal zone enhancement projects, technical assistance projects to support enhancements, and a state coastal Non–Point source pollution control program. Since inception, notable accomplishments include (1) finalizing an agreement with the U.S. Army Corps of Engineers to beneficially use dredged material to nourish Texas beaches or create marshes; (2) establishing a Permit Service Center to assist small business and industry in obtaining permits; (3) establishing an effective, efficient CMP consistency review process; (4) administrating a model low-cost CMP grant program with less than 10 percent administrative overhead; (5) managing more than $11.1 million in federal Coastal Zone Management Act funds and more than 200 subgrants awarded by the Coastal Coordination Council; and (6) planning and conducting educational conferences and workshops.

The Coastal Erosion Planning and Response Act (CEPRA) works to address the significant erosion along the Texas Gulf Coast and bay system, provides a state funding mechanism to facilitate obtaining federal funding, and aids work with local communities to address specific erosion problems.

The Veterans’ Land Board (VLB) programs are financially self–supporting. The financing for land, housing, and home improvement loans are partly provided by the sale of bonds, which are repaid from the payments made by the users of the programs. The state’s portion of the construction costs of the State Veterans’ Homes comes primarily from the use of excess in the Veterans’ Housing Assistance
and Land Programs. Residents may pay for services out of their private funds or seek assistance from the U.S. Department of Veterans Affairs (USDVA), Medicare, or Medicaid. The state’s cost for perpetual care of State Veterans Cemeteries is funded through use of excess assets in the Veterans Housing Assistance and Land Loan Programs.

**Goal 03. To conserve and protect our state’s natural resources (air, water, land, wildlife, and mineral resources) by:**

- Providing leadership and policy guidance for state, federal, and local initiatives; and
- Encouraging responsible, sustainable economic development.

**03.01 Ensure that Texas coastal natural resources will be protected, preserved, and enhanced through prudent and innovative management.**

GLO Response: The Open Beaches Act and the Dune Protection Program are designed to help local landowners and communities protect and preserve their beaches so that all Texans can continue to enjoy them. The responsibility for protecting the public's right to use and enjoy the beach is shared by the state and local coastal governments. Cities and counties along the coast are required to adopt laws to protect the public's beach access rights. Usually, these local laws are adopted as a dune protection and beach access plan. The state reviews local beach access plans and certifies that they meet the minimum state standards set forth in the General Land Office Beach/Dune Rules. Statewide beach access standards protect everyone's right to use and enjoy all Texas beaches.

The GLO Coastal Resources Program maintains a natural resource information database that identifies sensitive biologic habitats, cultural resources, and other areas of concern on state-owned submerged lands. This information, compiled by five state and federal regulatory agencies, is made available to project planners early in the land development planning process to minimize negative impacts to natural resources.

As administrator and statewide facilitator of the Adopt-A-Beach Program, the GLO mobilizes volunteers (including public volunteers, volunteer coordinators, and sponsors of the program) to clean Texas beaches during cleanups held throughout the year. Two large-scale statewide cleanups are conducted in the Spring and Fall and one smaller cleanup is held in the Winter where the Adopt-A-Beach program volunteers remove tons of trash from the Texas shores and assists with mitigation of beach debris.
GLO Energy Resources field inspectors conduct oil and gas well inspections at production, storage, and drilling sites on state lands to detect operational problems that could result in groundwater contamination or other environmental problems. Energy inspectors ensure that oil and gas operators adhere to mineral lease agreements which affect the royalties deposited into the PSF. Professional Services coastal inspectors located on the upper and lower Gulf Coast monitor compliance with the Coastal Management Program.

Two offshore wind leases have been issued to promote the development of emission free renewable energy production while providing royalty revenue to the PSF.

The Texas Legislature, in conjunction with the Coastal Coordination Council (CCC) and other state and federal resource agencies and local coastal communities, directed the GLO to implement a comprehensive coastal management program to protect the state’s coastal environment and economy. The Texas Coastal Management Program (CMP), approved by the federal government in January 1997, requires actions taken by state and federal governments along the Texas coast to comply with the state’s CMP. Federal approval has qualified Texas for federal funds for local projects on the Texas coast.

The CMP has been enhanced by the passage of the Coastal Erosion Planning and Response Act (CEPRA). CEPRA works to address the significant erosion along the Texas Gulf Coast, provides a state funding mechanism to facilitate obtaining federal funding, and aids work with local communities to address specific erosion problems.

The GLO is one of three state Natural Resource Damage Assessment (NRDA) trustees, along with Texas Commission on Environmental Quality (TCEQ) and Texas Parks and Wildlife Department appointed by the governor. Trustees are authorized by federal and state statute to protect “trust resources” (also known as publicly owned resources), which can include, but are not limited to, air, water, sediment, and wildlife. NRDA trustees attempt to make the environment and public whole for injuries to natural resources and natural resource services resulting from an incident. NRDA trustee responsibilities include prevention and/or minimization of injury to natural resources during the response phase, assessment of natural resource injury during and after response, and restoration of natural resources injured or natural resource services lost due to discharge or release of hazardous substances or oil spills. By rule, trustees must identify a reasonable range of restoration alternatives, evaluate and select the preferred alternative(s), and develop a Draft and Final Restoration Plan that considers public comments. Acceptable restoration actions include one or a combination of any of the following: restoration,
rehabilitation, replacement, or acquisition of the equivalent natural resources.

The Oil Spill Prevention and Response Act of 1991 (OSPRA) designated the GLO as the lead state agency for the prevention of and response to oil spills in the marine environment. In 2006, the program responded to approximately 1,167 reported spills. Despite the increasing amount of crude oil and refined products handled in Texas waters, the number of significant spills continues to decrease due to the program’s aggressive enforcement program, compliance activities, and increased harbor and vehicle patrols.

Should an oil spill occur in coastal waters, the program has ensured through response planning, exercises, drills, inspections, and audits that properly trained personnel and equipment resources are available to respond. Response officers are located in Jefferson, Harris, Matagorda, Nueces, and Cameron counties and will respond to any spill notification within two hours anywhere along the coast. Response officers conduct oil spill investigations, facility inspections, audits, drills, vessel and facility contingency plan reviews, and monitor the progress of cleanups. Additionally, personnel maintain state-owned equipment in a “ready” condition at GLO warehouses and at strategic locations in remote coastal areas and wildlife refuges. The program has also developed a CD-ROM for vessel owners or operators and federal or state response authorities that contain the latest response information and map data to facilitate response activities.

The Oil Spill Prevention and Response Division of the Texas General Land Office (TGLO) funds oil spill prevention and response–related research. This program is a recognized leader in oil spill technology research and development, including dispersant use, oil spill tracking, and environmental monitoring. Alternative cleanup technology research remains a priority for the program. The use of dispersants in near shore environments is one of the focus programs, which may lead to the broadening of its use to protect the Texas coastline.

The Shoreline Environment Research Facility (SERF) enables oil spill researchers to conduct biological and chemical experiments in nine tanks that are capable of scalable and variable tides, and waves that mimic the Texas coastal environment. The facility is located in Nueces County near the Laguna Madre and has instrument development and support laboratories that complement field stations.

The TGLO research program has leveraged more than $10 million in additional grants and contracts from federal, state, and private entities. The TGLO–funded SERF program is collaborating on eight on–going National Science Foundation (NSF) projects, as well as projects funded by the Office of Navel Research, US Army Corps of

SERF’s recently-awarded NSF project is a collaboration with University of Texas, and proposes to create and demonstrate a prototype Environmental Information System (EIS) that couples sensor measurements with end-to-end cyber infrastructure to improve understanding of environmental problems in Corpus Christi Bay, Texas.

The Texas Automated Buoy System (TABS) was created in a successful effort to improve the state’s ability to predict the movement of oil slicks off the Texas coast. Today, eleven years after the first buoy was launched, the network spans the Texas coast reporting real time current and wind data 24/7 via the Internet. It has provided operational decision-support in more than two-dozen offshore spill events. In recognition of the quality of the data provided by TABS, the National Data Buoy Center now routinely collects the TABS data for inclusion in the Global Telecommunications System (GTS) data stream used by forecast meteorologists around the world. A new Real Time Analysis (RTA) website provides performance metrics, quality controlled data and statistical analysis of the TABS data. From a budgetary standpoint, a steady pace of technological improvements has allowed an expansion of the network from seven to ten locations along the coast while improving the overall reliability of the system … all while holding down program costs to the same funding levels for the last six years.

In addition to real time observations, oil spill trajectories require forecasted ocean and bay currents. To that end, the TABS program develops and maintains forecast models for Texas bays and the Gulf of Mexico. The bay component is operated under contract to the Texas Water Development Board (TWDB). Under this contract, TWDB runs four hydrodynamic models every night to produce fresh circulation forecasts for Corpus Christi Bay, Galveston Bay, Matagorda Bay and Sabine Lake. Similarly, the offshore component is operated by the Department of Oceanography at Texas A&M University. There, two hydrodynamic models of the Gulf of Mexico are run every night to provide a two-day forecast of the Gulf’s circulation near the Texas coast. Data from all modeling efforts are available to the public via links on the TABS website. Costs of both programs have remained the same, but GLO is getting more for their dollar. TWDB has gone from modeling two bays to four (soon to be five) while A&M has gone from running one Gulf model to two for no additional cost.

As a long-time proponent of coastal ocean monitoring through the TABS and Texas Coastal Ocean Observation Network (TCOON) programs, the GLO has become a leading participant in the Gulf of Mexico Coastal Ocean Observing System (GCOOS). This regional
association of Gulf state public and private entities is working towards a cooperative and coordinated approach to ocean monitoring. GCOOS also provides a forum in which the Gulf state interests can be collectively expressed to Federal agencies involved in ocean observations and management activities. It is the hope of this regional association that this type of cooperation may also lead to increased Federal investments in ocean observing infrastructure for the Gulf.

The GLO’s coastal oil spill response maps have become an integral part of the legally-required (OPA 90) Area Contingency Plans and are widely used by industry and the spill response community in the development of spill response plans. Critical data in these maps can become outdated due to natural and man-made changes in the environment, thus limiting their usefulness in support of spill planning and response. Unfortunately, funding was not available for updating the biological and shoreline data for this series of maps. GLO did, however, take the opportunity to improve the symbology of the maps to improve their legibility. Maps of particularly sensitive coastal areas had been difficult to interpret by users because of the clutter created by the number and type of symbols needed to represent these areas. Over the last year, GLO personnel redesigned the map symbols so users can more easily see the shoreline in areas rich in environmental data. These maps will be distributed to the public in the annual revision of the CD Toolkit. Funding to update the shore-type, biological and other spill–relevant data features is a priority.

The goal of the Oil Spill Prevention and Response Program is to prevent oil from impacting Texas’ coastal environment. Prevention is addressed through a number of measures. The Oily Bilge Reclamation Facility Program provides a no–cost alternative to small vessel owners for the disposal of oily bilge water. The seven facilities operating along the coast have recovered and recycled over 660,000 gallons of used motor oil. The facilities have collected and cleaned more than 1,000,000 gallons of contaminated bilge water. For FY 2007, a facility is planned for construction in Rockport, in partnership with the Aransas County Navigation District. As resources become available, other facilities are planned along the coast. To enhance the agency’s effort to prevent oil from impacting the Texas Coastal environment, a pilot waste oil collection facility was established in FY 2002. One additional facility has been established. Together, both facilities have collected and recycled more than 100,000 gallons of used motor oil and more than 10,500 large oil filters.

The 79th Texas Legislature enhanced the Oil Spill Prevention and Response Program’s ability to deal with the growing problem of abandoned vessels along the Texas coast. More than 400 vessels have been documented as abandoned and are candidates for removal.
Although no funds were appropriated for vessel removals, the Program will endeavor to secure funds and develop partnerships with local governments and Non-Governmental Organizations (NGOs) such as the Galveston Bay Foundation to rid the coastal zone of this problem.

03.02 Texas’ natural and productive resources will be used wisely to support the people and the economy.

GLO Response: One source of revenue for the support of public education is provided by the PSF which receives revenues resulting from GLO’s management of 13 million acres of state land and minerals (mostly oil and gas). This revenue is received as compensation for land use agreements authorizing development of subsurface minerals and private, public, and commercial uses of the surface estate.

03.03 Texas will have access to outdoor recreational opportunities while the natural habitats of our wildlife will be regulated and protected through prudent management.

GLO Response: As a responsible steward of public lands, the agency develops wildlife management plans for state-owned uplands and conducts an annual deer census to determine an acceptable level of wildlife on state lands. The GLO, through the Texas Coastal Preserves Program, sets aside coastal lands as preserves for special management by the Texas Parks and Wildlife Department while allowing continued public use. When appropriate, the program also seeks to acquire conservation easements on real property to protect natural resources for future generations.

Asset Inspection’s Coastal and Uplands Surface Leasing Areas are authorized to negotiate contracts for the use of state-owned lands, such as coastal easements, coastal leases, and structure (cabin) permits and surface leases, which can provide public recreational opportunities such as hunting, fishing, hiking, boating, and other outdoor activities.

Through CEPRA, the GLO strives to protect and enhance threatened public beaches and public infrastructure, such as public parks.

The GLO aids local governments in preserving access to and use of the public beaches of Texas and protecting the natural resources by certifying local governments’ beach/dune plans as required by the Open Beaches Act and the Dune Protection Act. In addition, the GLO reviews and comments on applications submitted by local governments relating to construction and dune protection issues landward of public beaches.
The CMP supports access to outdoor recreation and the protection of natural habitats and wildlife through (1) the award of federal grant funds to local entities for projects that support access to beaches, bays, and other coastal natural resource areas and that protect natural habitats and wildlife through the conservation and enhancement of coastal natural resource areas; (2) the development and implementation of the Texas Coastal Non-point Source Pollution Control Program that supports the protection of natural habitats and wildlife through the use of management measures and the award of federal grant funds for projects that conserve and enhance coastal water quality, including coastal wetlands; and (3) the implementation of a shoreline access program to promote and enhance opportunities for access to bay shorelines through cooperative projects with local governments and publication of the Texas Beach and Bay Access Guide.

The Coastal Impact Assistance Program (CIAP) was authorized by Congress to assist states in mitigating the impacts associated with the Outer Continental Shelf (OCS) oil and gas production. The Energy Policy Act of 2005 authorized the 2005 CIAP. Two hundred fifty million dollars will be divided annually from fiscal years 2007 through 2010 among the coastal oil and gas producing states of Alabama, Alaska, California, Louisiana, Mississippi and Texas. CIAP funds may be used only for one or more of the following purposes:

A. Projects and activities for the conservation, protection, or restoration of coastal areas, including wetlands.
B. Mitigation of damage to fish, wildlife, or natural resources.
C. Planning assistance and the administrative costs to comply with CIAP.
D. Implementation of a federally approved marine, coastal, or comprehensive conservation management plan.
E. Mitigation of the impact of Outer Continental Shelf activities through funding of onshore infrastructure projects and public service needs.

The state's allocation will total approximately $39 million per year. Approximately $21 million will be allocated to coastal counties for projects following the CIAP guidelines.

The Oil Spill Prevention and Response Program has been designated as the lead state agency for coastal oil spill prevention and response. As such, program staff provides critical services designed to protect natural habitats along the Texas coast.
Texas will encourage conservation of natural resources by expanding promotion of renewable energy as a percent of energy used.

GLO Response: The GLO seeks to encourage, promote, and expand the use of renewable energy technology and energy efficient practices on state lands to enhance the value and allow the highest and best use through sustainable development. For example, the Texas Wind Power Project, located on state lands in the Delaware Mountains in Culberson County, is the first commercial scale wind power project in Texas. As of April 2006, the public/private partnership has deposited more than $828,000 into the PSF with projections of more than $3 million over the 25–year lease. More than 700 million–kilowatt–hours of electric power has been produced from the project through April 2006. Two new wind leases were issued on offshore state lands, and Energy Resources facilitated a solar waste treatment project in San Benito. Staff continues to promote renewable energy prospects on PSF and other state lands.

The VLB requires that all new-construction homes be ENERGY STAR® certified, meeting federal energy efficient guidelines that insure energy efficiency and environmentally friendly building practices. ENERGY STAR® will not only help Texas veterans save money on their monthly utility bills, it will also help the state of Texas meet its EPA air quality requirements.
The mission of the Texas General Land Office is to:

- Maximize revenues through effective management of state resources,
- Provide benefits to Texas veterans, and
- Preserve and protect the state’s natural resources and vast collection of historical land records.
The General Land Office philosophy is based on nine values that will guide the decision-making processes and ensure balance between its resources and mission.

**Accountability**
We will create a climate of accountability that enhances productivity and satisfaction for employees and customers. We will strive to maintain accountability among our fellow employees and to those we serve.

**Diverse Workforce**
We believe that diversity is paramount and essential. We will strive to encourage a recruitment and retention process to reflect the diversity of Texas.

**Efficiency**
We continually strive to improve the efficiency of operations. We will spend resources wisely—always in the best interest of the citizens of Texas and in accordance with statutory responsibilities. We will strive to minimize bureaucracy by delegating authority and decision-making and eliminating ineffective procedures.

**Ethics**
We will set a high standard of ethics that promotes better service to employees and the citizens of Texas. We will strive to develop, maintain, and direct measures to ensure this standard.

**Fairness**
We will treat fellow employees and customers fairly and courteously.

**Inclusiveness**
We believe that inclusiveness is important and essential. We will strive to create an environment where all employees and citizens of Texas have opportunities for access and participation.

**Innovation**
We will foster a work environment where employees are encouraged to make suggestions for improvements; productive suggestions will be implemented, and employees will be recognized for their ideas.

**Professionalism**
We will strive for professionalism in providing the highest quality service to customers. This service will be a model of consistency that ensures courtesy and integrity.

**Quality**
We are committed to providing extraordinary service at the lowest possible cost with the greatest sense of pride.
EXTERNAL/INTERNAL ASSESSMENT

The following describes the external and internal factors which present both challenges and opportunities for the GLO in the next five years.

OVERVIEW

In 1837, the GLO was established constitutionally as the first agency in the new Nation of Texas and had the responsibility and oversight for more than 83 million acres of Texas sovereign land.

Today, the agency’s responsibilities include management of oil, gas, and other natural resources; portfolio management of the 13 million real property acres dedicated to the Permanent School Fund for the purpose of providing long-term income streams to the PSF; initiating the chain of title on all sovereign lands and issuing land patents and awards, deeds of acquittance, and other title documentation; evaluation and inventorying of all state owned real estate; granting of land–use contracts for private and public recreation and commercial uses of submerged state–owned coastal public lands; ensuring protection of natural resources on state real property; and management of the Texas Veterans’ Land Board which was created in 1946.

The history of public land management, and thus the GLO, is illustrative of the history of Texas and figures prominently in the economic transformation of the state. Notable historical points:

- Early in the state's history, the public domain was used to lure settlers to the Texas frontier. Land grants to increase the population may have been among the most important transactions of the infant Texas.

- Between 1852 and 1876, Texas deeded 32 million acres of the public domain to the railroads to construct tracks across the state, thus increasing population, improving transportation, and establishing trade with those outside Texas.

- When oil was discovered in commercial quantities in Texas near the turn of the 20th century, the prevailing wisdom about the public domain and the economy of the state changed dramatically. Public land management policy and the Texas economy rode the wave of the oil and gas industry for the next 80 years.

- As Texas’ economy and population continued to grow, impacts to sensitive natural resources of the Texas Gulf Coast region were noted. In response, the 63rd Legislature adopted the Coastal Public Lands Management Act of 1973 to ensure the preservation of natural resources
and to prevent unauthorized uses of these coastal public lands. In 1991, the Texas Legislature enacted, and then amended in 1995, the Coastal Zone Management Act requiring the GLO to develop and coordinate a comprehensive Coastal Management Program. The program was federally approved in January 1997. In the next few years, the program will gain final approval of its Non-Point source program required by federal law and sharpen the focus of its grants to aid local communities.

Today, the GLO is helping move Texas into a new era. The GLO seeks to be the first among state agencies in developing new and better ways of accomplishing its tasks. For example, through the use of innovative debt management and bond issuance practices, the VLB continues to offer below market interest rates to eligible Texas veterans to buy land and homes and to make home improvements. The VLB is authorized to loan an amount for housing loans up to the maximum amount guaranteed by the of U.S. Department of Veterans Affairs (USDVA). With this authority, the VLB has set the maximum amount of a housing loan at $240,000. In 1997, the legislature allowed the VLB to expand its services to veterans by creating the State Veterans Homes Program and the State Veterans Cemeteries Program. The VLB partnered with the USDVA for the construction of state veterans homes. Currently, the VLB has six long-term skilled nursing facilities strategically placed around Texas with a seventh home scheduled to open in 2007. Additionally, the VLB has authority to build up to eleven state veterans homes. The USDVA has partnered with the State Veterans Cemeteries Program to construct veterans’ cemeteries in Texas. The VLB has received funding to construct two cemeteries with authority to build up to seven. This new expansion of benefits allows the VLB to provide skilled nursing care and dignified burial benefits along with its outstanding loan programs to help Texas veterans.

In 1999, the Texas Legislature passed electric utility deregulation and authorized the Texas Land Commissioner to convert the GLO’s mineral royalty interests into other forms of energy, including electricity, for sale to public retail customers such as school districts, state agencies, state institutions of higher education, and political subdivisions of the state. The 78th Legislative Session, military installations of the United States or U.S. Department of Veterans Affairs facilities were also added to the list of public retail customers. The value added to the natural gas by converting it to electricity has benefited the Permanent School Fund (PSF), while the customers will realize substantial savings through lower electric bills.

The State Energy Marketing Program strives to grow its public gas and power programs by providing savings to its public retail customers and provide additional revenue to the PSF.

In 1991, the Oil Spill Prevention and Response Act designated the GLO as the lead state agency for oil spill prevention and response to oil spills that enter or threaten to enter coastal waters. In addition to responding to spills, the program maintains a research and development program, maritime affairs and
planning components. Economic and natural resources are protected from the threats posed by the transportation and processing of petroleum products in coastal waters. The Field Inspections Program in Energy Resources provides technical assistance and expertise regarding operations on offshore production platforms, further enhancing the efforts of the Oil Spill Program.

As steward of state-owned lands, the GLO is responsible for management of the 367 miles of Texas coastline from the vegetation line on the beach to 10.3 miles into the Gulf of Mexico, as well as millions of acres of submerged land in our coastal bays. Texas’ beaches are its second-most popular tourist attraction, generating $7 billion a year. Unfortunately, Texas has one of the highest rates of coastal erosion in the country. In 1999, the 76th Texas Legislature created the Coastal Erosion Planning and Response Act and put the GLO in charge of its administration with $15 million. An additional $15 million was appropriated by the 77th Legislature. The 78th Legislature appropriated an additional $7.3 million, as did the 79th. The GLO also helps coastal communities administer programs to manage their beaches and dunes for the benefit of both public beachgoers and private property owners.

The GLO administers the Beach/Dune Program, which enforces the Open Beaches Act (OBA) and Dune Protection Act. On June 8, 2004, Jerry Patterson, Commissioner of the Texas General Land Office, announced issuance of a two-year moratorium on removal of 116 houses located on the public beach. Orders were issued to address erosion of the natural line of vegetation that marked the boundary of the public beach and to allow time to determine if that line of vegetation would recover so the houses are no longer on the beach. The moratorium expired on June 8, 2006.

As part of the Land Office’s effort to enforce the OBA, the Commissioner has approved an eight-step plan for protecting the public beaches. Many of these initiatives will require legislative action. These steps include:

1. Continue to use lawsuits to remove houses from the beach
2. Define threats to public health and safety
3. Adopt post-moratorium repair rules
4. State financial assistance for removal of houses on the beach
5. Administrative enforcement for active/willful violation
6. Denial of windstorm insurance for structure on the public beach easement
7. Building setbacks for new construction; and
8. More effective OBA disclosures on property transactions.

The GLO is also the lead agency for the Texas Coastal Management Plan (CMP), a networked effort designed to bring coordination to the cause of coastal
protection. Through the CMP and its policy-making board, the Coastal Coordination Council (CCC) administers about $2 million a year in grant money, which is available to coastal communities and organizations for beneficial coastal projects. A primary function of the CMP is consistency review—a process by which the state reviews an action undertaken, licensed, permitted, or funded by a state or federal agency to ensure that the action is consistent with the CMP. Another element of the CMP is the Texas Coastal Non-Point Source Pollution Control Program in which the GLO works cooperatively with the Texas Commission on Environmental Quality, the Texas State Soil and Water Conservation Board, and other CCC member agencies to improve the water quality in Texas’ coastal bays and estuaries by implementing management measures to control coastal Non-Point source pollution.

Another prominent program is the GLO Adopt-A-Beach Program. This program sets the tone for promoting the merits of the Texas Coast, through mitigation and removal of beach debris in an all-volunteer effort. The raised awareness assists local communities with land based debris education and the program works with the Ocean Conservancy and the International Coastal Cleanup (ICC) in order to educate the public on marine based debris and the effects of that debris on coasts.

The GLO is the management agency for state lands and mineral rights totaling approximately 20 million acres. This includes vast properties in West Texas, the Gulf Coast beaches and bays and other submerged lands extending 10.3 miles out from the shoreline, and a variety of state agency acreage and timber lands in East Texas. The GLO leases state land for a variety of purposes, including oil and gas production, commercial development, grazing, hunting, agricultural production and sustainable energy development. Many of the state land leases benefit the PSF by generating royalties, bonuses, rental payments, and surface lease revenues.

Approximately four million acres of state-owned minerals are located in the Gulf of Mexico and coastal bay systems. Development of the oil and gas resources in these state waters began more than 75 years ago with a discovery in the Houston area. Since that time, over 6,000 wells have been drilled on state-owned submerged lands.

Oil and gas wells that are properly maintained during their productive life and properly plugged once production has ceased do not pose a threat for substantial releases of hydrocarbons into state waters. However, wells that cease to be maintained due to operator negligence or insolvency and remain unplugged can pose a substantial threat of pollution over time.

In 1999, the GLO undertook a project to identify, inspect, and plug improperly abandoned oil and gas wells located in state waters. The operator of each well was contacted and instructed to plug the wells. For wells determined to have no existing viable operator, a prioritized plugging list was generated. Each well was inspected and ranked based on its condition and the potential for a spill, as
well as location and hazard to navigation. To date, 40 wells have been plugged under this project at an average cost of $60,000 per well, including 21 wells in Galveston Bay, 17 wells in Matagorda Bay, one in Corpus Christi Bay, and two in the Gulf of Mexico. Recently, the interagency cooperation contract with the Railroad Commission of Texas was renewed to continue plugging wells that present a threat to the environment and/or navigation.

To help restore and protect the state's historic land maps and documents the agency implemented the Adopt-A-Map/Document program in 1999. Many of these materials are 100 to 150 years old and have been part of the GLO's daily business since 1836. In 2004, this program was expanded into the Save Texas History! Campaign, designed to increase involvement and maximize contributions. Additional revenues have been generated through the sale of high quality color copies of these materials. To date, more than $350,000 has been raised to conserve these maps and documents for future use. By the end of fiscal year 2006, more than $450,000 will have been spent to conserve hundreds of these vital records.

To further protect this historical material and provide better access to the public, these maps and documents are now being digitally preserved. At the close of 2005, approximately 69,000 maps and documents have been scanned, representing more than 616,000 digital images displayed on the agency's website. To date more than 2500 maps and documents have been scanned on behalf of the Texas State Library, generating additional revenue for the program. Copies of these detailed images also can be purchased from the GLO Archives and Records Division, with revenue benefiting the conservation program.

EXTERNAL FACTORS

Economic Conditions

Fluctuations in energy and real estate prices affect GLO activity and needs. Opportunities for enhancement created by favorable economic conditions, such as in-kind gas and electric marketing, energy audits and regular field inspections that lead to voluntary compliance help increase the GLO’s deposits to the PSF. Experience through School Land Board oil and gas lease sales demonstrates that as the price of oil and gas rises and falls, the interest and commitment level of oil and gas producers on state land also rises and falls. Foreign production, commodity speculation, national and global energy policies, climate changes and global demand levels for oil and gas have caused, and will continue to cause, significant impacts on oil and gas prices.

The United States continues to import more than 60% of its annual crude oil needs and that percentage increases each year. This reliance on foreign oil will require the continued and potentially threatening transshipment of oil through Texas' sensitive coastal environments. To put our reliance into perspective, more than 100 million barrels of foreign oil are off-loaded at Texas ports each
month. This figure does not include the million of barrels of oil and refined products that are moved by barge or pipeline. As the world economy continues its steady growth, the number of vessel and barge transit through Texas waters is expected to increase.

The amount of real property transactions by the Asset Management Program is greatly influenced by the general economy of the state of Texas. Market demand for property and facilities is greater in a growing economy due to job creation, increased housing needs and expanded retail service needs. Stiff competition for quality acquisitions can also be anticipated from funds that have abandoned the stocks and bonds markets for investments in real estate. For disposition of state surplus property, Asset Management strives to capitalize on whatever opportunity exists in various markets within the state.

Coastal and Upland Surface Leasing activities in the Asset Inspection Area of the Professional Services Program are also tied to the state's economy. As agriculture business increases, so does the demand for upland tracts for various uses including agriculture and grazing operations. An increase in coastal tourism activity creates a demand for commercial and residential uses for coastal public land. The Coastal and Uplands Surface Areas constantly seek out new opportunities for commercial and residential leasing activities to capitalize on positive trends in the economy.

VLB loan programs are sensitive to changes in national and state economic conditions. Demand for loans is influenced by changes in market interest rates, while loan performance (i.e. a veteran's ability to make loan payments) is generally impacted by economic conditions. The VLB strives to provide below-market interest rates on its loans, making its loans more attractive to eligible veteran and increasing loan demand. Continuous fine-tuning of the VLB loan programs through selective statutory and programmatic changes have also increased demand.

Trends

The Texas Comptroller of Public Accounts (Spring 2006 Economic Forecast) projects a drop in oil and gas prices through 2011. The price of oil is projected to decrease by 22 percent and the price of natural gas to decrease by 10 percent, from 2006 through 2011, however, given the recent fluctuations in oil and gas prices, these projections will likely be revised. According to the Comptroller's Office, the Texas economy is expected to modestly improve. Recent statutory and program changes have resulted in increased demand for VLB loans, which is expected to continue for the foreseeable future.
Opportunities

The GLO recognizes that decisions concerning natural resources in the public domain can encourage constructive practices in the private sector. As public concerns about environmental quality, historic preservation, recreational alternatives, and economic outlook increase, the agency recognizes the potential for cooperative efforts between state, federal and local governments, the private business sector, and Texas’ citizens to have a significant impact on quality of life issues that will strengthen economic development in Texas in the future.

Opportunities in GLO Programs:

State Energy Marketing Program (SEMP): This program provides gas and electricity to state agencies, school districts, cities, counties and other Public Retail Customers in most parts of Texas.

The SEMP program provides electricity services to hundreds of Public Retail Customers pursuant to a contract with a third party Retail Electric Provider. This electricity contract provides savings to these customers, and earns additional money for the PSF.

Also, the SEMP program provides gas to certain Public Retail Customers.

The GLO will continue to grow its power and gas programs provided its customers can realize savings, and additional revenue can be deposited to the PSF.

Coastal Erosion Planning and Response Act (CEPRA): CEPRA is a coordinated effort of state, federal, and local entities conducting erosion response projects and related studies. Texas has the third longest coastline in the U.S., with 367 miles of gulf beaches and more than 3,300 miles of bay shoreline. Texas beaches also suffer from the highest erosion rates in the country. Coastal erosion avoidance, remediation, and planning will preserve the vital assets and natural resources and protect the economic future of the Texas Gulf Coast. The efforts also create an opportunity for Texas to receive federal shore protection funds. The program prioritizes coastal erosion areas to ensure that: (1) benefits are balanced throughout the coast; (2) federal and local financial participation is maximized; (3) studies and projects are scheduled to achieve efficiencies and economies of scale; (4) the severity of erosion effects in each area is taken into account; and (5) beneficial use of dredged material is utilized whenever practicable.

Cycle 1 Project and Studies. During Cycle 1, the GLO implemented the CEPRA program and built partnerships with coastal communities, state and federal agencies, technical experts, and affected landowners to combat erosion on barrier islands, tidal marshes, and bay shorelines. The GLO allocated funds to 34 erosion response projects and three scientific studies in Cycle 1. One-third
of the projects focused on gulf beach restoration or dune construction, while two-thirds of the projects related to Bay Shore stabilization, marsh restoration, or bay beach restoration. Less than five percent of the state erosion response funds were spent on studies. Project partners were required to provide a 25% minimum-funding match of local funds or in-kind services for CEPRA projects in Cycle 1. By leveraging the initial $15 million with federal, local, and other sponsor funding, projects funded under Cycle 1 exceeded $22 million. Cycle 1 project achievements included restoration or protection of 23 miles of shoreline.

**Cycle 2 Projects and Studies.** Changes in the CEPRA legislation by the 77th Legislature required the local partners to provide a 15% minimum match of local funds or in-kind services. During Cycle 2, 40 erosion response projects and nine related studies when leveraged with other funds are projected to bring the total project budget for Cycle 2 to more than $30 million. Twenty-eight of the Cycle 2 projects went to construction during the biennium, resulting in restoration or protection of 39.7 miles of shoreline. Construction activities included placing sand on recreational gulf beaches as well as replenishing eroded bay beaches and providing shoreline protection to bay shorelines. Some erosion protection projects were coupled with marsh restoration work that will provide a habitat for wildlife in addition to shoreline protection.

**Cycle 3 Projects and Studies.** Changes in the CEPRA legislation by the 78th Legislature require local partners to provide a 25% minimum match of local funds or in-kind services for beach nourishment projects and a 40% minimum match for shoreline protection or habitat restoration projects under Cycle 3 of CEPRA. Additionally, the CEPRA legislation was amended to allow the GLO to conduct one large-scale beach nourishment project each biennium without a local partner match requirement, using up to one-third of the CEPRA fund. The 78th Legislature provided $7.32 million for the CEPRA program for the 2004–2005 biennium. An initial group of 20 projects and studies were selected for funding under CEPRA Cycle 3.

**Cycle 4 Projects and Studies.** Changes in the CEPRA Legislation during the 79th Legislature allowed removed the preference for soft structures on bay shorelines, allowed use of CEPRA funds for hard structures on Gulf beaches if the design minimized scour, allowed use of CEPRA funds for relocation of structures and created a demonstration funding program for up to 1/10th of the allocated funds. A total of 17 projects were awarded this biennium and included several beach nourishment, marsh restoration and beach re-nourishment projects, sand source studies, beneficial use projects and shore protection projects.

**Adopt-A-Beach Program:** Since the GLO’s implementation of this statewide, all volunteer program in 1986, more than 340,000 volunteers have cleaned Texas beaches, removing 6,400 tons of trash from gulf and bay beaches from Jefferson County to Cameron County. The program helps educate citizens about the sources of marine debris and beach litter, and generates public
support for state, national, and international action to clean up beaches and coastal waters. The program focuses on helping stem the flow of inland sources of marine debris.

**Coastal Management Program:** This project is critical to preserving the state's finite coastal resources, as human pressures on the coast increase. Federal funds are available to help implement the CMP, with more than 90 percent of those funds going to local government. Specifically, the program responds to coastal erosion, revitalizes public access, and involves the public and private sectors in the permit decision-making process. The CMP's Permit Service Center can work in partnership with other state agency members to assist individuals and small businesses in complying with state and federal permitting requirements.

**Asset Management:** Recent amendments to Chapter 51, Natural Resources Code, have greatly enhanced the ability of the Asset Management Division to manage and enhance the real estate portfolio of the Permanent School Fund. These amendments have given the Division the flexibility to work in concert with the private sector as other funds presently do in the state, such as, Teacher Retirement System, Permanent University Fund and the PSF. Staff works closely with the real estate industry to structure transactions to make them more attractive in the market place and thereby produce a higher financial return for both state agency and the Permanent School Fund properties. In 2006, under the direction of the Legislature, the Asset Management Division thru the School Land Board began placing investments with external Real Estate fund managers. The total investments planned for 2006 and 2007 will be nearly $500 million.

During FY 2005, gross revenues from real property interests benefiting the Permanent School Fund grew from $285 million to $568 million. For fiscal year 2006, Asset Management forecasts that the real estate market value of the Permanent School Fund will exceed one billion dollars. During fiscal year 2005 the Permanent School Fund entered into a contract with Wal-Mart to purchase land and improvements for a distribution center. The $100 million investment will earn 6.12% annually for the Permanent School Fund. Asset Management has targeted an asset allocation of approximately 60% in stable return real estate investments and 40% in non-core investments (enhanced return and high return).

As the Asset Management Division continues to focus on including more commercial transactions and further divesting non-income producing inventory, FY 2006 finds the Asset Management Division closer to its goal of establishing the diversified portfolio outlined in the Permanent School Fund Real Estate Portfolio Strategy and making the future today.

**State Veterans’ Homes:** The Veterans Land Board currently contracts for the operation of six long-term care veterans’ homes. The homes are located in Temple, Floresville, Big Spring, Bonham, McAllen and El Paso. Each home is a
modern, Medicare and Medicaid–certified nursing facility accommodating up to 160 residents in semi-private or private rooms. Each home is also certified for Alzheimer’s care, with a separate living area for these residents and a separate, secured courtyard area. The VLB is also constructing a new facility in Amarillo and continues to seek funding to construct additional facilities to meet the demonstrated need for Texas veterans. Once the new home is completed and accepting residents, the VLB will have the capability to provide quality, long term health care to more than 1,000 Texas veterans and their spouses, and Gold Star Parents (parents are parents who have had all of their children die while serving in the United States Armed Forces.)

**Save Texas History (formerly Adopt–A–Map/Adopt–A–Document):** The GLO is the trustee of more than 35 million original documents and maps containing valuable historical information state land transactions dating back to the 1700s when Texas was part of Spain. In 1999, the GLO embarked upon an aggressive program to preserve Texas’ irreplaceable historical documents through the Adopt–A–Map and Adopt–A–Document programs, now branded the Save Texas History program. The program offers private citizens and organizations the opportunity to help preserve a piece of Texas history. By 2006, about $340,000 has been raised and more than 1,664 maps, sketches and documents had been conserved.

The initiative was expanded in 2004 into the Save Texas History Program, which continues to raise public involvement and awareness and encourage donors and partners for traditional conservation. During the spring of 2006, the General Land Office released the Great Military Map of Texas. Proceeds from its sale help fund document preservation and conservation projects. Other marketing and fundraising efforts include the sale of authentic digitally preserved maps and document reproductions. This public/private partnership strives to conserve, preserve, and digitally archive all 35 million documents housed at the Archives of the Texas General Land Office.

**Oil Spill Prevention and Response:** The Oil Spill Program completed construction of its seventh and eighth Bilge Water Reclamation Facilities in Seadrift and Port O’Connor in 2004–2005. These facilities provide, at no cost, to owners and operators of commercial fishing vessel and pleasure craft, a free place to off load contaminated bilge water, and used oil. In 2005, Hurricane Rita destroyed the Sabine Pass Facility. The next facility scheduled for construction in FY 2007, is Rockport, in partnership with the Aransas County Navigation District. Projected for the next biennium are facilities to be located in the Galveston, Dickinson Bayou area and or the Corpus Christi area. The Bilge Water Reclamation Project is made possible through partnerships with local navigation districts, port commissions, and private companies.

**Professional Services Program:** The Professional Services Program Area consists of the Appraisal, Asset Inspection, and Survey Divisions, providing real estate and field services to the General Land Office. All services are in accordance with applicable statutes and established professional standards to ensure the highest quality work product. The goals of the Program Area are to maximize
revenue to the PSF while balancing environmental considerations. The Program Area promotes quality, responsive customer service at all times as it is often the only point of contact between the customer and the agency.

The **Appraisal Division** carries out almost 5,000 real estate appraisals a year. Over the last ten years, the staff has averaged 142 residential appraisals and 1,517 land appraisals for the VLB incorporating $51.1 Million in assets per year. The appraisal staff also provides appraisal information to ensure the highest and best use of state land dedicated to the Permanent School Fund. Chapter 31, Natural Resources Code, allows the staff to perform similar services for properties owned by other state agencies to ensure they are being utilized in the best and most economical way possible. Annually, appraisal activity averages 529 appraisals involving $1.1 Billion in assets.

The **Asset Inspection Division** consists of Coastal and Uplands Surface Leasing areas. There are also two coastal field offices—one located in Corpus Christi (lower coast) and one in La Porte (upper coast). These offices consist of coastal biologists and administrative personnel who are responsible for conducting and processing field evaluations on proposed and existing projects on state-owned lands along the sensitive Gulf Coast. More than 1,700 inspections were completed in fiscal year 2005 covering lands in bay areas, tidally influenced rivers, and submerged tracts along the Gulf of Mexico. The Uplands Surface Leasing Area also has a field office located in Alpine, consisting of administrative staff as well as field inspectors who specialize in Range Management. The Uplands Surface Leasing Area staff also conducts field evaluations and monitors the use of state-owned uplands properties, by meeting with lessees and making recommendations for the best use of uplands tracts. More than 400,000 acres were inspected in fiscal year 2005. All leasing activities generate revenue and promote economic development on both PSF land and other agency lands, as authorized by law or interagency contract.

The **Technical Support Division** provides consolidated support to the Professional Services Program in these areas: aerial photography, geographic information systems (GIS), database and funds management, and capital equipment inventory control. Responsibilities include overseeing the acquisition of aerial photography to meet agency and program area needs; supporting all geospatial computer mapping related to Professional Services; reviewing and developing data retrieval and tracking tools in order to help streamline work flow and complete tasks more efficiently; coordinating and monitoring purchasing needs; lease billing, collection and allocation of lease revenue; and monitoring expenditures.

**Surveying** supports all GLO activity relating to the boundaries of real property. These activities include identifying the location of state-owned land, minerals, and encumbrances by providing professional surveying service in the field and expertise in survey-related matters internally on a daily basis. The focus of Surveying tasks is the definition of the boundaries of all PSF lands within the state and, on occasion, the boundaries of the state. These boundaries include,
but are not limited to, the boundaries of approximately 771,000 acres of PSF uplands together with an estimated 200,000 miles of boundary between private and state ownership along navigable streams and between private uplands and state-owned submerged lands along the Gulf Coast. The staff of Surveying is instrumental in the resolution of boundary questions regarding state lands critical to the issuance of patents and deeds of acquittance, for boundaries of VLB tracts, and for boundary determinations essential to all other revenue-producing GLO programs.

**Legal Services:** Legal Services provides legal advice and counsel to the Texas Land Commissioner, School Land Board, Veterans’ Land Board, Coastal Coordination Council, Boards for Lease, and all of the various programs of the agency. The Legal Services program also provides litigation support to the Office of the Attorney General in cases involving the GLO. This support includes factual investigation, legal research, and drafting of pleadings, briefs, and other documents. The program also assures that the GLO operates in full compliance with all statutes and laws affecting the agency and the boards and councils its supports. The program consists of four teams: Administration, Coastal/Public Lands, Commercial Transactions and Oil and Gas.

**Border Resources:** In support of Senate Bill 501, Sec. 2056.002 Government Code, the GLO Border Resources Program develops partnerships with Mexican private and public sector groups aimed at improving the potential for economic development and environmental protection throughout the region. The program brings together representatives from diverse groups on both sides of the border—federal, state, and local governments; environmental and health organizations; private sector energy consumers, as well as energy producers and academic researchers. The effort is intended to improve cross-border communication and develop a regular exchange of information and technology. On the Texas–Louisiana border, the GLO coastal and oil spill prevention and response programs maintain regular ties with their counterparts.

**Texas Coastal Impact Assistance Program:** The Coastal Impact Assistance Program (CIAP) was authorized by Congress to assist states in mitigating the impacts associated with Outer Continental Shelf (OCS) oil and gas production. In 2001, Congress appropriated $150 million to the National Oceanic Atmospheric Administration (NOAA) which was allocated to Texas and six other coastal states. This money was used to undertake a variety of projects for protecting and restoring coastal resources and mitigating the impacts of OCS leasing and development. The Office of the Governor directed the General Land Office to coordinate with the Coastal Coordination Council (Council) in the allocation of program funds.

Under the one-time authorization, Texas received $26.4 million, which was apportioned between the state and eligible coastal counties. The state’s allocation was approximately $17.1 million, of which $7.4 million was allocated to the Council, and the coastal counties allocations was approximately $9.3 million for projects protecting and restoring coastal resources.
The Energy Policy Act of 2005 amended the Outer Continental Shelf Lands Act (43 U.S.C. 1356a) to provide for the disbursement of $250 million each year from 2007 through 2010 to coastal states and their respective coastal political subdivisions as part of the Coastal Impact Assistance Program (CIAP). Minerals Management Service (MMS) will be the federal administering agency for the program. The Governor’s Office has designated the Land Office as the administering agency for the state portion (65%) of the award through the direction of a Coastal Land Advisory Board in which the Land Commissioner is chair.

**Texas Beach Watch Program:** First launched in August 1998, this testing program was set up to monitor water quality for harmful bacteria (*Enterococcus*) at 13 beaches in Jefferson, Galveston, Brazoria, Matagorda, Nueces, and Cameron counties. This locally controlled program gives Texans baseline data on the health of Gulf waters, making sure that beaches are safe for contact recreation.

In October 2000, Congress enacted the Beaches Environmental Assessment and Coastal Health Act of 2000 (BEACH Act) to protect the public health at our nation’s beaches. The BEACH Act requires that states, in cooperation with the U.S. Environmental Protection Agency (EPA), develop and implement a program to monitor for pathogens and pathogen indicators, coastal recreation waters adjacent to beaches that are used by the public and to notify the public if water quality standards for pathogens and pathogen indicators are exceeded.

In July 2001, the Office of the Governor appointed the General Land Office as the lead state agency based upon its pilot Beach Watch Program. The locally controlled program gives Texans baseline data on the health of Gulf waters, making sure that beaches are safe for swimmers, surfers, sailors, and fishermen.

The BEACH Act authorized Congress to allocate up to $30 million for development and implementation of this law. For fiscal year 2001, Congress appropriated $2 million of which Texas received $58,560. For FY 2002, Congress appropriated $10 million of which Texas received $387,957; in FY 2003–2005, Texas received $387,500 each year. These funds were used to implement the BEACH Act. In 2005, Congress reallocated funds for the BEACH Act for another five years. Texas received $382,890 in FY06.

In May 2005, the General Land Office launched a live web site where the real-time status of sampled beaches can be viewed.

**Federal Legislation • Regulations**
Office of Policy & Governmental Affairs (OPGA): OPGA staff provides research and analysis on federal government issues relevant to the GLO, and assists in the development and execution of strategies to effectively educate Congress regarding the GLO’s federal legislative package. In addition, OPGA staff monitors federal legislation that may impact the GLO.

- As needed, (1) develop authorization language and secure congressional sponsors for authorization language to be included in Water Resources Development Acts. (2) Monitor Water Resources Development Acts to ensure congressional authorization for critical Texas projects. (3) Continually monitor and evaluate annual appropriation bills and the appropriations process for federal agencies. (4) Identify and promote opportunities to draw down federal funds to Texas through appropriations measures and other federal legislative vehicles.

- Work with federal agencies and Congress on coastal issues relevant to the GLO, including issues pertaining to the U.S. Army Corps of Engineers’ authority to assist with beach erosion and restoration efforts and implementation of federal coastal funds.

- The GLO is working with the Coastal Management Program and its member agencies to achieve full approval of Section 6217 Non-Point Source (NPS) Pollution Program from NOAA and EPA. NOAA and EPA have solicited public comments on the final findings and granted conditional approval of the Texas Coastal Non-Point Source Pollution Control Program. NOAA and EPA placed conditions on the following five major Non-Point source pollution categories or subcategories: new development and site development; watershed protection and existing development; new and operating onsite sewage disposal facilities; roads, highways, and bridges (non-TX DOT jurisdiction); and hydro-modification.

- Conditional approval was granted in July 2003. The CCC has five years to address the remaining conditions. Conditional approval of the Texas Coastal Non-Point Source Pollution Control Program triggered the start date of the CCC's 15-year strategy for the program and the first of three 5-year implementation plans.

- Continue to work with the USDVA to ensure that Texas continues to secure additional funding for its State Veterans’ Home program, State Cemeteries Program, and low-interest veterans loan program.

- Continue to work with appropriate federal resources to increase Texas’ share of renewable energy research and development dollars, specifically wind energy, while also ensuring that Texas receive its share of royalty revenue from new oil and natural gas production within the federal outer-continental shelf (OCS). Large tracts of the OCS are being opened up with the hope that O&G production in the OCS will decrease U.S.
dependence on foreign oil, and also lower current gas prices for businesses and consumers. Royalties from OCS production will increase the availability of federal funds for Gulf state projects such as beach and wetland restoration.

**State Legislation: Bills Passed By the 79th Texas Legislature**

During the 79th Legislative Session a number of bills were enacted which impact GLO programs and operations. These measures include:

House Bill 860 changed the program name from Adopt-A-Map/Adopt-A-Document program to Save Texas History and also added the Adopt-A-Beach Program to the State Employees Charitable Campaign. This will allow state employees to authorize a salary deduction as a donation for both programs.

House Bill 932 will allow the School Land Board to promulgate rules to authorize an owner who constructs a pier on coastal public land to construct appurtenances associated with the pier on adjacent public land without obtaining an easement.

House Bill 957 provides that the Commissioner may provide evidence of value as deemed appropriate in lieu of a full appraisal on real property that is not recommended for transaction.

House Bill 1139 removes the surety bond requirements on certain GLO employees from the Natural Resources Code. The requirements are no longer necessary as they are now provided for in the Labor Code.

House Bill 2096 authorizes the Commissioner to remove and dispose of derelict vessels or structures located in coastal waters or on public or private land. This bill includes the ability to remove vessels or structures that are involved in a discharge of oil, pose a threat to the public health, safety or environment or are a navigation hazard.

House Bill 2217 clarifies the authority of the School Land Board (SLB) to manage Permanent School fund (PSF) lands and to expend funds to pay expenses related to PSF real property assets and to make improvements to and enhance the value of PSF real property assets. The bill also adopts the incorporation of the “prudent investor” as the standard to be used by the SLB; eliminates the preferential right of an adjacent property owner to purchase PSF land before it goes on the market because of the adverse impact such right has had on the ability of the Board to realize the maximum return on some lands; and also authorizes the board to contract with a real estate broker to list PSF properties without first listing the properties on a sealed bid sale.

House Bill 3340 adds a new subsection to the Natural Resources Code confirming that nothing in Section 21.044 shall require the commissioner or
any private surveyor to re-perform all or part of a survey already accepted for filing in the official records of the GLO. Once a survey is made part of the GLO’s official maps and records, it legally presumed to be correct.

Senate Bill 471 makes technical changes to Chapter 33, Natural Resources Code by adding to the list the U.S. Army Corps of Engineers as an actual partner in the Texas Coastal Ocean Observation Network (TCOON) and to correct the name of the network.

Senate Bill 517 provides more flexibility for the use of CEPRA funding and consideration of additional solutions to erosion problems.

Senate Bill 581 (1) eliminates the requirement that the Veterans’ Land Board (VLB) submit requests for purchases for veterans' homes and cemeteries to the Texas Building and Procurement Commission for approval; (2) delegates all purchasing functions relating to veterans' homes and cemeteries to the VLB; and (3) expands definition of veteran as applied to VLB programs.

Senate Bill 1103 provides changes is to ensure that the GLO can more efficiently and effectively process all vacancy applications and attempts to balance the interests of the property owners in the majority of applications. It expands the definition of property interests to include royalty owners and establishes specific timelines for the GLO’s processing of vacancy applications.

House Bill 2096 clarified the General Land Office’s jurisdiction over the growing problem of abandoned vessels along the Texas coast. The agency now has clear authority to deal with the more than 400 vessels that are candidate for removal.

Litigation

The State of Texas and the GLO are involved in several lawsuits where landowners are seeking to obtain title through boundary disputes to Permanent School Fund land. In boundary cases, the future cost to the State, if the GLO failed or refused to defend title, would be substantial, both because of precedent and the future loss of oil, gas, hard minerals, and surface leasing and other revenue to the PSF. Several royalty lessees also have pursued cases or disputed claims on royalty recovery. These suits, if lost, can have a direct, adverse affect on GLO contributions to the Permanent School Fund.

Demographics

The current growth of the Texas economy translates into greater opportunities to enhance the value of Permanent School Fund land assets and generate additional revenue through various leasing arrangements. Increased population growth, dwindling real estate inventories in both land and buildings, and
growth in service sector markets translate into greater opportunities for GLO to utilize proactive marketing and advanced asset management strategies to yield significant gains for agencies which wish to sell or lease surplus state property.

According to the Comptroller’s Revenue Estimating Office, population in Texas is migrating to the coast, increasing human pressures on finite coastal resources. The Texas Coastal Management Program, in conjunction with coastal citizens, federal, local, and other state agencies, provides the blueprint for cooperation between the environment, the coastal economy, and everyone that lives and works on the coast.

The state veterans population has grown from 1.6 million to 1.7 million over the last three years. Despite the large number of veterans in Texas, only about 10 percent of eligible Texas veterans have participated in loan programs available through the VLB. Even with the increase in the number of veterans in the state, the average age of a veteran in Texas has risen and now includes more than 576,806 veterans age 65 and over. To meet the needs of veterans for long-term skilled nursing care, the VLB has constructed and is operating six State Veterans’ Homes and is currently constructing another veterans home to be located in Amarillo. To address the burial needs of veterans, VLB is currently operating a state veterans cemetery in Killeen, with a second cemetery in the construction stage in Mission. A third veteran’s cemetery is in the planning and design stage in Abilene.

INTERNAL FACTORS

Technological Assessment

Mission Statement: I.T. professionals serving the agency and the citizens of Texas through partnerships that achieve agency goals and improve the business of government.

HB 1516 is a major statewide initiative to reduce the overall costs of Information Technology (IT). This Department of Information Resources (DIR)-led initiative presents long-term opportunities for cost savings and network performance enhancements. It also presents a number of risks for the agency and the state as a whole. GLO Information Systems (IS) staff members are working with DIR continually in an effort to maximize the value of the HB 1516 project to the GLO while minimizing the potential negative impact. This initiative will require that IS radically modify support strategies for all agency business systems. This process will require years of effort to complete and during this time problems and challenges will be faced and overcome. Throughout this process IS will focus efforts to minimize any negative business impact and to ultimately provide improved business systems for the agency.

Over the past several biennium’s, GLO Information Technology funding has been reduced significantly as a result of state budget limitations. While these funding levels have been reduced, the demand for services has significantly
increased. In addition, we have seen a significant increase in software licensing and support costs. Thus far Information Technology has been able to keep pace with both the reduction in funds and the increase in costs and demands by implementing a more unified computing architecture that leverages lower cost devices, services and technological strategies. At this time, in order to continue to build on these enhancements, Information Technology plans to further unify its computing architecture based on Open Systems and Open Systems–compatible technologies. These systems are more scalable than the agency’s current computing model, thus allowing Information Technology to better utilize automation equipment and software licenses, and to support increased demand from the customer without a significant increase in costs.

As Information Technology moves to create a steady state data center in response to HB 1516, examples of this strategic shift include:

- Implementation of Linux–based servers to replace higher cost and/or less scalable Windows, Netware and Unix servers.

- Introduction of Apache web services to replace proprietary web servers with open systems servers.

- Investigation of Star Office software as a possible product for mid level office productivity functions to replace more expensive proprietary word processing and spreadsheet products.

- Implementation of database technology that is compatible with highly scalable Linux servers.

- Integration of all systems using web based technologies – some examples of current systems employing this strategy are:
  - Electronic Lease Management System (ELMS): an online oil and gas electronic production reporting system;
  - State Real Property Electronic Reporting System (SRP): an on–line, Web–based application that allows state agencies to enter and maintain legislatively mandated state real property information with the land office GLO;
  - GISWEB: distributes imagery and other GIS data to all agency staff, internally and in the field via the Internet;
  - Internet Web Portal: implemented to allow the agency's mobile customers to access critical internal business resources and applications from remote locations;
  - Web–based Document Management System: this system allows staff to access agency reference materials using their Web browser; and,
  - Third– Party Application Services: because of the Web–based architecture the agency has been able to leverage external vendors in order to outsource some of the industry standard business applications. Currently the agency has outsourced its Natural Gas Management System.
• Implementation of an enterprise class web based development tool for all future development projects (Flex), which is Open Systems–compatible.

• Enhancement of support for mobile computing functions in order to increase performance for field staff. About 1/3 of agency staff are outside of the Austin headquarters. Information Technology must deliver services to enhance their functionality and improve the overall service delivery models for the land office.

Although the future is uncertain, IS believes that the work already done and the work planned to move the agency toward Open Systems, are the right steps for the future. These efforts will serve as building blocks for future growth to help to ensure the long–term viability of GLO business operations, thereby supporting and uplifting the agency mission for all Texans.

**Coastal Coordination Council Permit Service Center:** At the request of the Coastal Coordination Council, the GLO, in conjunction with other agencies, (TCEQ, TPWD, US Army Corps of Engineers) developed a unified Coastal Permitting Service Center that provides citizens of Texas with a cohesive overview of the status of their permit requests from the various permitting entities in the area. This system was implemented as a distributed Web–based application with each participating organization building and hosting their own detailed information pages. The GLO then builds a search and presentation page that pulls that information together and presents it to the citizen as a single application. This strategy allows cooperating agencies to build a single unified application that is distributed among multiple organizations.

**Archives:** As part of GLO's commitment to making archival documents available to all citizens of Texas, the agency continues to expand the collection of archival maps and other documents available on the GLO Internet site. Today, more than 469,000 items have been scanned and digitized resulting in over 616,000 viewable images available to the public via the Web. These documents include maps, survey sketches and related materials and original land grant files. This service continues to gain popularity with a wide audience that includes everyone from students, professional researchers, and casual collectors to surveyors and genealogists around the state.

**Mineral Extraction Technology**

The use of three–dimension (3D) seismic technology has resulted in a significant improvement in exploration and development drilling on state tracts. Also, the use of sophisticated enhanced oil recovery continues to promote the recovery of oil and gas previously considered “unrecoverable.” Production of oil and gas from unconventional reservoirs such as shales has significantly increased which could increase production on state lands.
The University of Texas’ Bureau of Economic Geology continues to conduct research and promote new technologies and projects that sometimes result in additional revenue for the PSF.
GOAL: To enhance the value of state assets, and the revenues they generate through prudent and innovative management, acquisition, and investments of agency and state-owned land, minerals, and other assets.


This agency goal corresponds to state functional goals 4 and 6.

GOAL: To preserve, protect, improve and restore the Texas environment, beaches and coastal areas, and promote the wise use of resources while creating new markets and jobs, through environmental initiatives in partnership with the public and private sector.


This agency goal corresponds to state functional goals 6 and 8.

GOAL: To provide Texas veterans with self-supporting benefit programs offering below-market interest rate loans for land, homes, and home improvements; high quality long-term nursing home care; and an honorable final resting place.


This agency goal corresponds to state functional goals 4 and 8.

GOAL: To establish and carry out policies governing purchasing and service contracts that foster meaningful and substantive inclusion of Historically Underutilized Businesses (HUBs).


This agency goal corresponds to state functional goal 8.

OBJECTIVES AND OUTCOME MEASURES
OBJECTIVE: Generate revenue from the lease of state land each year in amounts commensurate with projected trends in the energy market; ensure at least 10 percent of oil and gas revenues through auditing, in-kind marketing, and power marketing activities and renewable energy activities on an annual basis; and ensure that at least 75 percent of Permanent School Fund uplands acreage is leased each year.

Outcome Measures:

- Mineral Lease Revenue as a Percent of Statewide Mineral Production Value
- Percent of Permanent School Fund Uplands Acreage Leased
- Percent of Oil and Gas Revenue from Audits of Mineral Leases
- Utility Savings Generated by State Energy Marketing Program
- Percent of PSF Evaluated for Renewable Energy
- Total Mega Watt Hours (MWh) Sold Per Year
- Weighted Average Cost of Power (WACOP) per Mega Watt Hours (MWh)

OBJECTIVE: Generate revenue and enhance the value of the Permanent School Fund commensurate with projected trends in the Texas real estate market; ensure an annual targeted rate of return of at least 8.5 percent.

Outcome Measures:

- Percent Escrow Receipts Transferred to PSF
- Average Rate of Return on Investments

OBJECTIVE: Protect and maintain 20 percent each year of developed, accessible, and eroding gulf shorelines and protect or restore 0.5% each year of all other coastal shorelines, including bay, marshes, and navigation channel.

Outcome Measures:

- Percent of Shorelines Maintained, Protected, Restored
- Percent of Federal Funds Leveraged

OBJECTIVE: Provide constant capability to prevent or respond to oil spills and decrease the number of spills by 5.0 percent by fiscal year 2010.

Outcome Measures:
OBJECTIVE: Manage program assets to cover 100 percent of loan demand, debt service, and program expenses; reach one-third of Texas veterans annually with program information; maintain delinquency and foreclosure ratios at less than industry averages; and provide veterans with quality nursing home care and dignified burial sites.

Outcome Measures:

Percent of Texas Veterans Reached Through Outreach Efforts
Percent Loan Income Used for Administrative

OBJECTIVE: To make a good faith effort to assist Historically Underutilized Businesses (HUBs) to receive contracts and subcontracts awarded annually by the agency in the specific procurement categories while striving to meet or exceed the HUB percentage goal for the particular category utilized.

Outcome Measures:

Percent of Total Dollar Value of Commodity and Service Contracts Awarded to HUBs
STRATEGIES AND OUTPUT, EFFICIENCY AND EXPLANATORY MEASURES

STRATEGY: Assess the revenue potential of state lands for energy leasing and conduct aggressive energy leasing and revenue management activities.

Output Measures:
- Number of Active Mineral Leases Managed
- Number of Mineral Value Assessments Performed
- Number of Mineral Lease Payment Reports Processed
- Number of Leases Audited
- Amount of Revenue Detected From Audits
- Number of Audits Closed
- Number of Leases Reconciled

Efficiency Measures:
- Program Cost As a Percent of Revenue Generated
- Average Management Cost Per Mineral Lease
- Average Revenue Detected Per Auditor
- Program Cost As a Percent of Revenue Detected

Explanatory/Input Measures:
- Value of Total Statewide Mineral Production (Billions)
- Annual Mineral Lease Revenue (Millions)
- Amount of Audit Revenue Collected

STRATEGY: Promote the sale and use of state-owned energy resources, including renewable energy resources, to maximize the revenues generated by assets and develop public–private partnerships and programs to promote economic development.

Output Measures
- Average Monthly Volume of In-Kind Gas Sold In Million British Thermal Units (MMBtu)
- Average Monthly Volume of In-Kind Oil Sold in Barrels
- Annual Revenue from Electric Marketing
- Number of Acres Evaluated for Renewable Energy Development Projects
- Permanent School Fund Revenue from Renewable Energy Development Projects
- Number of Public/Private Partnerships
- Number of Natural Gas Heavy-Duty Vehicles
Efficiency Measures:

- Program Cost As a Percent of Utility Savings and Permanent School Fund Revenue
- Percent of Revenue Enhancement Generated by State Energy Marketing Program

Explanatory/Input Measures:

- Number of Customers in State Energy Marketing Program

STRATEGY: Prosecute for the defense of title to Permanent School Fund lands and the Relinquishment Act, royalty deficiencies and other mineral lease claims or cases.

STRATEGY: Promote and conduct Uplands/Surface leasing activities for Permanent School Fund and state agency lands.

Output Measures:

- Annual Revenue from Uplands Surface Leases
- Number of Active Uplands Surface Leases Managed
- Number of PSF Uplands Acres Leases
- Number of Inspection Reports Completed

Explanatory/Input Measures:

- Dollar Amount of Surface Damage Fee Assessments Collected

STRATEGY: Promote and conduct Coastal leasing activities for Permanent School Fund and state agency lands.

Output Measures:

- Number of Active Coastal Leases Managed
- Annual Revenue from Coastal Leases

Efficiency Measures:

- Program Cost As a Percent of Revenue Generated

STRATEGY: To evaluate, acquire and dispose of real property on behalf of the Permanent School Fund and to evaluate and dispose of underutilized state–owed land.
Output Measures:

Evaluations of Permanent School Fund and Other State Agency Land
Annual Value of Permanent School Fund Real Estate Transactions

STRATEGY: Conduct surveys and appraisals on Permanent School Fund and
state agency lands.

STRATEGY: Administer federal-funded Texas Coastal Management Program
(CMP), CMP grants, Coastal Impact Assistance Program (CIAP),
Beach Watch, state funded beach management program and a
coastal erosion control and beach nourishment program.

Output Measures:

Number of Permitting Assistance Responses
Number of Coastal Management Program Grants Awarded
Number of Federal Actions Reviewed
Number of Volunteers Participating in Cleanups
Trash Collected by Volunteers

STRATEGY: Develop and implement a comprehensive coastal erosion control
and beach nourishment grant program.

Output Measures:

Number of Miles of Shoreline Restored and Maintained

STRATEGY: Develop and implement an oil spill response program and respond
quickly and efficiently to oil spills.

Output Measure:

Number of Oil Spill Responses

Explanatory/Input Measures:

Number of Substance Releases Reported to Emergency Reporting System
Total Amount of Oil Spill Response Program Costs Recovered

STRATEGY: Develop and implement a comprehensive oil spill prevention
program to monitor the integrity of oil transport through Texas coastal waters.

Output Measures:
Number of Prevention Activities—Oil Handling Facilities
Number of Prevention Activities—Vessels
Total Number of Oil Spill Related Patrols

**Efficiency Measures:**

Percent of Field Staff Time Expended on Preparedness, Response and Prevention Activities

**Explanatory/Input Measures:**

Number of Certified Oil Handling Facilities
Number of Vessel Contingency Plans

STRATEGY: Provide veterans with benefit information, below-market lending opportunities, and efficient loan services; manage active loan accounts and bond funds to ensure the financial integrity of the VLB loan programs.

**Output Measures:**

Number of Veterans Contacted
Dollar Volume of Program Loans Originated by Participating Lenders
Dollar Volume of Program Loans Originated by the Veterans’ Land Board (VLB)
Dollar Volume of Program Loans Serviced by Participating Lenders
Dollar Volume of Program Loans Services by Veterans’ Land Board
Number of Real Estate and Lending Professionals Trained
Number of Loans Originated by Veterans Land Board
Number of Loans Serviced by the Veterans Land Board

**Efficiency Measures:**

Percent of Debt Service, Loan Demand and Program Costs Self-Funded
Percent of Delinquent Loans in Portfolio
Percent of Foreclosed Loans in Portfolio
Average Number of Loans Originated by the VLB
Average Number of Loans Serviced by the VLB

STRATEGY: Administer nursing home facilities to ensure veterans receive quality nursing home care.
Output Measures:

Occupancy Rate at Veterans Homes
Number of Long Term Care Professionals Educated

STRATEGY: Provide burial sites for Texas veterans.

Output Measures:

Number of Interments Provided by the State Veterans Cemetery Program
Number of Burial Industry Professionals Educated

STRATEGY: Develop and implement a plan for increasing the use of Historically Underutilized Businesses through purchasing and service contracts.

Output Measures:

Number of HUB Contacted for Bid Proposals
Number of HUB Contracts Awarded
Dollar Value of HUB Contracts Awarded
HISTORICALLY UNDERUTILIZED BUSINESS PLAN

Goal

The General Land Office (GLO) is dedicated to making procurement opportunities available to all Texans and to increase the total percentage of dollars spent with Historically Underutilized Businesses (HUBs) on non-salary items, when feasible.

Objectives

In accordance with the Texas Government Code, Title 10, Subtitle D, Section 2161 and Texas Building and Procurement Commission (TBPC) Rule 1TAC 111.11-111.28, all state agencies shall make a “good faith effort” to assist HUBs to receive state contracts. The six procurement categories and their accompanying goals are:

- Heavy Construction 11.9%
- Building Construction 26.1%
- Special Trade Construction 57.2%
- Professional Services 20.0%
- Other Services 33.0%
- Commodities 12.6%

The GLO’s objective is to make a good faith effort to meet or exceed the goals for each procurement category. The agency seeks to utilize HUBs on purchases by implementing the following procedures:

- Divide proposed requisitions or contracts into reasonable lots to the extent consistent with prudent industry standards and competitive bid requirements.
- Assess bond and insurance requirements and reasonably limit requirements to promote competition.
- Specify reasonable and realistic delivery schedules.
- Ensure that specifications, terms, and conditions reflect actual requirements that are clearly stated and do not impose unreasonable or unnecessary contract requirements.
- Participate in economic opportunity forums to recruit additional HUBs.
- Cooperative efforts with other state agencies to sponsor HUB fairs that target the specific purchasing needs of the agency.
- Research the Centralized Master Bidders List (CMBL), the HUB Directory, the Internet, and minority or trade organizations to assist in identifying HUBs for bid proposals. Provide agency managers and staff with a list of vendors from these resources when necessary.
• Identify sub-contracting opportunities in bid documents and include a list of HUBs that may be able to provide the goods or services required for each project.
• Attempt to obtain bids from at least two HUBs on delegated purchases.
• Assit vendors with the state’s HUB certification process.
• Maintain an in–house HUB Committee that meets on a quarterly basis to discuss issues regarding the HUB program.
• Promote the mentor/protégé program and strive to add additional contracts.
• Maintain a HUB brochure regarding the agency’s procurement and HUB programs for distribution at economic opportunity forums.
• Supplement the list of vendors from the TBPC HUB Directory as necessary to increase the number of HUBs that may possibly submit bids.
• Contracting other state agencies and institutions of higher education to obtain information regarding their success on similar contracting and subcontracting opportunities.
• Reviewing the history of similar agency purchasing transactions to determine what works and what does not work.

External/Internal Assessment

The GLO has the following assessment on the various procurement categories:

• Heavy Construction – Typically the GLO does not participate in these types of purchases.

• Building Construction – The seventh Texas State Veterans Home located in Amarillo, Texas is currently under construction. The bid includes a subcontracting plan with an estimated commitment of $2,875,380 to be subcontracted to HUBs. A constitutional amendment has authorized the creation of up to seven state cemeteries for veterans and their eligible dependents. The first constructed cemetery in Killeen opened in January 2006 and another is currently under construction in Mission, Texas. Two other sites have been selected in Abilene and Corpus Christi. The GLO will make a good faith effort to find qualified HUBs to bid on these contracts, as well as identify sub-contracting opportunities that can be performed by HUBs.

• Special Trade Construction – The GLO will actively solicit bids for the Coastal Erosion Planning and Response Act (CEPRA) on erosion response projects. The Purchasing Division will work closely with project managers to educate bidders on the HUB Sub-contracting Plan (HSP) requirements. Sub-contracting opportunities along with a list of potential HUBs for the specific commodities and services will be identified in each Invitation for Bids or bid document. Respondents will be required to submit documentation evidencing their good faith effort to obtain HUBs for the sub-contracting opportunities identified in each bid document.
• **Professional Services** and **Other Services** – The GLO has contracted with several HUBs in this category to provide professional services for its CEPRA program. These contracts have resulted in a sizable increase in dollars spent with HUBs in this category for the GLO’s sub-agency 317 (Fiscal). The agency will continue to actively research the market for qualified HUBs for its professional services needs. A majority of the funds expended in the Other Services category is for payment to operators of the state Veterans homes. Currently, the agency is researching the market for qualified HUBs to operate and provide subcontracting services to the homes and cemetery that are currently under construction. The various object codes that fall in these categories limit purchases with HUBs.

• **Commodity Purchasing** – The GLO continues to exceed the goal for this category.

• **Other** - GLO, through its representative Reliant Energy Electric Solutions, utilizes HUBs to supply electricity in the GLO's State Power Program. Power purchase transactions are accomplished via a multi-path procurement process, including the Reverse Auction Opportunity Program, bi-lateral contracting and brokerage transactions. For the reporting period September 05 thru February 06, 82,800 MWh of electricity were purchased from HUBs for the State Power Program customers. The volume purchased from HUBs equates to approximately 2.9% of the total State Power Program electricity sales for the reporting period. The estimated total value of the State Power Program electricity sales for the period exceeded $224,000,000. The size of GLO’s the State Power Program results in a sizeable participation for HUBs.

Construction of the El Paso State Veterans Home was completed in 2005. The contract for construction of the home was awarded to a HUB. The 2006 Semi–Annual HUB Report shows $279,348 was paid to the HUB. The HUB made a good–faith effort to subcontract $91,852 of this amount to additional HUBs.