

**AGENCY STRATEGIC PLAN  
Fiscal Years 2009–2013**

**The General Land Office  
and  
The Veterans Land Board**

**July 11, 2008**

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## VISION FOR TEXAS

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### VISION FOR TEXAS FROM GOVERNOR RICK PERRY

Working together, I know we can address the priorities of our citizens. As my administration works to create greater opportunity and prosperity for our citizens, making our state and its people truly competitive in the global marketplace, we much remain focused on the following critical priorities:

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

Creating and retaining job opportunities and building a stronger economy to secure Texas' global competitiveness, leading 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.

## MISSION OF TEXAS STATE GOVERNMENT

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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 2008

## THE PHILOSOPHY OF TEXAS STATE GOVERNMENT

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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 2008

## RELEVANT STATEWIDE GOALS AND BENCHMARKS

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*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 fosters economic opportunity, job creation, capital investment, and infrastructure development by:**

- Promoting a favorable and fair system to fund necessary state services;
- Addressing transportation needs;
- Promoting a favorable business climate; 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 enhances 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 (“SEMP”) provides energy savings to state agencies, public institutions of higher education and political subdivisions of the state, and earns additional revenue for public education. Higher energy costs, especially natural gas, directly impact our Public Retail Customers. SEMP responds to this challenge by continuing to improve its operation efficiencies, its gas management systems, and overall customer service.

The Renewable Energy Division is working to utilize state lands to encourage development of a renewable energy industry in Texas. The state now has 5 wind leases on offshore state lands and two more agreements on Permanent School Fund (PSF) uplands property. The production of wind energy on state lands helped bring a Wind Technology Research center to Houston

along with 100 new R&D jobs. Additionally, the GLO facilitated a solar power project for a new water treatment plant in San Benito that will become operational in the fall of 2008.

The GLO actively works to maintain and improve the state's economic development through its leasing activities, on Permanent School Fund land, surface estates, 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.

Programs like Professional Services generate revenue through Coastal and Uplands leasing of submerged and surface land estates, stimulating the economic activity on both PSF and other agency lands. 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 Division evaluates real property owned by state agencies to dispose of nonproductive tracts through auctions, sealed bid or direct sales. Funds generated from these transactions are deposited into the general revenue account. The Division also acts as the investment manager for the Internal Discretionary Real Estate Portfolio and the Sovereign Land Portfolio of the Permanent School Fund. It is responsible for prudently investing in real estate to produce returns from income and appreciation for the Permanent School Fund. Some of these investments may also create significant economic development activity in the state and have a positive effect on the tax rolls.

In an effort to increase the overall return to the PSF portfolio, the 79<sup>th</sup> Legislature expanded the investment framework to enable the GLO to invest revenues from oil, gas, and other mineral holdings in real assets. To implement this expanded authority, the GLO has engaged the services of external real fund managers to better achieve geographic and property type diversification in investments and expand opportunities. The GLO's Funds Management Division oversees all aspects of this External Discretionary Real Assets Portfolio. 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.

The GLO is also the lead agency for the Texas Coastal Management Program (CMP), a networked program designed to improve the management of the state's Coastal Natural Resources Areas by coordinating the activities of state and federal agencies with coastal jurisdiction. The GLO, in partnership with the Coastal Coordinating Council (CCC), award approximately \$1.8 million in grant money each year to coastal communities and other eligible organizations.

Through the Coastal Erosion Planning and Response Act (CEPRA), the GLO is working to combat coastal erosion to public beaches, marshes, homes, businesses, and public infrastructure.

Coastal Resources implemented a new program called Hazard Mitigation. The program takes a pro-active approach to increase public awareness of coastal hazards. Coastal Resources serves as the coastal representative on the State Hazard Mitigation Team (SHMT). Representing coastal communities on the SHMT improves applicant's chances of obtaining federal mitigation and disaster grants for projects that would restore and enhance coastal natural resources.

Another program recently implemented statewide from the 79<sup>th</sup> Legislative Session is the Texas Farm and Ranch Lands Conservation Program. This program is solely for the protection of agricultural land from development and fragmentation and to maintain and enhance agricultural production.

The Texas Veterans' Land and Housing Assistance Programs continues to make significant contributions to the Texas economy by providing low-cost loan programs for land, housing, and home improvements. The Veterans Land Board (VLB) also provides a significant contribution to Texas through the operation of seven 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. Through the Operators of the Homes, the VLB will employ the use of web-based technology to enhance the quality of care for our Veterans Home residents through the adoption of the Care Watch/Risk Watch program. Implementation



of this program will allow the agency to monitor care, address residents needs and investigate residents and family concerns without having to travel to the site. The VLB will develop a future partnership with the Veterans Administration to implement a cost sharing Nurses Retention Program. The VLB anticipates implementing a third party survey program that will provide critical feedback from residents and family members in the quality of care received at each facility. The operation of these homes along with the development of additional State Veterans' Homes and 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 Professional Services Program has implemented several processes and tools to increase efficiency in state government, as well as promote the completeness and availability of digital operational information. Nearly all-surface and submerged land lease contracts issued by Asset Inspection have been digitized and catalogued for easy reference by the leasing and inspection staff. These leases have also been spatially digitized using Geographic Information Systems (GIS), to enhance staff's ability to locate current leases and identify encroachments on state property. New contract forms have been engineered for easy review and access, thereby cutting processing time considerably. Automated reporting systems that minimize processing time of important operational and financial data have been implemented. A new project management system designed to manage Surveying projects organizes and tracks incoming project requests, progress, customers and deliverables to enhance effective, efficient operations. In coordination with Information Systems and the Veteran Land Board, Professional Services staff created an

intermediary system to facilitate the transfer of data between the Appraisal project tracking system and the Mortgage Builder commercial application used by VLB. All of these enhancements contribute to the overall effectiveness, efficiency and accountability of program operations.

Energy Resources utilizes a Gas Management System to improve its efficiencies in managing its State Gas Program, and continues to upgrade and improve this system so as to maximize its value and benefits. 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 has also assumed the processing of Corps of Engineers Oilfield Development Permits for the Gulf of Mexico. With an average completion time of less than five days, the process has been streamlined for the energy industry. A similar permit for bay waters is being tested. Energy Resources also continues to add functions to its webpage to assist industry and interested parties.

The Renewable Energy Division developed a revenue reporting mechanism specifically for revenue derived from renewable energy projects located on PSF lands.

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. The Division, under the direction of the Commissioner and School Land Board, manages, acquires and disposes of real assets within the Internal Discretionary Real Estate Portfolio and the Sovereign Land Portfolio of the Permanent School Fund.

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

An initiative of the Hazard Mitigation Program is to improve coordination and cooperation of coastal communities in mitigation actions. Communities must have a FEMA approved

Mitigation Action Plan to be eligible for federal mitigation and disaster grants. In addition, the regional workgroups will provide accessibility to state and federal resources.

The Texas Farm and Ranch Lands Program assists private landowners in protecting land from development, to keep it under private ownership and in agricultural production.

The Veterans' Land Board (VLB) programs are financially self-supporting. The financing for land, housing, and home improvement loans is primarily 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 Texas State Veterans' Homes comes primarily from the use of excess assets in the Veterans' Housing Assistance and Land Programs. Residents may pay for services from 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 from 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. 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. The Commissioner may consider whether a local government adopts an Erosion Response Plan when awarding CEPR projects.

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. Its Coastal Resources Hazard Mitigation Program assist coastal communities with maintenance and enhancement of their local and regional Mitigation Action Plans to develop long-term mitigation strategies for long-term management.

The Texas Farm and Ranch Lands Conservation Program, administered by the Land Office works to enable and facilitate landowner purchases of development rights with a land trust that can hold a conservation easement for continued agriculture production for 30 years or in perpetuity.

As administrator and statewide facilitator of the Adopt-A-Beach Program, the GLO mobilizes volunteers and program sponsors 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. On-going pick-up occurs by citizens as a result of the agency's public awareness efforts to encourage citizens to *Keep Texas Beaches Clean*.

Energy Resources field inspectors and petroleum engineers 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 staff ensures that oil and gas operators comply with the terms of their oil and gas lease agreements, which affect the royalties deposited into the PSF. The Asset Inspection Division of Professional Services monitors Texas coastal activities to ensure compliance with the Texas Natural Resource Code and the Coastal Management Program, through regular site inspection and authorization issuance for public, residential, and commercial activities.

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 is complemented by the state Coastal Erosion Planning and Response Act (CEPRA). CEPRA works to address the significant erosion along the Texas Gulf Coast, providing funding for individual projects, serving as a match to obtain federal funding, and assisting local communities to construct erosion response projects that protect, restore, or enhance the coastal lands of Texas.

The GLO, along with the Texas Commission on Environmental Quality (TCEQ) and Texas Parks and Wildlife Department, is one of three state Natural Resource Trustees (trustees) appointed by the governor that perform Natural Resource Damage Assessments (NRDA). In Texas, the state trustees work in conjunction with their federal counterparts at the National Oceanic and Atmospheric Administration (NOAA) and the Department of Interior as represented by the US Fish and Wildlife Service (USFWS). The state trustees are authorized by federal and state statute to protect natural resources belonging to, managed by, or held in public trust by the state. NRDA trustees attempt to make the environment and public whole for injuries to natural resources and natural resource services resulting from the discharge or release of hazardous substances or oil spills. By rule, the trustees must identify a reasonable range of restoration alternatives, evaluate and select the preferred alternative(s), and develop a Restoration Plan that considers public comments. The trustees have statutory authority to recover assessment and compensatory restoration costs from the Party responsible for the discharge or release.

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 2008, the program responded to approximately 1,043 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

prevention activities which include facility inspections, vessel assessments, and vehicle and boat patrols.

Should an oil spill occur 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. 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 GLO Oil Spill Prevention and Response Program under Section 40.302 of the Texas Natural Resources Code establishes the availability of \$1.25 million per fiscal year to be dedicated towards research and development activities. In January of 2008 a Request For Proposal was sent out to all eligible Institutions with the assistance of the Texas Higher Education Development Board soliciting proposals for research funding. A Science Advisory Group was assembled and several proposals were accepted for funding.

The GLO research program has leveraged more than \$12 million in additional grants and contracts from federal, state, and private entities. The GLO-funded Shoreline Environmental Research Facility (SERF) program is currently collaborating on four on-going National Science Foundation (NSF) projects; it recently concluded three other NSF projects as well as projects funded by US Army Corps of Engineers, American Petroleum Institute, Office of Naval Research, Texas Commission for Environmental Quality, and the U.S. Agency for International Development. One of the current NSF projects is a collaboration with The University of Texas at Austin, with the goal of creating a prototype Environmental Information System (EIS) that couples sensor measurements with end-to-end cyber infrastructure to improve the understanding of environmental problems in Corpus Christi Bay.

A prominent feature of (SERF) research program is a high-frequency (HF) radar network along the Texas coast. Using HF radar technology, a surface current mapping capability allows for the generation of vectors representing water movement

(speed and direction). This provides valuable information to emergency responders, governmental agencies, policy makers, research scientists, and the public. To date, there is radar coverage on offshore Galveston, offshore Corpus Christi, and Corpus Christi Bay. Proposed expansion of this radar network includes new deployments on the mid-Texas coast, as well as upgrades of the existing radar sites. Once complete, there will be over 56,000 square kilometers of radar coverage of Texas coastal waters.

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, thirteen years later, it has provided operational decision-support in more than two-dozen offshore spill events and reports real time current and wind data 24/7 via the Internet. 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. 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 eight years.

Texas Coastal Ocean Observation Network (TCOON) is a state-of-the-art electronic water monitoring system that provides state and federal coastal managers and the general public with real-time data on tides and environmental parameters along the Texas Coast from Sabine Pass to Port Isabel. The GLO established this water-monitoring system following a Texas legislative mandate in 1991, and uses the TCOON data to establish the physical boundaries for the approximately five million acres of submerged tidelands and Gulf submerged lands that are regulated by the GLO.

The TCOON also provides critical data for marine safety and emergency evacuations to over forty stations along the Texas coast. The data generated by the program also helps support research in the areas of height modernization, land subsidence,

fish kills prevention, navigation safety, storm forecast, coastal flooding, and hazard mitigation and planning.

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. Last year, the GLO personnel redesigned the map symbols so users can more easily see the shoreline in areas rich in environmental data. These maps were distributed to the public in the annual revision of the CD Toolkit (Fall 2007). The upper coast maps will be revised similarly. In addition, the revision will include new "geopdf" capabilities for all maps that allow users to turn map layers on and off for ease of interpretation. Funding to update the shore-type, biological and other spill-relevant data features is a continuing and important priority. GLO has been approached by NOAA to cost share updating the map data. Additional funding would be matched by NOAA to expedite the updating process.

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 eight facilities operating along the coast have recovered and recycled over 1.6 million gallons of used motor oil. The facilities have collected and cleaned more than 2.5 million gallons of contaminated bilge water. In FY 2007, the Rockport bilge facility was completed in partnership with the Aransas County Navigation District #1. 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, where large facilities were not feasible. A total of six skid-mounted units have collected more than 270,000 gallons of used oil and more than 27,000 large oil filters.

The Abandoned Vessel and Structure Removal Program, authorized by HB 2096 in 2005, continues to facilitate vessel



and structure removal and disposal coast wide. The program lacks a dedicated funding source, but continues to build partnerships with coastal local governments, state agencies, non-governmental organizations and the private sector to develop creative solutions to effect removal and disposal. The Program is utilizing funding reimbursed from the federal government for oil spill response activities. In addition, the Program is on track to receive \$962,000.00 from the Coastal Impact Assistance Program.

Since inception in 2005, the Program has removed and disposed of approximately 65 steel-hulled vessels from Texas coastal waters. The majority of the vessels are commercial fishing vessels that average 65' in length. Currently, there are 434 abandoned vessels documented in the database.

The single biggest vessel/structure removal action was initiated in 2006 and represents the first major legal action under the recently enacted legislation. It involved "Zeus", a Mobile Offshore Drilling Unit (MODU) that had been cold stacked in the Freeport Ship Channel for over 14 years and represented a significant maritime security and safety risk. With support of the Texas Coastal Delegation, the Texas Legislature allocated \$2 million in funding for removal and disposal in 2007. The administrative and regulatory mandates require the owner to remove it from coastal public land were legally challenging and required significant commitments of GLO staff time (OSPR and Legal Services) in addition to support from Brazoria County, Port Freeport and the United States Coast Guard. In March 2008, the GLO executed a contract for the rig's expeditious removal and dismantling. Upon completion of this project, the steel will be scrapped and the GLO will receive a rebate.

**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 approximately 20 million acres of state land and minerals (mostly oil and gas). This revenue is received as compensation for land use agreements authorizing development of surface and subsurface minerals and private, public, and commercial uses of the surface estate.

The Renewable Energy Division provides additional revenue to the PSF by leasing state owned lands for the development of renewable energy sources such as wind. By maintaining Texas' position as the number one producer of wind energy in the nation it is hoped that the industry will locate manufacturing facilities here bringing new jobs of all skill levels and providing additional "down stream" revenue to the state. Similar benefits will occur if Texas will continue to exploit its other renewable energy opportunities in the solar, wave, and geothermal technologies.

**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: To ensure the natural habitats and safety of our wildlife, the agency develops wildlife management plans for state-owned uplands surface assets 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 preservation sites 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.

The Asset Inspection Division of Professional Services monitors Texas coastal activities to ensure compliance with the Texas Natural Resource Code and the Coastal Management Program, through regular site inspection and authorization issuance for public, residential, and commercial activities.

Through CEPRA, the GLO implements coastal erosion response projects that protect, restore, 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; (2) the development and implementation of the Texas Coastal Non-point Source Pollution Control Program for projects that conserve and enhance coastal water quality; and (3) the implementation of a shoreline access program to promote and enhance opportunities for access to bay and gulf 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 for fiscal years 2007 through 2010 among the coastal oil and gas producing states of Alabama, Alaska, California, Louisiana, Mississippi and Texas. Some of the key purposes CIAP funds may be used for include: projects and activities for the conservation, protection, or restoration of coastal areas, including wetlands, mitigation of damage to fish, wildlife, or natural resources, planning assistance and the administrative costs to comply with CIAP, implementation of a federally approved marine, coastal, or comprehensive conservation management plan, and for mitigation of the impact of Outer Continental Shelf activities through funding of onshore infrastructure projects and public service needs.

Based on OCS revenues for 2006, the State of Texas was allocated \$48,591,202 for the 2007 and 2008 fiscal years. The state's allocation for each year is \$31,584,281 million and the coastal counties allocation is \$17,006,921. The amount to be allocated for fiscal years 2009 and 2010 will be determined by 2008 OCS revenues. The GLO, as the CIAP administering agency, will oversee the development of the state plan and management of state CIAP projects.

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.

**03.04 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 state lands to enhance the value and allow the highest and best use. 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 2008, the public/private partnership has deposited more than \$900,000 into the PSF with projections of more than \$3 million over the 25-year lease. More than 900 million-kilowatt-hours of electric power has been produced from the project through April 2008. The state now has 5 wind leases on offshore state lands and two more agreements on PSF uplands properties. Additionally, the Agency facilitated a solar power project for a new water treatment plant in San Benito that will become operational in the fall of 2008. Looking forward, by 2013, Renewable Energy hopes to secure enough agreements for production of renewable energy on PSF land that will position GLO as a national leader in renewable energy production by developing multiple renewable energy projects including at least one project that combines two renewable technologies like wind and solar or wind and wave.

The VLB requires that all new-construction homes that are financed by the VHAP 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.

## AGENCY MISSION

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The mission of the Texas General Land Office is to serve the schoolchildren, veterans, and all people of Texas by preserving their history, protecting their environment, expanding economic opportunity, and maximizing state revenue through innovative administration and prudent stewardship of state lands and resources.

## AGENCY PHILOSOPHY

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*The staff of the Texas General Land Office considers innovation, creativity, and imagination to be part of our basic duty. We will accomplish our tasks using the highest standards of efficiency, professionalism, ethics, fairness, and friendliness toward those we serve -- the citizens of Texas -- and among those with whom we serve -- our co-workers. Our people are our most valuable asset. We will support their personal and professional growth and fulfill our responsibility to reflect the rich diversity of Texans in our composition and our understanding. Quality will mark every product and every system and process. Inclusion will be a benchmark of good governance and policy, and we will consider differing opinions from competing interests in our continuing efforts to further the common good.*

**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

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*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 real assets investment portfolio of the Permanent School Fund for the purpose of providing long-term income and appreciation 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 20<sup>th</sup> 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 U.S. Department of Veterans Affairs (USDVA). With this authority, the VLB has set the maximum amount of a housing loan at \$325,000. 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 seven long-term skilled nursing facilities strategically placed around Texas. The USDVA has partnered with the State Veterans Cemeteries Program to construct veterans' cemeteries in Texas. The VLB is currently operating two cemeteries, with the 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. During the 78<sup>th</sup> Legislature, 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, while the customers will realize substantial savings through lower electric bills.

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 (CEPRA) to actively address erosion of coastal shorelines 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 80th Texas Legislature appropriated about ~\$17.3 million for erosion response projects under CEPRA. 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 (DPA). During the 80th Legislature in 2007, HB 2819 amended the Open Beaches Act, Dune Protection Act, and the Coastal Erosion Prevention and Response Act to include stronger enforcement policies for the OBA and DPA, and the requirement for the Commissioner to consider the local governments establishment of a building setback line for construction on Gulf-facing beaches when awarding funds from the CEPRA account.

The GLO also continues to offer assistance to homeowners for removal of structures located on the public beach easement. With these new tools, the GLO will protect the public's right to access and use the public beach easement.

The GLO is also the lead agency for the Texas Coastal Management Program (CMP), a networked program designed to improve the management of the state's Coastal Natural Resources Areas (CNRA) by coordinating the activities of state and federal agencies with coastal jurisdiction. The Coastal Coordination Council (CCC), a twelve-member body composed of seven state agency representatives, four public members, and a non-voting member representing the Texas Sea Grant College Program, promulgates rules for and oversees the implementation of the CMP. The GLO, in partnership with the CCC, award approximately \$1.8 million in grant money each year to coastal communities and other eligible organizations for projects that address environmental issues affecting the coastal zone and that promote sustainable economic development. In addition to its grant program, the GLO administers state and federal consistency review for the CCC, a process by which the state reviews actions or activities undertaken, licensed, permitted, or funded by a state or federal agency to ensure that the action is consistent with the goals and policies of the CMP. The GLO also staffs the CCC's Permit Service Centers (PSC) located in Galveston and Corpus Christi, which provide permitting assistance to private individuals, small businesses, and local government organizations. The PSC coordinator serves as chair for the Permit Assistance Group, an interagency team that was created by the CCC to identify and address obstacles to efficient permitting processes. Another core 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 timberlands 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 alternative 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 90 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, 47 wells have been plugged under this project at an average cost of \$80,000 per well, including 21 wells in Galveston Bay, 17 wells in Matagorda Bay, one in Corpus Christi Bay, and eight in the Gulf of Mexico.

In 2007, the Land Commissioner formed the Renewable Energy Division to encourage the use of PSF lands for the development of renewable energy projects. While the objective is to increase revenue to the PSF, it is hoped that offering these lands to developers will do more than provide clean and renewable power to Texans. It will also aid economic development by accelerating the growth of a renewable energy industry in Texas that encompasses research and development, training, manufacturing and project location. The division is responsible for the continued organization and presentation of the Border Energy Forum (BEF), an outgrowth of the agency Border Resources Program. The BEF is held each year in the U.S. or Mexico on a rotating basis and is designed to emphasize the best possible use of energy for economic development while minimizing environmental impact. The division is also responsible for securing and distributing various renewable energy grants. Additionally, the division is responsible for managing Texas Emission

Reduction Plan grants for the conversion of public fleets from diesel to natural gas, which is produced on PSF lands, increasing the use of natural gas increases the revenue to the PSF.

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, approximately \$1 million has been raised through the sale of maps/document reproductions and direct donations, with all funds going toward the preservation of the GLO's valuable archival collection.

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 2007, approximately 110,000 maps and documents have been scanned, representing more than 3 million digital images displayed on the agency's website. To date more than 5,000 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 Program Area, with revenue benefiting the conservation program.

The Archive and Records Program continues to grow its award-winning conservation program, working steadily toward the goal of digitizing all 35.5 million archival documents and making them available to Texas' via the World Wide Web.

## **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. Rising gas prices directly impact the cost of

electricity in Texas. 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, gas and electricity prices.

Rising fuels costs and a glut of cheap imported shrimp have decimated the U.S. shrimp industry. It is expected that an increasing number of license holders will sell out and get out of the fishing business, leaving behind hundreds of worthless shrimp boats which often contain fuel and lubricating oil. While the program received increased statutory authority to deal with these vessels, funding for removals is uncertain. Additionally, there are hundreds of other non-fishing vessels along the coast that require removal.

Most of the equipment and structures used to produce oil and gas on state-owned tracts along the coast are decades old and in poor condition, and their numbers are growing. In some cases, owners have simply abandoned the facilities and their responsibility for maintenance and removal. This is particularly true with respect to production facilities in Trinity/Galveston Bays and offshore. These facilities are frequent sources of spills and require the use of state funds for cleanup if a viable operator is not identified.

Offshore oil and gas production continues to move further offshore and in water depths that are truly amazing. (The “Great White” field off of Cameron County is an example) These fields pose unique risks for oil and service companies, and the spill response contractors that provide cleanup services. Monitoring the development of these fields and the industry that supports them will be an additional responsibility for the staff.

Port authorities and navigation districts continue to recruit support for widening and dredging projects that would allow larger vessels to call at Texas ports. This situation, along with the general growth of vessel traffic in our ports, will increase the opportunities for maritime accidents that might result in the unauthorized discharge of oil into coastal waters. Waterborne infrastructure issues will continue to be of interest to OSPR staff and will continually be monitored.

With regard to the Asset Management Division’s operations, the economic environment within the State of Texas has a direct impact upon the short-term performance of real properties located within the State including the PSF’s direct investments and its sovereign land holdings. Both lease revenues and anticipated appreciation are directly affected.

However, negative economic conditions which cause a scarcity of capital to the real property sector within the State (i.e. a tightened credit market) may provide an opportunity for investment when considering a longer holding horizon. In addition to the impact upon the PSF's direct real property holdings, economies of local market sectors impact the Agency's ability to dispose of underutilized State Agency property.

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 agricultural business opportunities increases, so does the demand to lease uplands tracts for various uses pertaining to agriculture. Fluctuations in coastal tourism, as well as commercial and residential development activities along the Texas coast, create a demand for the public and private use of coastal state-owned lands. With this in mind, the Coastal and Uplands Surface Leasing staff constantly seek out new opportunities to enhance commercial, residential and agricultural leasing activities by capitalizing 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 veterans and thus increasing loan demand. Continuous fine-tuning of the VLB loan programs through selective statutory and programmatic changes has also increased demand. The Land Program Origination Division has installed new loan origination software (Mortgage Builder) which has allowed on-line land and home improvement applications. This new feature has created a 100% increase in Home Improvement Applications.

## **Trends**

The Texas Comptroller of Public Accounts (Fall 2007 Economic Forecast) projects oil and natural gas prices to be fairly constant through 2013. However, given the recent fluctuations in oil and gas prices, these projections will likely be revised. According to the Comptroller's Economic Outlook the state's economy may be slowing down through fiscal year 2009.

Recent statutory and program changes have resulted in increased demand for VLB loans, which is expected to continue for the foreseeable future.

OSPR's long-standing environmental partnership with the U.S. Coast Guard has been under strain since 9/11, due to their reprogrammed focus on homeland security/maritime security and away from their legacy marine environmental protection mission. This situation has placed greater emphasis and importance on OSPR's mission to ensure the protection of coastal natural resources. Frequently, the USCG relies on OSPR to respond and oversee cleanups and to represent the federal government's interests in spill response.

Because of better enforcement and better oil handling practices, the number of unauthorized discharges has been dropping steadily over the past several years. Consequently, the spill response contractor pool has diminished in size and capability. A smaller cadre of trained personnel could potentially hinder the cleanup of spills along the Texas coast.

A sociopolitical trend affecting operations both directly and indirectly is the rise in concern for environmental sustainability. This trend affects the frequency in different types of authorization activities issued by the Asset Inspection division, specifically coastal and uplands leases for environmental and wildlife preservation, research, and public recreational purposes.

An economic trend affecting coastal authorization activities is the turnover of residential littoral property. Each time a grantee sells the littoral property adjacent to the state submerged lands they are authorized to use, the current agreement with that entity and the GLO is terminated and a new agreement must be entered into with the new property owner.

Another economic trend affecting leasing, appraisal, and surveying activities is the fluctuation of interest rates that encourage or discourage investment in residential and/or commercial endeavors. The better the interest rates, the greater the incidence of activity by the public, resulting in more leasing, inspection, surveying and appraisal activities for Professional Services staff.

### **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 one of the longest coastlines 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 grants and other funds such as shore protection funds. CEPRA 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.

**Hazard Mitigation Program:** Hazard mitigation refers to any sustained action taken to reduce or eliminate the long-term risk to human life and property from hazardous conditions. With increased populations along our coastlines and growing awareness of coastal risks associated with climate change, the Hazard Mitigation Program will expand the assistance, which GLO provides coastal communities, to assist coastal communities with being better prepared. An initiative of the Hazard

Mitigation Program is to improve the chances of coastal communities to receive federal mitigation and disaster grants for mitigation projects.

**Adopt-A-Beach Program:** Since the GLO's implementation of this statewide, all volunteer program in 1986, more than 371,000 volunteers have cleaned Texas beaches, removing 7,000 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.

**Texas Coastal Management Program:** The Texas Coastal Management Program (CMP) is critical to preserving the state's finite coastal resources. By coordinating the actions or activities of the state and federal agencies with coastal jurisdiction, the CMP helps ensure the long-term ecological and economic productivity of the Texas coast. Texas receives approximately \$2 million in federal funds each year to implement the CMP. Approximately 90 percent of those funds are passed on to local governments and other eligible organizations for coastal projects. Additionally, the CMP's Permit Service Centers, located on the upper and lower Texas coast, work in partnership with other state and federal agencies to provide permitting assistance to private individuals, small businesses, and local government organizations located in the coastal zone.

**Asset Management:** During the most recent robust economic cycle, and in anticipation of some retraction within the real estate sector of the State's economy. The Asset Management Division began disposing of a significant portion of its direct investments. In fiscal year 2008, the Division contracted to sell approximately \$135,500,000 of real property and has closed over \$90,000,000 representing 56 transactions.

Recent indicators of negative national economic conditions have had a direct impact upon the availability of investment capital and credit to the real property sector within the State. These events are creating extraordinary acquisition opportunities in a market that is becoming more and more desperate. The PSF's allocation to new investments in real estate now stands to capitalize on this opportunity.

**Funds Management:** Recent amendments to Chapter 51, Natural Resources Code, have greatly enhanced the ability of the Funds Management Division to manage the discretionary external real assets 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, Teachers 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 General Land Office thru the School Land Board began placing investments with external real assets fund managers.

**VLB Land Loans:** The VLB recognizes that some level of public/private relationships generates positive opportunities to streamline government while maximizing efficiency. Through its outsourcing of VLB's Land Loan Servicing program it allows this segment of the loan servicing industry to handle the servicing of its land loan portfolio. Through outsourcing the VLB gives its customers access to state of the art servicing options not otherwise available and also helps to streamline it's workforce.

**State Veterans' Homes:** The Veterans Land Board currently contracts for the operation of seven long-term care veterans' homes. The homes are located in Amarillo, Big Spring, Bonham, El Paso, Floresville, McAllen and Temple. Each home is a modern, Medicare and Medicaid-certified nursing facility accommodating between 120 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 continues to seek funding to construct additional facilities to meet the demonstrated need for Texas veterans. The VLB anticipates building up to 4 more State Veterans Homes within the next 8 to 10 years.

**Save Texas History:** This initiative is part of The Archives and Records Program Area, home to more than 35.5 million historical maps and documents, dating to the 16<sup>th</sup> century. Representing more than 170 years of continuous expansion, this collection, today, is estimated to be worth approximately \$1 billion. 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 as the "Save Texas History" program. The program offers private citizens and organizations the opportunity to help preserve a piece of Texas history. To date, approximately \$500,000 has been raised and more than 26,000 maps, sketches and documents had been conserved.

**Oil Spill Prevention and Response:** The Oil Spill Program completed construction of its eighth Bilge Water Reclamation Facility in Rockport in

2007 in partnership with the Aransas County Navigation District #1. 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. Projected areas for future construction are Galveston, Dickinson Bayou area, Sabine Pass, Port Arthur 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 of the Texas Natural Resources Code allows staff to perform similar services for properties owned by other state agencies, to ensure all state assets are effectively utilized to maximize economic value. Annually, appraisal activity averages 529 appraisals involving \$1.1 Billion in assets.

The *Asset Inspection Division* manages coastal and uplands surface leasing and inspection for the GLO. In order to do this effectively, the division contains one uplands and two coastal field offices. These offices are strategically located along the upper and lower Texas coasts, and in west Texas, in the cities of La Porte, Corpus Christi, and Alpine, respectively. Having regional offices allows staff to adequately manage the issues unique to the different areas of the state. The coastal offices completed more than 1,700 inspections in fiscal year 2007, covering submerged lands in bay areas, tidally influenced rivers, and submerged tracts along the Gulf of Mexico. The Alpine and Austin Uplands inspection teams inspected more than 700,000 uplands surface acres in fiscal year 2007. All inspection activities ensure responsible and effective leasing of

state land assets and promote economic development on both PSF 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 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, Coastal Land Advisory Board, Farm and Ranch Lands Conservation 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 it supports. The program consists of four teams: Administration, Coastal Law, Commercial Transactions/Public Lands and Energy.

**Border Resources:** 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. This work supports Governor Perry's Memorandum of Understanding for economic and environmental cooperation with the four Mexican states that border Texas. 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:** Congress created a grant program called the Coastal Impact Assistance Program (CIAP), administered by the Minerals Management Service (MMS), by amending Section 31 of the Outer Continental Shelf Lands Act (43 United States Code sec. 1356a) in the Energy Policy Act of 2005. Texas is one of the coastal energy-producing states eligible to share in a portion of \$250 million annually from 2007 through 2010. In order to receive CIAP grants, each eligible state and its coastal subdivisions may submit a CIAP plan for approval by MMS. The CIAP plan includes detailed information about each grant proposed for funding. The purpose of the grants must be to mitigate environmental damage caused by offshore drilling on the Outer Continental Shelf.

Texas's share of the \$250 million for each two-year period is determined by MMS under a formula based on the volume produced during previous years. For 2007 and 2008 each, MMS determined that Texas will receive \$48,591,202.09. The state will submit a plan including grant applications for 65% of the total amount, and the coastal subdivisions will share in the remaining 35% under an allocation based on length of shoreline and population. A similar allocation will occur for 2009 and 2010.

The CIAP legislation gives the state's governor the authority to designate the entity to develop and submit the state's CIAP plan for approval. Texas Governor Rick Perry informed MMS that he would personally submit the CIAP plan with the advice and management of a three-member board he named the Coastal Land Advisory Board (CLAB). Land Commissioner Jerry Patterson is the chair of the CLAB. The governor also directed the GLO to provide administrative support to the CLAB. The

Coastal Resources Division has supported the CLAB in developing the state's CIAP plan and has provided extensive CIAP assistance to the coastal subdivisions.

**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.

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

### **Federal Legislation**

**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. The GLO also coordinates with the Texas Office of State-Federal Relations in Washington D.C., and OPGA staff monitor federal legislation that may impact the GLO.

- OPGA is monitoring S 1579 which re-authorizes the Coastal Zone Management Act. Specifically, S 1579 appears to offer the most financial support, although a portion of those funds, a new Sec. 309A, Coastal Community Program, is to be used for grants to coastal communities. Both the Senate proposal and the House version, HR 5451, provide funding for Sections 306, 306A and 309, as well as the National Estuaries Research Reserve programs.
- Continue to work with the US Department of Veterans Affairs to ensure that Texas continues to secure additional funding for its State Veterans' Home program, State Cemeteries Program, and low-interest veterans loan program.
- Texas secured a federal grant for the first wind turbine testing facility in the U.S. The grant was awarded jointly with Massachusetts.
- HR 1742/S 1349 — Five states – Alaska, California, Oregon, Texas and Wisconsin – are authorized to issue QVMBs, a class of state-issued general obligation private activity bonds, the proceeds of which are used to fund low-cost home mortgage loans to eligible veterans. Almost 20 percent of all U.S. veterans reside in the five QVMB states. The primary goal of the QVMB legislation is to repeal an arbitrary service entry date restriction in the 1986 Tax Reform Act, making all veterans in those five states, regardless of service era, eligible for QVMB funded loans. If HR 1742/S 1349 does not pass, veterans in the five affected states will lose a valuable benefit that reduces their costs of home ownership, promotes self-sufficiency and self-esteem, improves local tax bases, generates jobs, stimulates the economy, and builds communities and families.
- HR5720 and HR 3221, known as the American Housing Rescue and Foreclosure Prevention Act of 2008, will provide relief to bond holders of certain veteran mortgage bonds (QVMB and MRB) from inclusion in the Alternative Minimum Tax calculation. This legislation passed the House and is pending in the Senate (June 12, 2008).
- 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 oil and gas 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 80th Texas Legislature**

During the 80<sup>th</sup> Legislature a number of bills were enacted which impact GLO programs and operations. These measures include:

House Bill 1138 authorizes the Commissioner of the General Land Office to accept grants. Currently, Section 31.065, Natural Resources Code, authorizes the commissioner of the General Land Office (commissioner) to accept gifts, devises, and bequests, but not grants. This bill allows the commissioner to accept grants to access money currently unavailable such as funds to support the alternative fuels program.

House Bill 1416 authorizes the sale of any land loan made by the board and requires the deposit of the net proceeds from such sales in the veterans' land fund. Prior to this bill, the VLB could originate land mortgage loans to veterans; however, there was no language that authorized the VLB to sell its land mortgage loans, as it can other loans, such as contracts-for-deed.

House Bill 1679 makes two changes to the vacancy statutes that were significantly re-written by the 79<sup>th</sup> Legislature. H.B. 1679 authorizes an attorney ad litem to represent parties identified by an applicant that have not been located, in addition to all necessary parties that have been identified by other parties besides the applicant and not located. Additionally, it makes uniform the documents that must be submitted with any survey during the processing of a vacancy application.

House Bill 1853 exempts GLO, VLB, and the School Land Board from current and future statutory regulations regarding executory contracts unless the statute specifies its application to those entities.

House Bill 2819 covers several changes that generally remove specific requirements and gives more flexibility to the School Land Board to determine what is in the best interest of the Permanent School Fund and update any outdated statutes relating to coastal leasing. Additionally, HB 2819 implements a series of additional tools to help the land commissioner enforce the Open Beaches (OBA) and Dune Protection Acts (DPA) to preserve and protect Texas' coastal natural resources.

HB3140/SB917 transferred and/or combined several duties performed by the Texas Veterans Commission and the Texas Veterans Land Board and set out rules for the training of Board members, reimbursement for Board members, conflicts of interest of Board members, equal protection and

removal from the Board, rulemaking and dispute resolution, complaint tracking and required an internal auditor.

House Bill 3699 allows the School Land Board and GLO to operate in the modern real estate market as they build Permanent School Fund's commercial real estate portfolio. This bill ensures that the board has the authority to make prudent investments in real estate, either directly or through the services of fund advisors, managers, or consultants. The bill makes conforming changes to confirm the board's authority to manage the lands and other interests dedicated to PSF or the special fund account. The bill also provides a mechanism for payments from the real estate special fund account. After the passage of the bill, an Attorney General opinion ruled that payments from the real estate special fund account directly to the Available School Fund were unconstitutional.

Senate Bill 596 amends the Natural Resources Code to protect information from disclosure relating to the development of real property by or for the School Land Board, Veteran's Land Board, GLO, or the Commissioner of the GLO, including a contract provision related to the development, purchase, or sale of the property until all deeds for the property that are applicable to the transaction or series of related transactions are executed and until all substantive performance or executory requirements of applicable contracts have been satisfied.

Senate Bill 654 makes several changes that generally remove specific requirements relating to the management and leasing of uplands properties of the Permanent School Fund and gives more flexibility to the School Land Board to determine what is in the best interest of the Permanent School Fund.

Senate Bill 1509 the GLO to directly sell to a development corporation organized under the Development Corporation Act of 1979 (instead of just political subdivisions) any real property owned by the state that the legislature has authorized or the governor has approved for sale, if the Commissioner of the GLO determines the sale is in the best interest of the state.

### **Litigation**

The Permanent School Fund (PSF) derives substantial income from the public lands dedicated to it by the Texas Constitution. The GLO and the School Land Board manage the PSF's real property interests. Therefore, the GLO is often involved in litigation relating to the PSF's various

interests in public lands. The GLO must vigorously defend against claims that would diminish the value of PSF lands; for example, lawsuits seeking boundary interpretations that would decrease the area of PSF lands. An unfavorable decision in such a case could have a direct negative impact on the fund's value by decreasing the amount of mineral royalties that the GLO would receive for the PSF's benefit. Moreover, adverse boundary and title decisions in litigation could set negative precedents that would diminish the fund's income. Thus, the GLO actively pursues and defends against litigation with the objective of preserving and enhancing the value of interests in public lands for the PSF's benefit.

### **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 is over 1.7 million. 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 577,327 veterans age 65 and over. To address the burial needs of veterans, VLB is currently operating state veterans cemeteries in Killeen and in Mission. A third veteran's cemetery is in the construction stage in Abilene, and should be open in the spring of 2009. A fourth cemetery in Corpus Christi is in the design phase.

## INTERNAL FACTORS

**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 built 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. Currently, two offices are in operation, the Corpus Christi office and the newly opened Galveston office. The Galveston office is following the same phased approach used by the Corpus office in the permit streamlining initiative adopted by the Permit Assistance Group in 2000.

**Archives:** Since launching the agency's digital archives project in 2001, customer use of our collection has increased by more than 500%. The past year's traffic statistics indicate that this trend is continuing to advance.

Today, more than 3 million items have been scanned and digitized resulting in over 110,000 viewable images available to the public via the Web. These documents include maps, survey sketches and related materials and original land grant files.

The Archives and Records Program Area fulfills more than 10,000 customer requests per year and is one of the GLO's primary outlets for direct interaction with the taxpayers of Texas.

During the summer of 2008 as part of GLO's commitment to making archival documents available to all citizens of Texas, the GLO began a pilot program to scan various file collections in the Archives Vault to add file images to the agency's Web site for public consumption/availability.

Efforts are underway to continue to build active outreach partnerships with the private sector to increase the visibility and educational relevance of the GLO's archival collection. Several new research promotional items, including an updated version of the *Guide to Spanish Land Grants South*

*of the Nueces River* and *The Great Military Map of Texas Volume II* are planned over the next several years.

**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, particularly in West Texas. Technological advances in metallurgy, well stimulation, directional drilling, minimal footprint drilling, and seismic imagery and processing all contribute to prospective exploitation of resources previously unavailable to industry.

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.

## AGENCY GOALS

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**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.**

Texas Natural Resources Code, Ann. Chapters 31, 32, 33, 34, 51, 52, 53, and 141 (Vernon 2001 and Supp. 2007)

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, while creating resilient coastal communities through environmental and community initiatives that partner the public and private sector.**

Texas Natural Resources Code, Ann. Chapters 32, 33, 40, 51, 61 and 63 (Vernon 2001 and Supp. 2007)

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.**

Texas Natural Resources Code, Ann. Chapters 161, 162, and 164 (Vernon 2001 and Supp. 2007)

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

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

Texas Government Code, Ann. Chapter 2161  
(Vernon 2001 and Supp. 2007)

This agency goal corresponds to state functional goal 8.



## OBJECTIVES AND OUTCOME MEASURES

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**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/Reconciliations 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:

Annual Rate of Return on RESFA Investments  
5-Year Average Return on RESFA

**OBJECTIVE:** Protect and maintain 20 percent each year of developed, accessible, and eroding gulf shorelines.

Outcome Measures:

Percent of Shorelines Maintained, Protected, Restored  
Percent of Federal Funds Leveraged  
Percent Beach Waters Meeting Standards

**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:

Percent Change in the Number of Oil Spill Responses from 2001 Level

**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

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**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  
Amount of Revenue Detected From Audits/Lease Reconciliations

### Efficiency Measures:

Program Cost As a Percent of Revenue Generated  
Average Management Cost Per Mineral Lease  
Average Revenue Detected Per Auditor/Account Examiner  
Program Cost As a Percent of Detected Revenue

### Explanatory/Input Measures:

Value of Total Statewide Mineral Production (Billions)  
Annual Mineral Lease Revenue (Millions)  
Amount of Detected 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 Heavy-Duty Natural Gas 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  
Number of Public/Private Partnerships

**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 Uplands Field 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-owned land.**

Output Measures:

Evaluations of Permanent School Fund and Other State Agency Land

Efficiency Measures:

Percent Disposition Transactions at or Above Fair Market Value  
Percent of Acquisition Transactions Below Fair Market Value

Explanatory Measures:

Percent Receipts Released to SBOE/TEA

**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 Response Program and Grants.**

Output Measures:

Number of Miles of Shoreline Restored and Maintained  
Number of Beach Water Samples Collected

**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)  
Number of Real Estate and Lending Professionals Trained  
Number of Loans Originated by Veterans Land Board  
  
Number of Loans with Loss Mitigation Services Provided by VLB staff

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 Loans with Loss Mitigation Services per Specialist

Explanatory/Input Measures:

Number of Loans Serviced by the Veterans Land Board

**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 Burial Industry Professionals Educated

Explanatory/Input Measures:

Number of Interments Provided by the State Veterans  
Cemetery Program

**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



## AGENCY TECHNOLOGY

### 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.*

The Information Systems (IS) program area strives to provide and improve technology resources needed by the agency business units to meet the agency's strategic and tactical initiatives. The IS staff is continually working to provide highly reliable and usable computing resources for agency employees. We encourage agency business process change in a manner that aligns with industry best practices. This allows us to implement third party business automation systems in lieu of proprietary systems and business models wherever practicable. In support of the various HB 1516 initiatives, we remain committed to our relationship with DIR to provide the agency with disaster recovery services. This represents the agency's participation in the Statewide Data Center Consolidation Services agreement.

Over the past several biennium's, GLO Information Technology funding has been stagnant as a result of state budget limitations. While funding levels have remained steady, the demand for services has continued to increase. In addition, we have seen significant increases in software licensing and support costs as industry drives costs up. In the private sector, IT costs generally consume 5% or more of a business's gross receipts. Currently the budget for information systems within the land office is less than 1% of the total agency gross revenue. To help put the IS budget into perspective, we once asked Gartner Research, a leading technology consulting firm, to evaluate how our budget compares to other similar business entities in the private sector. The Gartner Research analyst found it difficult to believe we were able to deliver the variety and quality of high performance, highly resilient services we do, given our operating budget. This was particularly striking considering that IS supports many divergent business units and our business and IT processes are constantly changing to keep up with business needs, public demands and legal requirements.

With funding levels steady for the past several bienniums, and IT costs and demands for services ever increasing – Information Technology strives to keep pace by implementing a more unified computing architecture that leverages lower cost devices, services and technological

strategies. To continue to build on these enhancements, Information Technology will further unify its computing architecture based on Open Systems and Open Systems-compatible technologies where feasible. 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 the increased demand from the customer while controlling costs.

As state government moves to leverage the power and opportunities available via globalization, one of our major endeavors to support this effort has been the Agency Land Project (ALPS). This project identifies and maps critical agency business processes. In addition, the project attempts to help the business units understand not only their own processes but the processes of other business units with an eye towards eliminating replication of similar processes and duplication of information.

Some of the upcoming Information Systems business priorities include:

- Business Process Management tools are being introduced in the agency. Information Systems has partnered with the business units to provide enhanced capabilities and automation to improve our workflow processes through the introduction of these innovative software tools into our computing environment.
- Blade server implementation will utilize power, space and heat reduction strategies while increasing performance and capacity at same time.
- Virtualization of the data center will also utilize power, space and heat reduction strategies while increasing performance and capacity at same time.
- Computing System Power Management Reduction Initiative, implemented in response to legislative mandates, provides electricity cost savings to the state by reducing unnecessary power consumption by computing devices during non-business hours.
- Open Meetings/Web Casting meetings to general public. This project improves the public's access to agency open meetings by providing audio and video of open meetings via the agency web site.

- Implementation of Linux-based servers to replace higher cost and/or less scalable Windows, NLM NetWare and Unix servers.
- Introduction of Apache web services to replace proprietary web servers with open systems servers.

### **INFORMATION SYSTEMS ACCOMPLISHMENTS**

- Implemented an industry standard loan system that replaced a proprietary customized loans servicing system for the TX Veterans Land Board. This was made possible because VLB modified a significant number of non-standard business practices in order to align with industry standard business practices.
- Implemented and ASP-based natural gas management system that allowed us to use an industry standard third party solution rather than a proprietary in-house system.
- Server virtualization. The agency has converted more than 40 of its servers to a virtual environment.
- Storage virtualization. We have migrated multiple terabytes of data into this new infrastructure. Virtualizing agency disk storage increases the flexibility, resilience, and disaster recovery capabilities of this critical system enormously.
- Well Inventory. We have completed Phase I of this project. This integrates the location and other inventory information for more than 99.6% of current and historical oil and gas wells on state owned property into a single unified GIS system. This automated GIS well inventory provides all GLO business units a unified and accurate management tool.
- Implemented a commercial online map store to sell high quality historical documentation. The income generated by this project supports preservation of the irreplaceable historical documents the agency is responsible for.
- Investigation of open source office productivity software as a possible product for mid level office productivity functions to replace more expensive proprietary word processing and spreadsheet products.

- 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, 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.

IS believes that the foundation laid thus far, along with the implementation of forward-looking IT plans as outlined will continue to move the agency toward:

- adoption of industry standard business practices that provide more opportunity to replace proprietary software with off-the-shelf software and make use of third party service providers where practicable;

- replacement of proprietary operating systems and applications with open systems;
- achievement of 90% + virtualization of the agency data center; and,
- enhancement of disaster recovery systems.

We believe these are the right steps for the future and that these efforts will serve as building blocks for future growth to ensure the long-term viability of GLO business operations thereby supporting and uplifting the mission of the Texas General Land Office.

## Technology Initiative Alignment

Map the agency's current and planned technology initiatives to the agency's business objectives and to the strategies of the State Strategic Plan for Information Resources Management.

TECHNOLOGY INITIATIVE	RELATED AGENCY OBJECTIVE	RELATED SSP STRATEGY/(IES)	CURRENT OR PLANNED	ANTICIPATED BENEFIT(S)	INNOVATION, BEST PRACTICE, BENCHMARKING
Field Automation and Workflow Project (FAWP)	All Objectives.	4-1 5-1	Current	Improved customer service; enhanced access to agency information; streamlining workflow processes	Best practice: Standardizing field automation tools and technologies.
Coastal Resources Imagery Project	<u>Objective 3.</u> Protect and maintain 20 percent each year of developed, accessible, and eroding gulf shorelines; <u>Objective 4.</u> Provide constant capability to prevent or respond to oil spills <u>Objective 6.</u> To make a good faith effort to assist Historically Underutilized Businesses (HUBs)	4-1 4-2 4-4 5-1	Planned	Updated/more accurate information regarding the entire Texas coastline; Information shared with other GIS agencies (through TNRIS); Improved planning and decision making	Best Practice: Acquiring updated aerial data through federal funding and cooperative agreement with TNRIS.
Archives & Records Management System	<u>Objective 6.</u> To make a good faith effort to assist Historically Underutilized Businesses (HUBs)	4-1	Planned	Improved management and accessibility of GLO physical and digital archival documents	Best Practice: Update archive management system. Utilize COTS to better align management of archives and records using industry standards.
Storage Enhancement Project	All Objectives.	3-1 4-2 5-1	Planned	Enhanced capacity and performance of our network storage systems for management of the massively increasing and diverse data sets maintained by the agency	Innovation: Utilizing low cost high value hardware to provide highly resilient and redundant systems with performance that is favorably comparable with much more expensive systems.
Disaster Recovery Data Center	All Objectives.	2-2 4-4	Current	Enhanced Business Continuity capabilities	Best Practice: Realigns agency

TECHNOLOGY INITIATIVE	RELATED AGENCY OBJECTIVE	RELATED SSP STRATEGY / (IES)	CURRENT OR PLANNED	ANTICIPATED BENEFIT(S)	INNOVATION, BEST PRACTICE, BENCHMARKING
Consolidation				for the agency	with Title I, TAC 202 requirements for disaster recovery and business continuity systems.
Server Virtualization	All Objectives.	5-1	Current	Enhanced value, capacity, and performance of our server systems in order to meet increasing agency demand for automated systems within our limited budget	Innovation: Utilizing low cost, high value hardware to provide highly resilient and redundant systems with performance that is favorably comparable with much more expensive systems.
Web-based Application Integration	All Objectives.	4-1	Current	Ability to integrate new automated business systems quickly and effectively; Improved customer service	Best Practice: Widely supported strategy for integrating applications from various vendors
Web-based Development Tool Implementation	All Objectives.	5-1	Current	Ability to develop and deploy automated business systems using our Web-based Application Integration strategy	Best Practice: Widely supported strategy for integrating applications from various vendors using a common toolset.
Remote System Access Services	All Objectives.	3-1 3-2 4-1	Planned	Improved customer service; Enhanced agency Business Continuity capabilities; Improved ability to provide mobile computing services	Best Practice: Utilizing COTS to provide remote services using industry standards.
LAN Bandwidth Enhancement	All Objectives.	4-1	Planned	Improved capacity and performance of the agency network	Best Practice: Meeting and anticipating agency needs for higher network performance and capacity.
Wireless Networking	All Objectives.	1-4 3-1 4-1 4-4	Planned	Improved mobile computing capabilities within agency facilities	Best Practice: Working with Dept. of Agriculture and Water Development Board to implement an SFA Building-wide Wireless network

TECHNOLOGY INITIATIVE	RELATED AGENCY OBJECTIVE	RELATED SSP STRATEGY / (IES)	CURRENT OR PLANNED	ANTICIPATED BENEFIT(S)	INNOVATION, BEST PRACTICE, BENCHMARKING
Expand Array of GLO Products and Services available for purchase through ePay	<u>Objective 1.</u> Generate revenue from the lease of state land each year <u>Objective 2.</u> Generate revenue from the lease of state land each year <u>Objective 5.</u> Manage program assets to cover 100 percent of loan demand, debt service and program expenses <u>Objective 6.</u> To make a good faith effort to assist Historically Underutilized Businesses (HUBs)	1-3 2-2 3-1 4-1 4-4	Current	Improved customer satisfaction; streamline payment processing	Best Practice: Leveraging DIR's TexasOnline service to effectively deliver payment processing capabilities securely and reliably.
Digitization of Historical and Archival Documents	<u>Objective 6.</u> To make a good faith effort to assist Historically Underutilized Businesses (HUBs)	3-1 3-2 4-1	Current	Improved customer satisfaction; Improved access to agency historical documents; Increased longevity of original historical documents	Best Practice: Producing research-grade digital copies of historical documents enhances accessibility both inside and outside of the GLO.



# HISTORICALLY UNDERUTILIZED BUSINESS PLAN

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## 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 Texas Government Code, Title 10, Subchapter A, Section 2161 and Texas Comptroller of Public Accounts (CPA) Texas Administrative Code (TAC), Title 34, Part 1, Chapter 1, 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 strategies:

## Strategies

- 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 competitive delegated purchases.
- Assist vendors with the state's HUB certification process.
- Assist vendors on how to complete the HUB Subcontracting Plan (HSP).
- Maintain an in-house HUB Committee that meets bi-annually 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 CPA HUB Directory as necessary to increase the number of HUBs that may possibly submit bids.
- Contacting 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.
- Develop a page on the agency's website to advertise major bid opportunities and to increase awareness.
- Advertise major bid opportunities in newspapers.
- Maximize use of discretionary purchasing authorization for goods and services by using HUBs as a first source for contracts \$5,000 and below.
- Ensure HUBs who have expressed an interest in past procurements or who have been providers are included in solicitations.
- Encourage divisions to develop procurement plans and assign goals at or above the agency's goals and recognize outstanding achievements twice a year at senior staff meetings.
- Increase communication with minority and women trade centers and chambers of commerce. Notify these organizations after posting bids/proposals on the Electronic State Business Daily (ESBD) and request their assistance in locating HUBs for hard to find products and services.
- Monitor procurement card transactions by field staff to ensure staff is actively using HUBs.

- Identify types of goods and services used by the field offices, then combine efforts to locate and use HUBs for these products and services as needed.
- Enhance standard HUB subcontracting language and include in written solicitations that do not require a formal HSP for capturing even the smallest of HUB subcontracting.
- Provide management with copies of the quarterly in-house HUB report so that each deputy can actively monitor the HUB activities for his/her division.
- Provide staff with continuous learning opportunities.

### 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** – Currently, the GLO does not have any construction solicitations. Construction of additional veterans homes is dependent upon funding from the Veterans Administration. While a constitutional amendment has authorized the creation of up to seven state cemeteries, only three have been constructed at this time: Killen Texas State Veterans Cemetery opened in January 2006; Mission Texas State Veterans Cemetery opened in 2007; and, Abilene Texas State Veterans Cemetery which is currently under construction. Only one vendor submitted a proposal for construction of the Abilene cemetery. Their HSP did not include any HUB subcontracting. Corpus Christi, Texas has been identified as the next cemetery site. When this project begins, the GLO will make a good faith effort to find qualified HUBs to bid on the project as well as identify subcontracting opportunities.
- **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 Subcontracting Plan (HSP) requirements. Sub-contracting opportunities along with a list of potential HUBs for the specific commodities and services will be identified in each solicitation 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** - The GLO will continue to research the market for qualified HUBs as service providers and subcontractors to provide its specialized professional services needs.
- **Other Services** - A majority of the funds expended in the Other Services category is for payment to operators of the state veterans homes. The agency will continue to research the market for qualified HUBs to operate and provide subcontracting services to the homes. The various object codes that fall in this category limit purchases with HUBs.
- **Commodity Purchasing** - In-kind gas payments are currently being captured in the HUB report under the Commodities category. These are high dollar transactions with no available HUBs. Before the requirement to capture in-kind gas payments in the HUB report, the GLO had always exceeded the goal for this category.
- **Other** - The GLO, through its representative Reliant Energy Electric Solutions, purchases electricity from HUBs for the GLO's State Power Program. Electricity purchases from HUBs are accomplished through a program that includes multiple procurement paths, such as the Reverse Auction Opportunity Program, bi-lateral contracting and brokerage transactions. The program is open to participation by multiple, qualified HUBs. For the reporting period from September 1, 2007 through February 29, 2008, 141,800 MWh of electricity were purchased from HUBs for State Power Program customers. The volume purchased from HUBs equates to approximately 4.1% of the total State Power Program electricity sales volume for the reporting period. The estimated total value of State Power Program electricity sales for the period was \$299,150,996. The size of GLO's the State Power Program results in a sizeable participation for HUBs.

# **Appendix A**

## **Strategic Planning Process**

**July 2008**

## APPENDIX A

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### AGENCY STRATEGIC PLANNING PROCESS

The GLO strategic planning process afforded this administration an opportunity to reassess core functions and the agency's mission and philosophy. Goals, objectives, and performance measures have been updated to better reflect agency priorities and strategies that ensure continued effective and efficient management of agency resources and its people.

Management, senior and line staff provided leadership in the development of the agency's strategic plan. An agency wide strategic planning workshop was conducted to encourage participation throughout the organization. A timeline was established with work components that afforded input on the agency's strengths, opportunities, trends and threats for all functional areas. This information was used for the plan and will provide direction for implementation of the agency's action plans.

While economic conditions are requiring us to consider budget reductions, this agency will make every effort to maintain "status quo". Employees are being challenged to offer cost saving ideas and to help conserve resources in all areas of work. Continued commitment and high expectations have been emphasized throughout the agency.

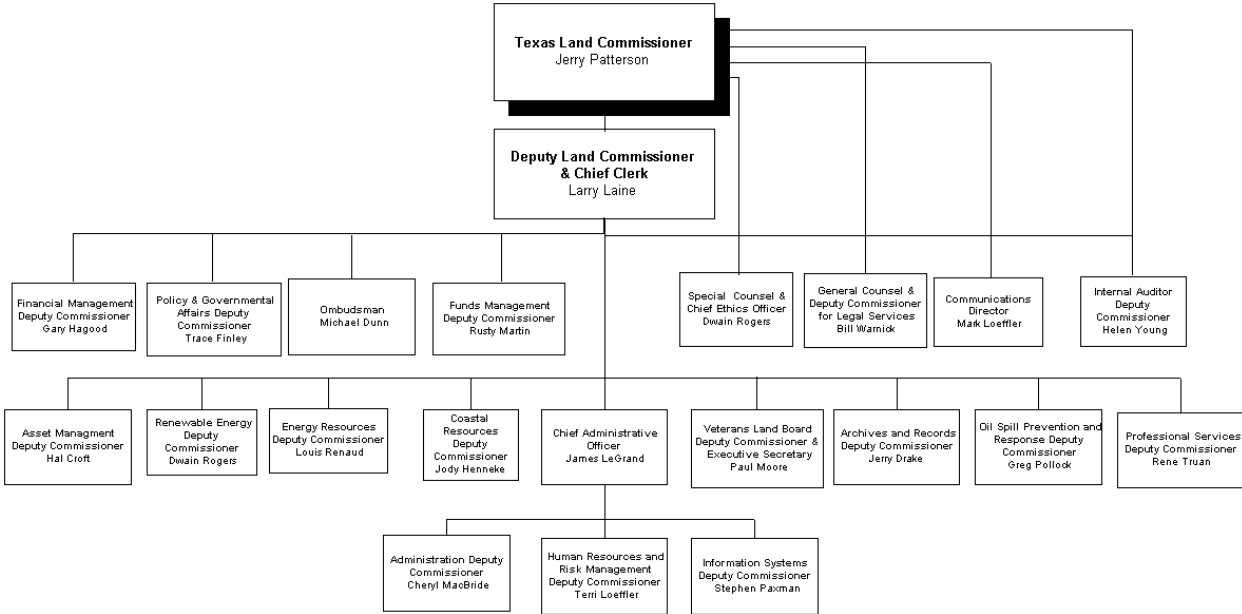
As we move to the next level in our effort to provide better service in a timely manner, the strategic planning process will continue on an on-going basis.

## **Appendix B**

### **Current Organization Chart**

**July 2008**

# General Land Office/Veterans Land Board





**Appendix C**  
**Five-Year Projections for Outcomes**  
**July 2008**

GENERAL LAND OFFICE AND VETERANS LAND BOARD (305 )  
(Cultural and Natural Resources)

Summary of Outcome Projections 2009–2013

OUTCOME MEASURES	FY2009	FY 2010	FY2011	FY 2012	FY2013
Mineral Lease Revenue as a Percent of Statewide Mineral Production Value	0.90%	0.90%	0.90%	0.90%	0.90%
Percent of Permanent School Fund Uplands Acreage Leased	83.00%	83.00%	83.00%	83.00%	83.00%
Percent of Oil and Gas Revenue From Audits/Reconciliations of Mineral Leases	1.00%	1.00%	1.00%	1.00%	1.00%
Utility Savings Generated by State Energy Marketing Program	2,000,000.00	2,000,000.00	2,000,000.00	2,000,000.00	2,000,000.00
Percent of Permanent School Fund Evaluated for Renewable Energy	1.50%	1.50%	1.50%	1.50%	1.50%
Total Mega Watt Hours (MWh) Sold Per Year	5,900,000	5,900,000	5,900,000	5,900,000	5,900,000
Weighted Average Cost of Power (WACOP) per Mega Watt Hours (MWh)	\$87	\$99	\$101	\$102	\$102
Average Rate of Return on Investments	NPI + 1.00%	NPI + 1.00%	NPI + 1.00%	NPI + 1.00%	NPI + 1.00%
5-Year Average Return in RESFA	5-Yr. Avg. NPI + 1.00%	5-Yr. Avg. NPI + 1.00%	5-Yr. Avg. NPI + 1.00%	5-Yr. Avg. NPI + 1.00%	5-Yr. Avg. NPI + 1.00%
Percent of Shorelines Maintained, Protected, Restored	20.00%	20.00%	20.00%	20.00%	20.00%
Percent of Federal Funds Leveraged	150.00%	150.00%	150.00%	150.00%	150.00%
Percent Beach Waters Meeting Standards	20.00%	20.00%	20.00%	25.00%	25.00%
Percent Change in the Number of Oil Spill Responses from the 2001 Level	-23.90%	-23.60%	-23.60%	-23.60%	-23.60%
Percent of Veterans Reached Through Outreach Efforts	18.00%	18.00%	18.00%	18.00%	18.00%
Percent Loan Income Used for Administration	13.94%	14.14%	14.36%	14.57%	14.79%
Percent of Total Dollar Value of Purchasing and Service Contracts Awarded to HUBs	20.00%	20.00%	20.00%	20.00%	20.00%

**Appendix E**  
**Agency Workforce Plan**  
**July 2008**





**Appendix F**

**Survey of Excellence Results and Utilization Plans**

**July 2008**

## **Survey of Organizational Excellence Results and Utilization Plans**

Administered by the School of Social Work at the University of Texas at Austin, the Survey of Organizational Excellence reflects how an agency's staff view the work environment. Since the General Land Office (GLO) has taken the survey twice in the past five years and it is administered to employees at other state agencies, this year's results can be compared with past performance and with the perceptions of staff at other state agencies.

Questions in the Survey of Organizational Excellence are grouped together into Survey Constructs designed to broadly profile organizational strengths and weaknesses. Scores for the constructs range from a low of 100 (negative) to a high of 500 (positive). Thus, scores above 300 suggest that employees perceive the issue more positively while scores below 300 are issues viewed more negatively by employees.

In each of the workplace dimensions, GLO scored higher in the current survey than (1) the benchmark for similar sized organizations, (2) organizations with natural resources missions, and (3) all state agencies participating in the survey. Overall, the GLO has improved in each area compared to the same survey conducted in 2004. The following areas are especially noteworthy and are coded by the survey as GLO's "areas of strength."

### **Quality**

Area of Substantial Strength – Score: 407

This construct focuses upon the degree to which quality principles, such as customer service and continuous improvement are a part of the organizational culture. This Construct also addresses the extent to which employees feel that they have the resources to delivery quality services.

High scores indicate that employees feel the organization delivers at the state of the art for customers. In general, quality is a result of understanding the needs of customers or clients coupled with a continuous and zealous examination of products and processes for improvement.

### **Strategic**

Area of Substantial Strength – Score: 406

Strategic (Strategic Orientation) reflects employees' thinking about how the organization responds to external influences that should play a role in defining the organization's mission, vision, services, and products. Implied in this construct is the ability of the organization to seek out and work with relevant external entities.

High scores indicate employees view the organization as able to quickly relate its mission and goals to environmental changes and demands. It is viewed as creating programs that advance the organization and having highly capable means of drawing information and meaning from the environment.

### **External**

Area of Relative Strength – Score: 391

External (External Communication) looks at how information flows into the organization from external sources, and conversely, how information flows from inside the organization to external constituents. It addresses the ability of organizational members to synthesize and apply external information to work performed by the organization.

### **Physical Environment**

Area of Relative Strength – Score: 390

Physical Environment captures employees' perceptions of the total work atmosphere and the degree to which employees believe that it is a "safe" working environment. This construct addresses the "feel" of the workplace as perceived by the employee.

### **Job Satisfaction**

Area of Relative Strength – Score: 387

Job satisfaction construct addresses employee's attitudes about the overall work situation and looks at the degree to which employees like their jobs and the total work environment. It focuses on both the job itself and the availability of resources to do the job.

### **Agency Plan**

Overall survey results have been taken seriously and are important to the agency. A task force has been established to evaluate the survey results and to determine how best the agency can address any concerns and/or other areas needing improvement.







**Appendix G**  
**Implementing the Texas Transformation**  
**July 2008**

**1. Has the agency considered use of managed services in order to focus more on its business needs?**

Yes. Managed services have a prominent place within the portfolio and array of business services we provide. The agency has long used Tex-An communications services to address nearly all of the agency telecommunications services and needs including data transmission. We also adopted Texas On-line as our e-commerce provider once its pricing structure was revamped to be more competitive. The GLO also participates in the DCS for disaster recovery services.

In addition to these DIR-directed initiatives, we have implemented other managed services on our front lines of business including contracts for services related to our veterans housing and land loan portfolios and management of the gas portfolio. We also share GLO/VLB call center services and resources with the Texas Veterans Commission, and routinely share energy and GIS data with the Texas Railroad Commission and Texas Natural Resource Information System.

**2. Does the agency leverage and obtain additional value from the Information and Communications Technology (ICT) Cooperative Contracts program; for example, by furthering negotiating not-to-exceed pricing?**

Yes. The Cooperative Contracts program has helped by identifying vendors who have been prescreened and certified as valid and viable IT goods and services providers. The program also provides for ease of purchasing of certain like software and hardware from these established companies. The agency makes extensive use of the program although changes in the program have made agency purchasing less flexible and more time consuming.

The GLO currently uses the GO-Direct program as its primary source for hardware and software purchases. We have found that in some cases our product research indicates that more competitive pricing can be found outside the terms of the GO-Direct contract.

**3. Describe the agency's strategies to align with the State Enterprise Security Plan.**

The State Enterprise Security plan includes eight strategies that are an essential part of the comprehensive security program to safeguard the integrity of state information and communications assets. Each strategy outlined in the strategic plan identifies roles and responsibilities for both the individual agencies and

DIR. Listed below are the steps the GLO takes to comply with its prescribed role in these strategies.

**Strategy 1: Align Texas Cybersecurity initiatives and resources to ensure consistent adherence to the State Enterprise Security Plan and satisfy statewide cybersecurity goals and initiatives.**

GLO policies and procedures for cybersecurity are designed to support and align with the core agency mission as defined in the Enterprise State Security Plan. Periodic reviews of agency policies by the agency ISO and senior IT management are conducted to ensure compliance with this strategy.

Performance measures are in place for the agency ISO and IT management staff requiring them to regularly review and update agency security policies as needed to align them with applicable state security policies, standards, and laws.

**Strategy 2: Conduct statewide annual cybersecurity risk, vulnerability, systems, and equipment assessments and track strengths, weaknesses, and remediation activities for all eligible entities.**

The GLO participates in the annual CPT test offered by DIR. Results from the CPT test are reviewed by the ISO and IT management and recommended remediations are implemented in a timely manner. In addition, the agency ISO conducts a quarterly security assessment report for senior IT management.

The GLO is committed to participating in current and ongoing statewide assessment activities where such activities are deemed useful and cost-effective.

**Strategy 3: Establish a Computer Security Incident Response Team to rapidly identify, contain, and recover from any attack or attempt to disrupt the state's critical IT infrastructure.**

The agency ISO and senior IT management are members of DIR and CERT mailing lists that alert agencies to threats and vulnerabilities to GLO IT resources.

The agency ISO submits monthly reports to DIR regarding any security breaches or malware that have impacted the GLO.

The agency training budget includes funding for participating in DIR sponsored security training where such training is deemed useful and cost-effective.

**Strategy 4: Identify, develop, and maintain best practice rules, performance standards, and guidelines to reduce agency workload while providing timely, complete, and accurate data for internal and external monitoring and management.**

The GLO develops and follows cybersecurity guidelines using DIR recommended and industry defined best practices.

The GLO develops training curriculum and makes use of third party training resources to educate agency computer users and IT professionals regarding security issues.

The GLO has systems in place to budget and track the effectiveness of IT security investments.

The GLO makes full use of cost-savings made available through various state purchasing programs such as GO-Direct for the purchase of security, certification, CPE, and user training.

When appropriate, the agency ISO is asked to review and approve major information resource projects.

**Strategy 5: Establish a Network and Security Operations Center to initially focus on network security systems services for those agencies and networks that are a part of the consolidated Network Operations Center.**

When appropriate, the GLO leverages information sharing, analysis, and response processes sent to it by the NSOC.

**Strategy 6: Leverage technology to improve cybersecurity information sharing and enhance security communication, collaboration, and information sharing capabilities throughout the state.**

The GLO works with DIR, when appropriate, to plan, execute, and evaluate proof-of-concept pilots and participates in topical workshops.

The GLO is open to two-way exchanges of information with DIR and other state entities and is also open to using any collaborative tools made available to the agency where such tools are deemed to be useful and cost-effective.

The GLO is open to participating in any DIR-sponsored online security assessment program to help identify requirements and reduce vulnerability through gap analysis and risk reduction planning.

**Strategy 7: Promote cybersecurity awareness, training, education, and certification programs to ensure that IT security professionals, agency leadership, and network users at all levels are able to perform cybersecurity responsibilities as directed in the TxHSSP.**

As appropriate, the GLO funds and participates in technical cybersecurity training and awareness on an annual basis at multiple levels to ensure the greatest penetration possible.

The GLO develops and provides agency employees with in-house training on various security related issues.

When appropriate, the GLO participates in IT security forums, seminars, and conferences.

**Strategy 8: Integrate cybersecurity into state homeland security exercises and promote tailored exercises to help reduce network vulnerabilities and minimize severity of cyber attacks.**

The GLO demonstrates due diligence by periodically testing cybersecurity plans.

When appropriate, the GLO includes cybersecurity as part of its participation in emergency response exercises as outlined in the TxHSSP and SSP.

**4. Describe the agency's policies, practices, and programs, implemented or planned, that comply with relevant statutes and administrative rules to ensure the privacy of confidential data. Consider federal privacy requirements (e.g. HIPAA) that apply to the agency. List the organizational units that manage privacy functions. Describe any future plans for improvements.**

GLO policies regarding protecting the privacy of confidential data are reflective of the state administrative code, DIR guidelines and relevant federal law. The agency information security officer is responsible for writing and maintaining agency security policies and updates to these policies are reviewed by the agency's legal and internal audit departments. Specific policies include Acceptable Use Policy for Computer Users, Account Management Policy, Change Management Security Policy, Email Policy, Internet Policy, IS Privacy Policy, Network Access Security Policy, Portable Computing Security Policy, RDBMS Security Policy, Software Development Policy, and Systems Security Policy. Specific practices and procedures include, New Hire Procedures, Terminating Employees Procedures, Transferring Employees Procedures, and Network Access Request Procedures. The GLO also has procedures for ensuring that data

on hard drives, tapes and other storage media that are being transferred to other entities or otherwise decommissioned is destroyed and is not recoverable once the media leaves the agency.

The GLO has an ongoing project to review legacy applications and remove or mask confidential data when appropriate. Privacy and confidentiality considerations are taken into account for internal applications development and are a part of the review process for purchasing COTS applications that may house confidential data.

The agency does maintain data sets that are bound by HIPAA. Any electronic transmission of HIPAA protected data is properly encrypted and data stored within the agency network is protected from unauthorized access by either internal or external users. Controls are in place to limit access to confidential data and to remove access to same when a user terminates from the agency or transfers to another department.

The GLO has plans to audit data maintained on the agency network using a tool provided by DIR to detect the presence of potentially confidential or protected data in Word documents, Excel spreadsheets and similar office productivity application files.

All of the agency business units are involved in protecting confidential data that they are responsible for. Access to data will not be granted by the IT department unless an authorized manager in the relevant business unit approves the access. Enterprise level oversight for confidentiality and privacy policies and procedures are managed by the Information Systems program area and additional oversight is provided by the legal, internal audit, and when appropriate, human resources departments.

## **5. What current practices or plans are in place to improve usability and searchability of the agency's Web content?**

A new search engine was implemented this FY that has greatly improved the searchability of the agency website contents. Web developers and business analysts have attended web design and accessibility training to help address web site and web application usability.

Agency web liaisons are mentored on best practices and standards for web content accessibility, effectiveness, and management.

An agency-wide Internet website revamp project is underway to completely rebuild the current agency public website. Web designers and private sector web site consultants have analyzed the agency website and provided



recommendations, best practices, and strategies to help improve the agency website effectiveness.

We are currently evaluating web content management systems to help facilitate web content management and website usability.

A IS intranet website revamp project is starting up to revamp the agency employee website to help improve effectiveness and utilization.

A web designer is utilized on web projects to help improve the design, usability, and effectiveness of websites and web applications.

Web 2.0 standards are utilized to help improve web page and web application usability. Rich Internet Application (RIA) development tools are also used to develop rich web-based business applications. We also utilize RSS feeds.

**6. What current practices or plans are in place to improve life cycle management of agency data and information? Include the agency's approach and ability to meet future open records and e-discovery requests.**

The GLO has been working aggressively to improve its management capabilities in regards to agency data and information. Three program areas have full time employees in the information architect role. The information architects are responsible for establishing and improving records and information management within their program area. The agency also has an agency information workgroup that is tasked with developing policies, training, and processes for improving agency records and information management. All of the business units have assigned records management liaison officers who work with the agency records manager and the information workgroup. The agency has also assigned one of its attorneys as a public information officer and that person is responsible for meeting the agency's commitments to open records requests and e-discovery requirements. The agency feels it is well positioned to meet open records and e-discovery requests under current legislative guidelines and applicable laws.

**7. Describe agency methods and standards (federal, state, industry) implemented or planned, intended to enhance data sharing ( i.e. improve interoperability) with other entities.**

We use XML, Web Services, Secure FTP, Texas Online, and secure commercial file-transfer services to share data with government, private industry, and the public.

We provide standard web-based interfaces for oil and gas companies to report lease production and payment information.

We utilize encryption methods to secure financial interfaces and data-sharing with EPay (Texas Online).

We plan to use web portals to facilitate collaboration and data sharing within the next two years.

We work directly with TNRIS (Texas Natural Resource Information Systems) as a clearinghouse for statewide GIS data. We frequently pull data from TNRIS for inclusion into our internal GIS system. In addition, we post GLO-generated GIS data to TNRIS for use by other state agencies and to the public.

**8. Does the agency have any plans to simplify or reduce the number of existing software platforms (e.g., operating systems, application development environments, database systems, office suites, other COTS applications)? If no, is the agency fully leveraging its technology to support both its current and future business environment?**

Yes. The GLO has been actively pursuing these strategies as far back as 1999 with the elimination of our mainframe system. We have already achieved to a great extent the objectives of this question

**Operating Systems:** We are converging Sun Solaris and Novell into a single Linux platform. By reducing platforms across the IT infrastructure we are able to focus our limited staff resources on a reduced array of products that they must support. This also helps to enhance expertise and prevents us from spreading ourselves too thin with regard to skill sets and support capacity.

**Application Development Environments:** We have implemented a standard development tool replacing a suite of client server based development platforms. While we still have a number of legacy applications running on these older tools, all new development is implemented using the new tool and we are in the process of redeveloping existing business applications (as business needs warrant) in it as well.

**Database systems:** We have recently standardized on a single DBMS platform. Within the last 4 years we have eliminated 3 other DBMS platforms while moving toward a single database strategy. This has enabled us to focus our limited agency resources on a single databases strategy and to allowed us to maximize resources in several areas including standardization of development strategy, ease of applications integration, simplification of licensing, minimization of support staff requirements and reduction in costs.

**Office Suites:** We have long used MS Office as the standard office productivity suite and have most recently purchased the Office 2007 upgrade package. By

using a single software provide we leverage interoperability and maximize staff support an training resources.

**Other COTS applications:** annual budget meetings to establish enterprise view of technology needs across the business units and use this info to buy best of breed COTS software to meet multiple business unit needs.

**9. Describe any current or planned activities targeted at reducing the environmental resource consumption of technology equipment (recycling, consolidating, virtualizing, buying energy efficient equipment, etc.).**

The GLO supports responsible use of computing resources and has taken several proactive steps to reduce environmental resource consumption. A project we want to highlight is the recently implemented End User Computing Device Power Management System. This is a simple but elegant, low cost (free) program that automatically shuts off end user computing devices after the end of the business day, saves significant power over nights, weekends, and holidays. Further, end-user computing devices (like printers and monitors) are also automatically deactivated when not in use over extended periods of time.

We have actively introduced server and storage virtualization strategies that reduce power use, save space and reduce heat. We reuse high-end servers by transforming designated machines from front line business support to hot site disaster recovery equipment when their warranties reach end of life. The agency also actively reuses end user computers by transferring these devices to agency Veteran Home and Veteran Cemetery facilities as well as to other ancillary or non profit entities through the state surplus equipment program.

We also promote responsible use (and reuse) of resources through our participation in printer toner recycling programs. Other strategies include our participation in the trade-in and buy-back programs with hardware dealers.

# General Land Office

## Workforce Plan

### Fiscal Years 2009-2013

#### I. Overview

##### A. Agency Mission and Philosophy

1. **Mission.** 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.
2. **Philosophy.** The General Land Office's 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.

**B. Strategic Goals, Objectives and Strategies**

<b>Goal I</b>	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.
<b>Objective</b>	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.
<b>Strategies</b>	<p>Assess the revenue potential of state lands for energy leasing and conduct aggressive energy leasing and revenue management activities.</p> <p>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.</p> <p>Prosecute for the defense of title to Permanent School Fund lands and the Relinquishment Act, royalty deficiencies and other mineral lease claims or cases.</p>

<b>Objective</b>	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.
<b>Strategies</b>	<p>Promote and conduct Uplands/Surface leasing activities for Permanent School Fund and state agency lands.</p> <p>Promote and conduct coastal leasing activities for Permanent School Fund and state agency lands.</p> <p>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.</p> <p>Conduct surveys and appraisals on Permanent School Fund and state agency land.</p>
<b>Goal II</b>	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.
<b>Objective</b>	Protect and maintain 20 percent each year of developed, accessible, and eroding gulf shorelines.
<b>Strategies</b>	<p>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.</p> <p>Develop and implement a comprehensive coastal erosion response program and grants.</p>
<b>Objective</b>	Provide constant capability to prevent or respond to oil spills and decrease the number of spills by 5.0 percent by fiscal year 2010.
<b>Strategies</b>	<p>Develop and implement an oil spill response program to respond quickly and efficiently to oil spills.</p> <p>Develop and implement a comprehensive oil spill prevention program to monitor the integrity of oil transport through Texas coastal waters.</p>

<b>Goal III</b>	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.
<b>Objective</b>	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.
<b>Strategy</b>	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.  Administer nursing home facilities to ensure veterans receive quality nursing home care.  Provide burial sites for Texas veterans.
<b>Goal IV</b>	To establish and carry out policies governing purchasing and service contracts that foster meaningful and substantive inclusion of Historically Underutilized Businesses (HUBs).
<b>Objective</b>	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.
<b>Strategy</b>	Develop and implement a plan for increasing the use of Historically Underutilized Businesses through purchasing and service contracts.

### C. Agency Business Functions

The Republic of Texas Congress established the Texas General Land Office (GLO) in 1836 shortly after Texas won its independence from Mexico. The GLO was originally responsible for managing the public domain by collecting and keeping records, providing maps and surveys, and issuing land titles. Since then the GLO's duties have evolved, but its core mission is still the management of state lands and mineral-right properties totaling 20.3 million acres. Included in that portfolio are the beaches, bays, estuaries and other "submerged" lands out to 10.3 miles in the Gulf of Mexico, institutional acreage, grazing lands in West Texas, timberlands in East Texas, and commercial sites in urban areas throughout the state.

In managing that property, the GLO leases drilling rights for oil and gas production on state lands, producing revenue and royalties which are funneled into the state's Permanent School Fund. The dividends and interest from Permanent School Fund investments go into the Available School Fund, and from there money is distributed to school districts on a per-pupil basis, helping to offset local property taxes. Since the Permanent School Fund was established in 1854, the Texas General Land Office has deposited into it more than \$6.8 billion, mostly from oil and gas leases and real estate trades and sales.

In addition to its oil and gas activities, the GLO's responsibilities now cover many other areas. As the oldest state agency in Texas, the GLO's Archives and Records division houses original Spanish, Mexican, and Republic of Texas land grants and associated documentation. The Asset Management program helps promote efficient use of state real property. The Adopt-A-Beach, Coastal, and Oil Spill Prevention and Response programs work to protect our natural resources. The GLO triggers economic development through its natural gas marketing initiatives and loan programs offered to veterans through the Texas Veterans Land Board (VLB).

The GLO's offices are located across the state. The largest percentage of employees are found in the Stephen F. Austin building in Austin, while the Appraisal, Asset Inspection, Energy Resources, Oil Spill Prevention and Response, Coastal Resources, and Veterans Land Board programs have employees assigned to field offices.

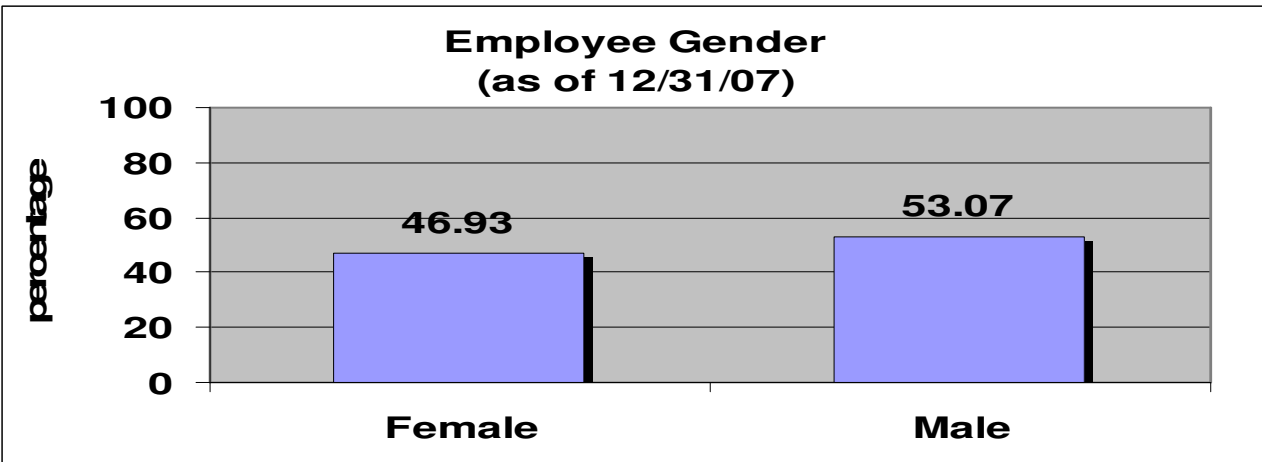
**D. Anticipated Changes to the Mission, Objectives, Strategies and Goals**

The GLO's core mission is not expected to change in the next five years. In addition, no major changes to the GLO's objectives, strategies and goals are expected.

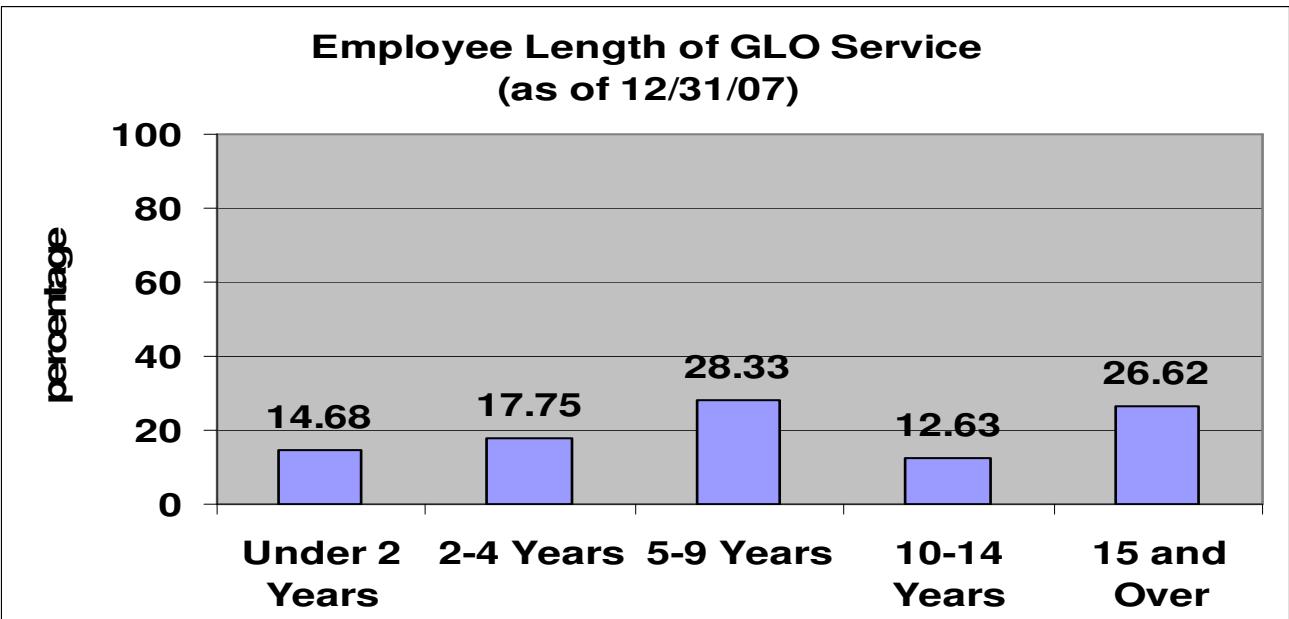
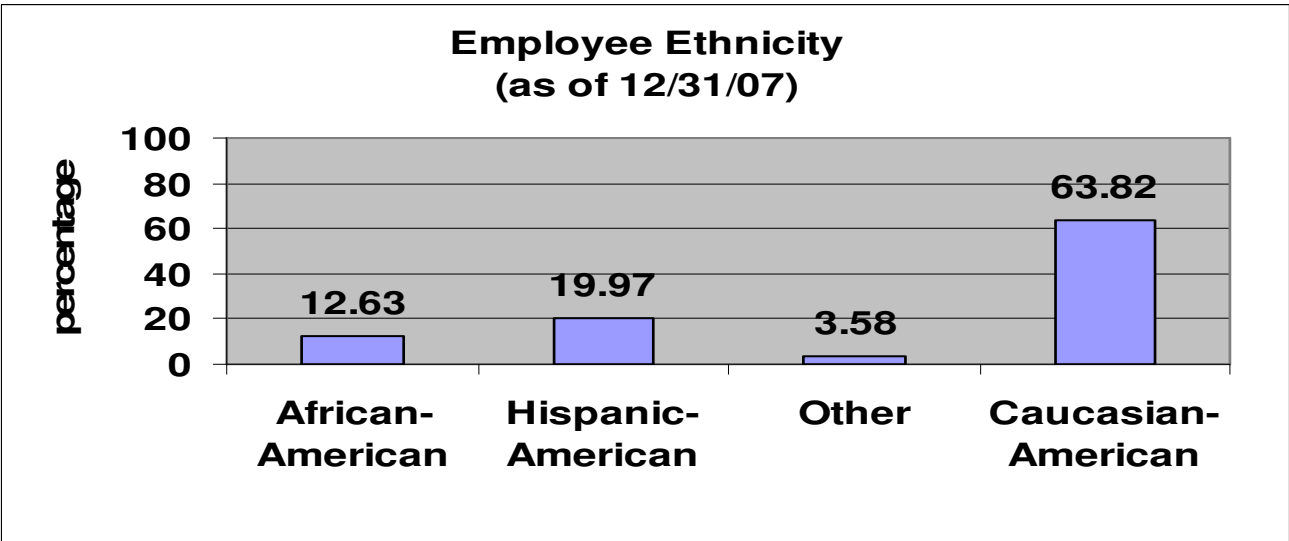
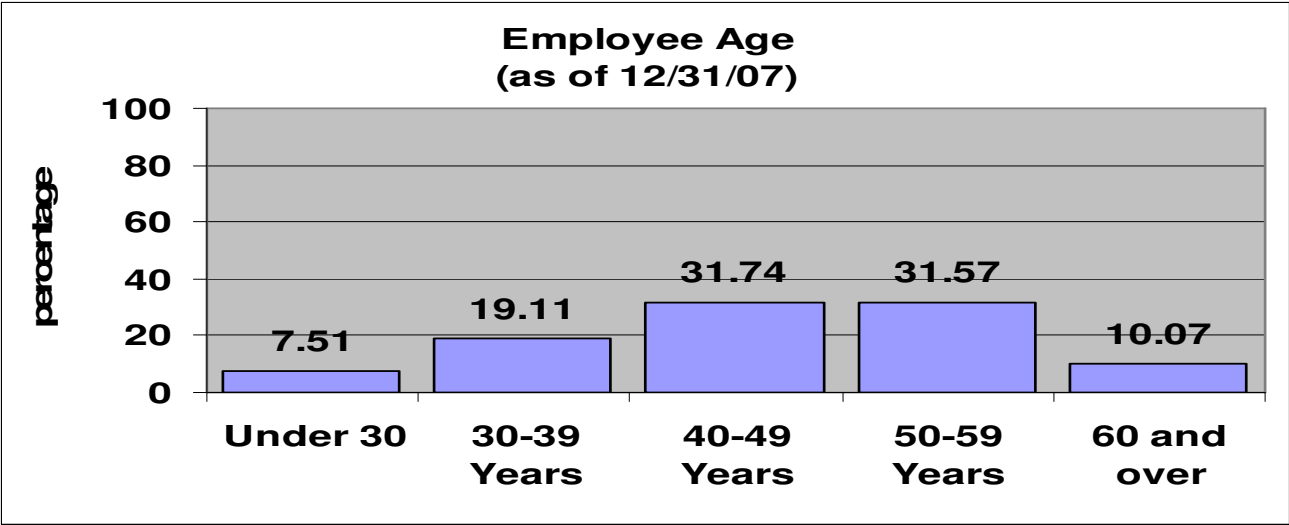
**II. Current Workforce Profile**

**A. Workforce Demographics**

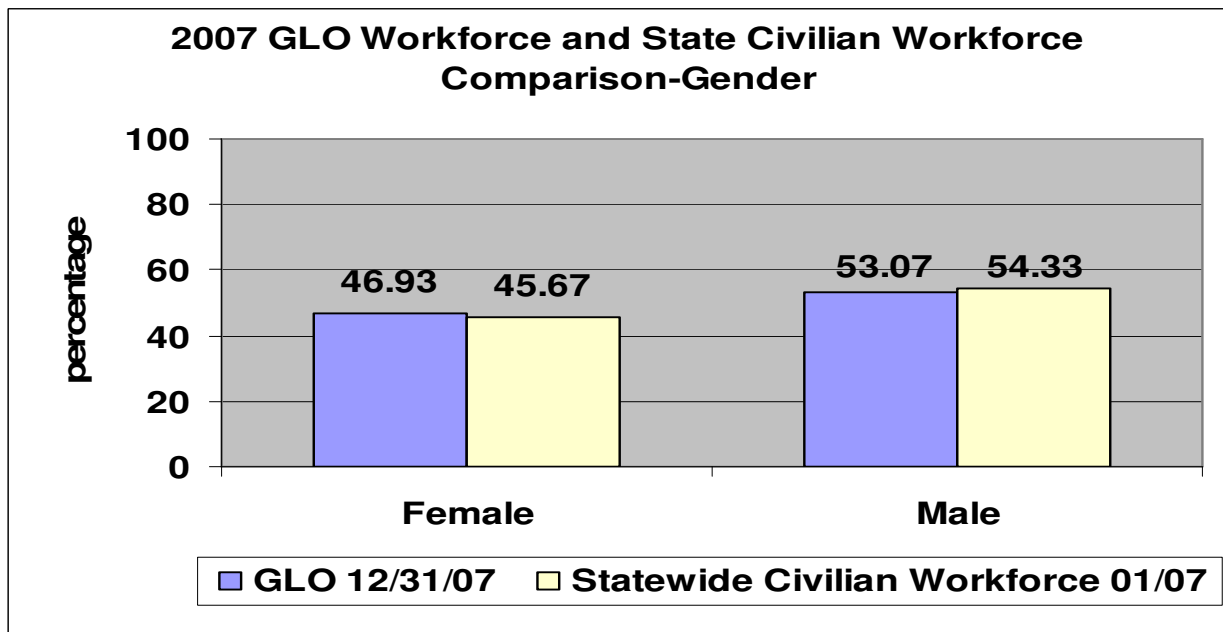
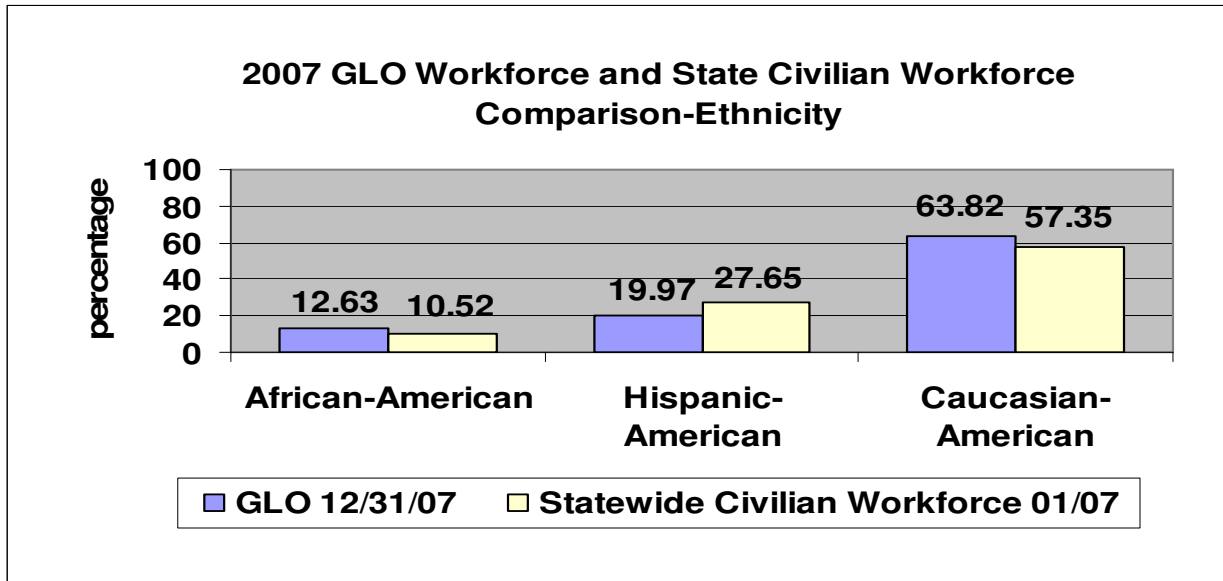
The following charts profile the GLO's full-time and part-time workforce as of December 31, 2007, based on data from the Uniform Statewide Payroll System. The GLO's current workforce is comprised of 53.07 percent males and 46.93 percent females. Approximately 73.38 percent of GLO employees are age 40 or over, while only 7.51 percent are under 30. Approximately 32.43 percent of GLO employees have less than five years GLO service and 26.62 percent have 15 or more years GLO service. The percentages of those over 50 years of age and with 15 or more years of GLO service have increased since the last Workforce Report.







The following charts compare the GLO's ethnicity and gender percentages as of December 31, 2007 to that of the statewide civilian workforce<sup>1</sup>.



<sup>1</sup> Texas Workforce Commission's Statewide Civilian Workforce Composition (Table 1 of the TWC's January 2007 Equal Employment Opportunity and Minority Hiring Practices Report). This report only contains data regarding the state's Caucasian, African American, Hispanic, and female workforce.

For the January 2007 report, the Texas Workforce Commission compiled the Statewide Civilian Workforce Percentage Composition by using data from the Bureau of Labor Statistics (BLS). BLS distinguishes between ethnicity (Hispanic or Non-Hispanic) and race (White, Black, Other) and captures data on these classifications independent of each other. As a result, Hispanics are included in both the White and Black racial numbers. BLS also allows respondents to report themselves in more than one racial category. The statewide job application, used to capture GLO ethnicity data, does not allow multiple ethnic entries. It also does not distinguish between ethnicity and race. Rather, it treats Hispanic as an ethnic choice, along with White, Black, Asian/Pacific Islander, or American Indian/Alaskan Native. Accordingly, the statewide African American and Caucasian American statistics are not a direct comparison to the GLO's numbers because the statewide statistics include Hispanics.

**December 31, 2007**

Job Category <sup>2</sup>	Caucasian American		African American		Hispanic American		Other		Females	
	GLO%	State %	GLO%	State %	GLO%	State %	GLO%	State %	GLO %	State %
Officials/Administrators	76.8%	75.2%	12.5%	6.6%	8.9%	14.2%	1.8%	N/A	33.9%	37.3%
Professional	66.4%	71.3%	10.4%	8.3%	19.5%	13.4%	3.8%	N/A	43.4%	53.2%
Technician	64.2%	61.8%	6.2%	12.4%	25.9%	20.2%	3.7%	N/A	22.2%	53.8%
Para-Professional <sup>3</sup>	43.8%	N/A	29.2%	N/A	20.8%	N/A	6.3%	N/A	79.2%	N/A
Administrative Support	56.6%	60.6%	18.1%	11.2%	22.9%	24.1%	2.4%	N/A	74.7%	64.7%

Overall, the agency percentages exceed the state workforce for African-Americans and females, but are below the state averages for Hispanics. Job categories where the GLO percentage is less than 80 percent of the state percentage are shown in red (for those job categories found at the GLO). Agency recruitment will continue to seek out various ways to reach those segments of the state workforce that are underrepresented at the GLO in an effort to obtain an applicant pool that reflects the diversity of the state, and thereby help reduce the differentials noted above.

**B. Retirement Eligibility**

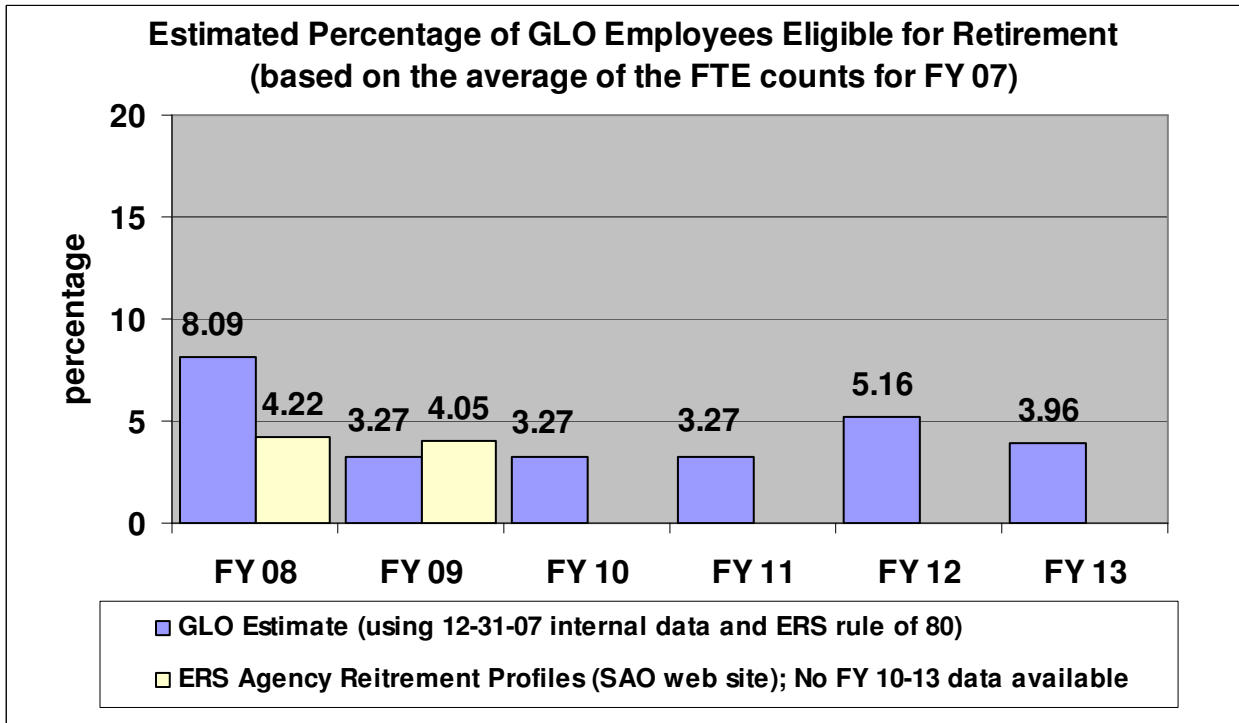
Because the GLO is a mature agency (with almost three-quarters of its employees over the age of 40 and over 40 percent of its employees over the age of 50), retirements will have a big impact on the agency over the next five years. This could result in the loss of important institutional knowledge and expertise. Regardless of the exact number of retirements in any given calendar year, it is important to minimize the loss of critical program knowledge and organizational experience with departing employees.

Using Employee Retirement System (ERS) retirement projections, which would include all creditable state service, it is estimated that 49 GLO employees will retire by the end of FY 09. This would result in approximately 8 percent of the agency's employees retiring by the end of FY 09. The GLO retirement estimates suggest that over 27 percent of the agency's employees could retire by the end of FY 13.

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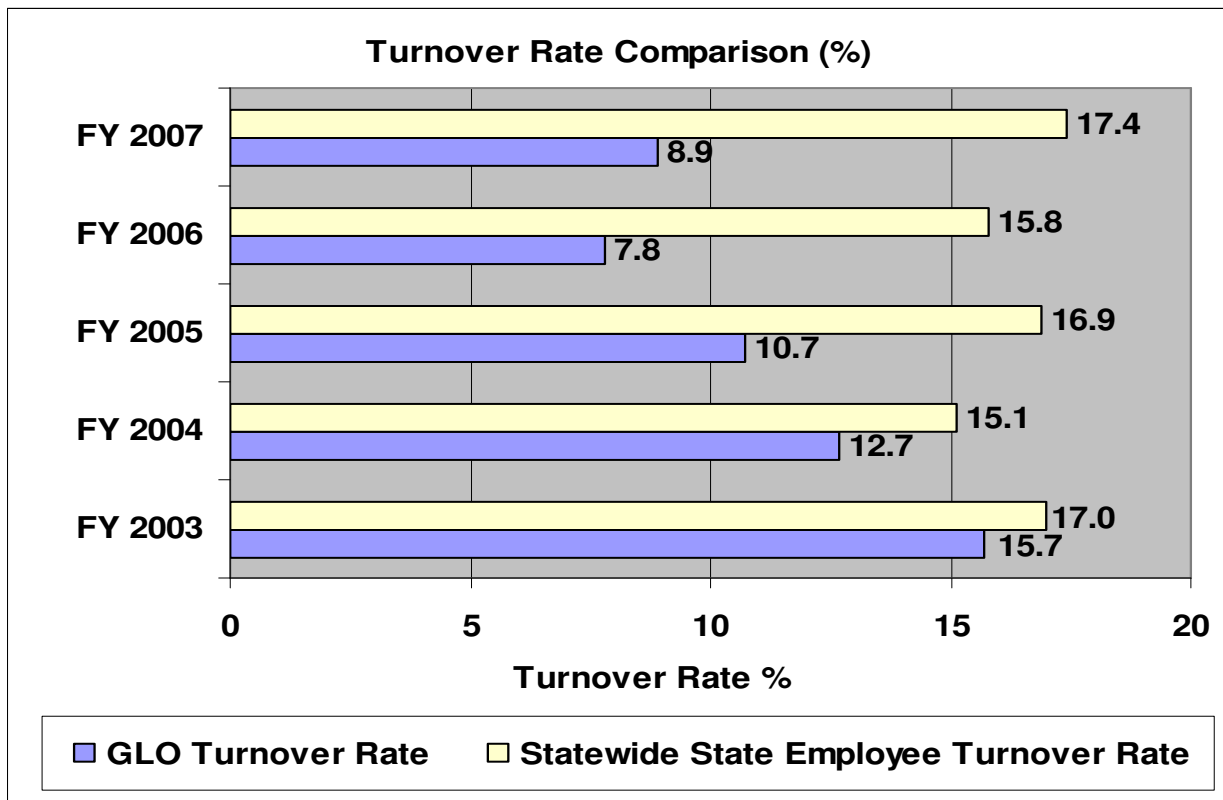
<sup>2</sup> The totals do not include job categories in which the GLO has no employees.

<sup>3</sup> The January 2007 TWC Equal Employment Opportunity and Minority Hiring Practices Report indicated that TWC has combined the statewide percentages for the Para-Professional and the Service & Maintenance EEO categories because they were not available separately from their BLS source report, accordingly, there is no Statewide paraprofessional statistic available for comparison.



### C. Employee Turnover

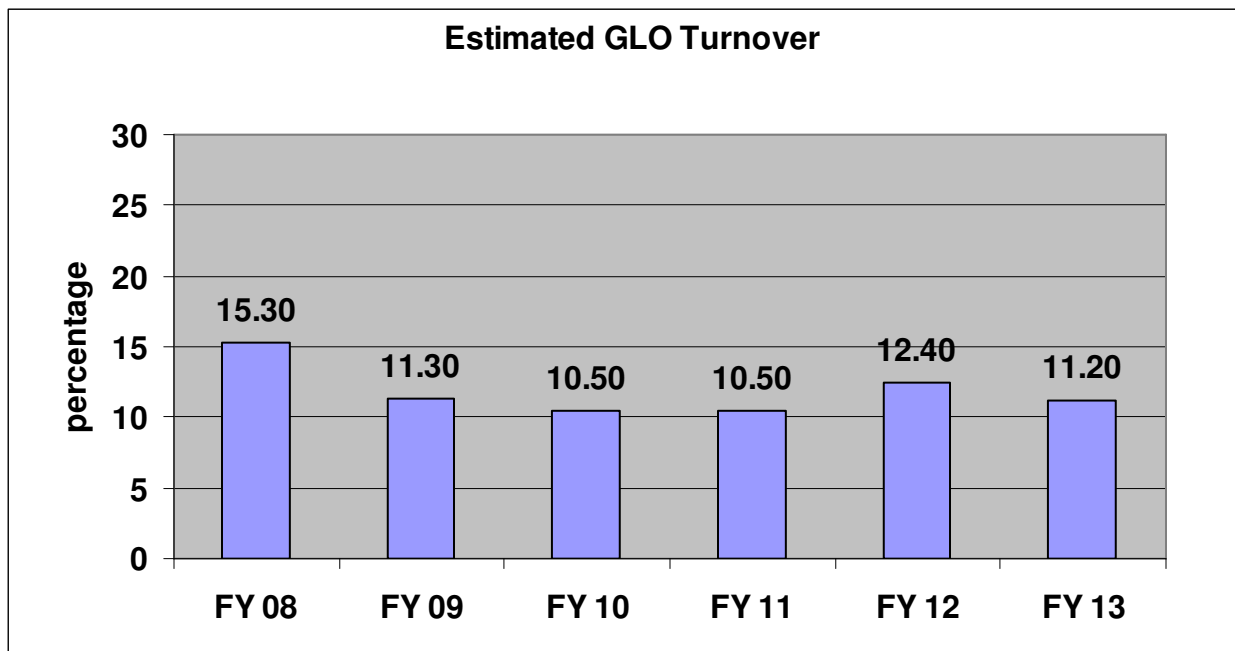
Turnover is an important issue in any organization, and the GLO is no exception. The GLO turnover rate for FY 07 was 8.9 percent. The following chart depicts GLO turnover data for FY 03-07 compared to the FY 03-07 turnover data for the Texas state employee workforce as a whole (reported on the Employee Turnover Statistics — Statewide Turnover Rate page of the State Auditor's Office Human Resources web site). The GLO is proud of the fact that its turnover rate is consistently below that for the state workforce.



In calendar year 2007, highest turnover at the GLO has occurred for:

- program specialist I (7.84 percent)
- program specialist VI (7.84 percent)
- administrative assistant III (5.88 percent)
- program specialist III (5.88 percent)
- programmer IV (5.88 percent)

Agency turnover for calendar year 2007 was 8.8 percent. Using FY 07 involuntary and voluntary turnover data from the State Auditor’s Office (SAO) for the GLO and ERS’s and GLO’s estimated GLO retirements, the following are the predicted GLO turnover rates for FY 08 and the next five fiscal years:

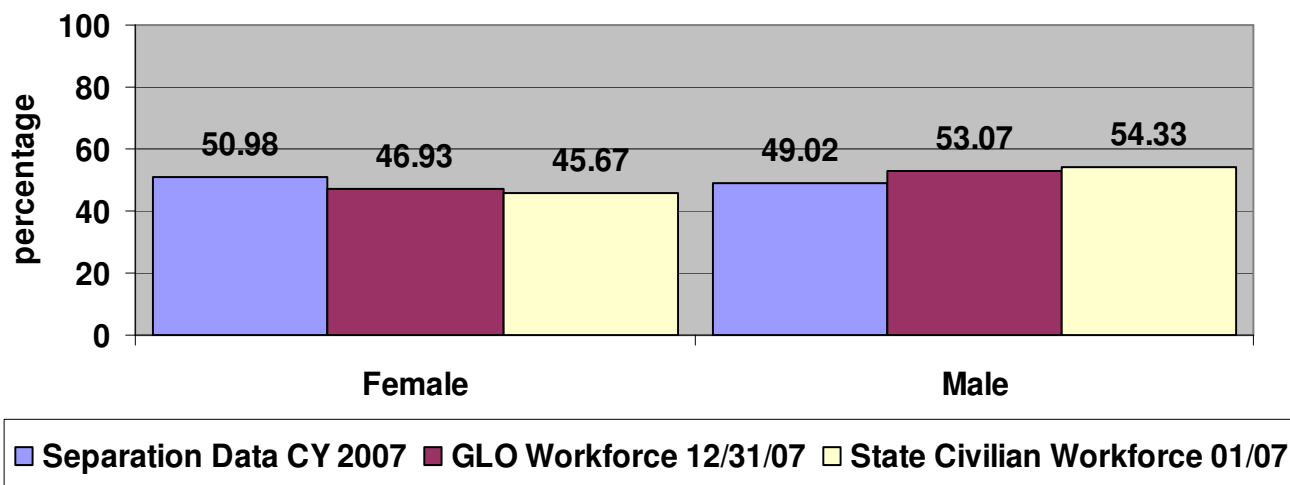


To further evaluate turnover at the GLO, the following graphs show the GLO’s CY 2007 turnover data by gender and ethnicity and compare that data to the demographics of the GLO and the statewide workforce<sup>5</sup>. Turnover for Hispanic, African-American, and Other GLO employees in 2007 was less than their percentage of the GLO workforce, while turnover was slightly higher for females.

<sup>5</sup> Texas Workforce Commission’s Statewide Civilian Workforce Composition (Table 1 of the TWC’s January 2007 Equal Employment Opportunity and Minority Hiring Practices Report). This report only contains data regarding the state’s Caucasian, African American, Hispanic, and female workforce. See further information in footnote 1. Temporary employees are not included in GLO or ERS turnover data in this report.

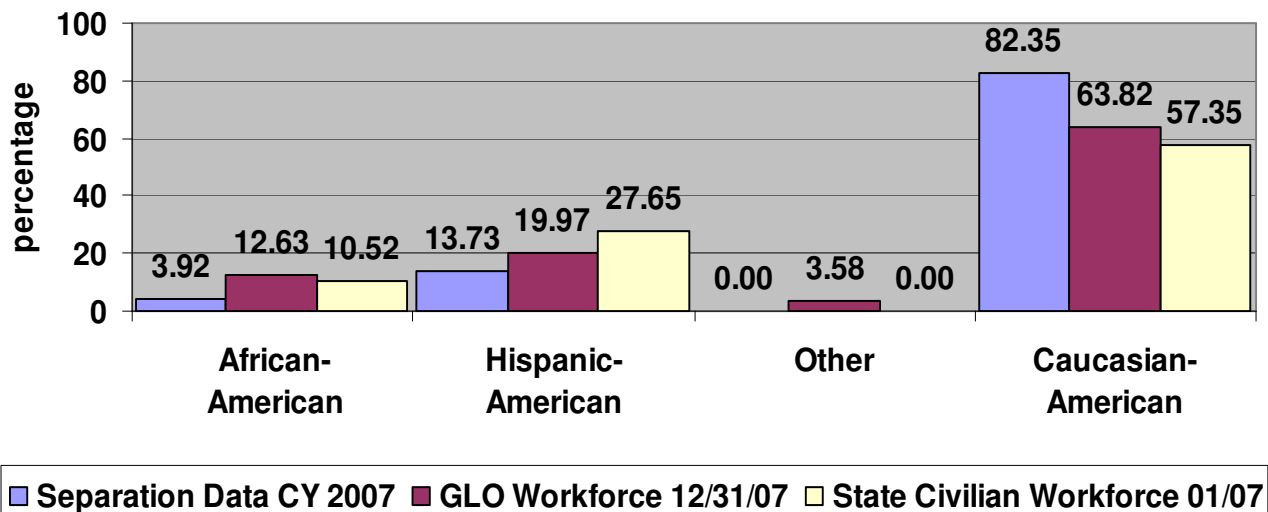
## GENDER

**2007 GLO Separation Data/GLO Workforce and State Civilian Workforce Comparison-Gender**



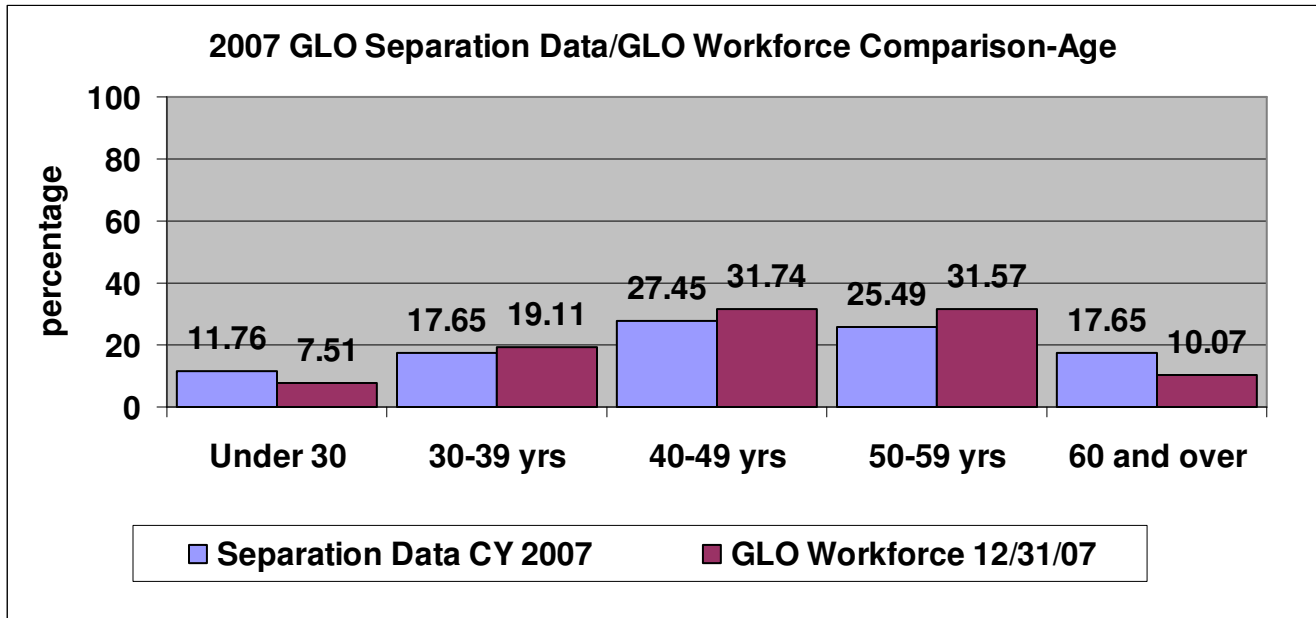
## ETHNICITY

**2007 GLO Separation Data/GLO Workforce and State Civilian Workforce Comparison-Ethnicity**

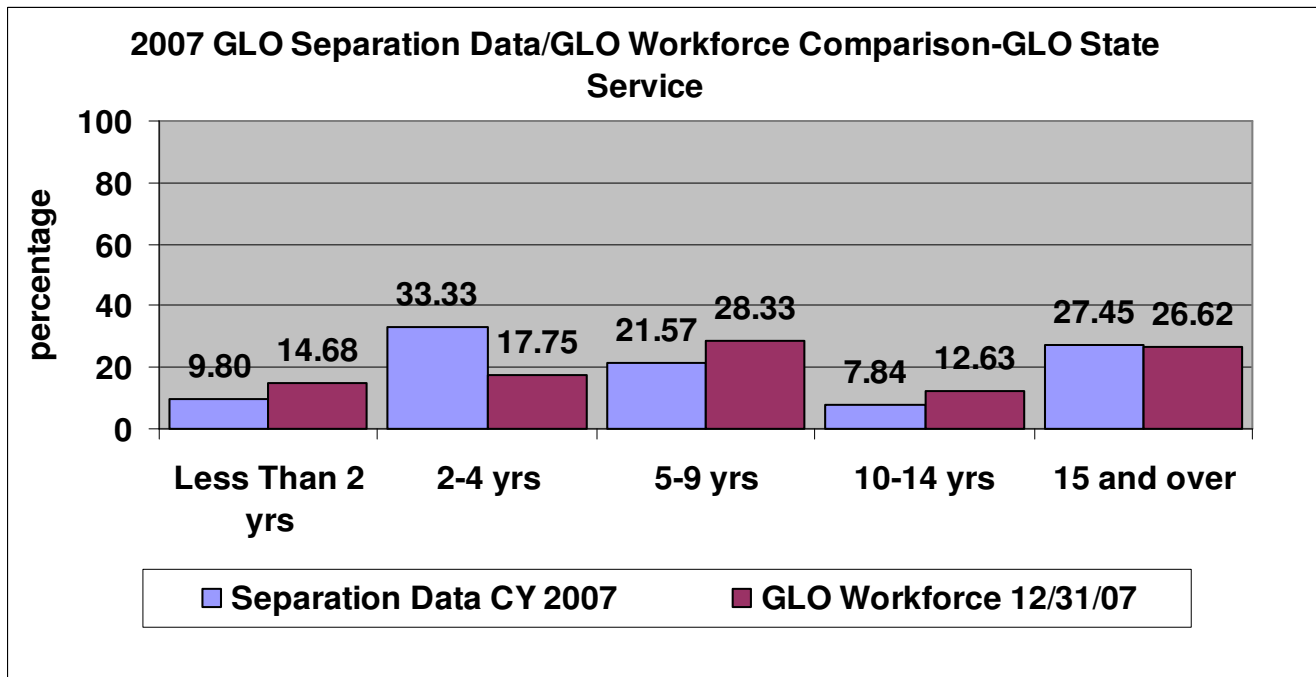


The following graphs show the GLO's turnover data by age and length of service and compare the GLO's turnover data to the GLO's workforce data for CY 2007. Note: The currently available EEOC statewide civilian workforce report does not contain age or length of service data and is therefore not included in the following charts.

### AGE



### LENGTH OF SERVICE



Turnover percentages for employees under 30 years of age and with two to four years of GLO service are disproportionate relative to their percentages in the GLO workforce.

#### **D. Critical Workforce Skills**

Skills are needed in the following substantive areas in order for the General Land Office to accomplish its basic business functions:

- Mortgage and loan management
- Long-term care facility and cemetery construction and management
- Real estate investment, development and sale
- Energy resource leasing/sale and revenue management (including renewable energy)
- Coastal and upland leasing and enforcement
- Environmental science
- Land surveying and appraising
- Historical document conservation and preservation

To succeed at its substantive functions, GLO employees also need skills in:

- Customer service
- Communication/marketing
- Computer technology
- Research and analysis
- Change management
- Project and grant management
- Problem solving
- Financial management
- Negotiation/facilitation/collaboration
- Staff hiring, leadership, management, development, and retention
- Strategic planning
- Business process re-engineering
- Data and information management

### **III. Future Workforce Profile (Demand Analysis)**

#### **A. Expected Workforce Changes**

- Increased workload due to increased federal funding of the Coastal Impact Assistance Program (CIAP)
- Increased workload if the Texas Legislature grants the Veterans Land Board authority to open additional veterans homes and cemeteries
- Increased workload and assignment changes due to increased emphasis on conducting energy royalty field audits and veterans home audits
- Increased emphasis on the use of technology to serve customers and to revise and streamline work processes to make them more efficient, including continued implementation of GLO programs online
- Increased workload in wind power leasing
- An aging workforce
- Retirement of significant historical knowledge, expertise and experience
- Increased diversity in employee demographics, backgrounds, experience and other characteristics



- Periodic difficulty in attracting and retaining qualified employees in certain positions due to fluctuations and cycles in the labor market, especially in terms of the impact of private sector business cycles
- Moves and relocation of large portions of the agency off site and/or to smaller office space over the next two-three fiscal years
- Periodic reorganization and outsourcing to realign resources to achieve agency goals

## **B. Future Workforce Skills Needed**

For the foreseeable future, GLO employees will continue to need the critical workforce skills listed above. In addition, the following new skills will be needed:

- With an increased emphasis on conducting energy royalty field audits and veterans home audits, new skills may be needed for conducting these types of audits.
- As the agency continues to use technology to improve productivity and serve its customers, employees will need the ability and willingness to learn to use new and more advanced computer systems and applications in the future.
- Because over 27 percent of the GLO workforce is projected to be eligible to retire by the end of FY 13, the GLO faces a potential need for highly skilled and experienced employees.
- As Texas becomes more diverse, employees will need to be able to work and manage effectively in an increasingly diverse work environment.
- The agency faces significant changes in its future office moves, and possible future reorganizations and outsourcing. Because these changes may be challenging for employees and lead to reduced productivity, low morale and conflict, GLO managers will need to be very adept at guiding their staffs during times of change.

## **C. Anticipated Increase/Decrease in Number of Employees Needed to do the Work**

The GLO may need additional FTEs in order to manage the increased federal funding of the Coastal Impact Assistance Program (CIAP) and the increased emphasis on conducting energy royalty field audits and veterans home audits and if the Texas Legislature grants the Veterans Land Board authority to open more veterans homes and cemeteries. Otherwise, increased workload demands will be addressed by the reallocation of FTEs within the agency. Any decrease in staffing would significantly impact the GLO's ability to meet its goals. Increased and changing demands will be facilitated by optimum utilization of technology and by continuous review and development of efficient work processes.

## **D. Critical Functions**

The General Land Office's critical functions are:

- Veterans Land Board loan, cemetery and veterans home programs
- Real estate management
- Energy resource management (including renewable energy)
- Coastal and upland management
- Coastal protection and improvement
- Land survey and appraisal
- Archives and records management

To successfully complete these critical functions, the General Land Office relies on a strong set of support areas with expertise in areas such as:

- |                                      |                          |
|--------------------------------------|--------------------------|
| • Legal services                     | • Employee relations     |
| • Information technology             | • Budget                 |
| • Financial reporting and management | • Construction/design    |
| • Funds management                   | • Procurement/travel     |
| • Communications                     | • Facilities management  |
| • Mail/delivery                      | • Fleet/asset management |
| • Auditing                           | • Human resources        |
|                                      | • Governmental relations |

#### **IV. Gap Analysis — Anticipated Surplus or Shortage of Workers or Skills**

##### **A. Potential Worker Shortage/Surplus**

The GLO may need additional FTEs in order to manage the increased federal funding of the CIAP program and the increased emphasis on conducting energy royalty field audits and veterans home audits and if the Texas Legislature grants the Veterans Land Board authority to open more veterans homes and cemeteries.

##### **B. Potential Skill Shortage**

Due to the workforce data and anticipated changes noted above, the agency may experience shortages of employees with the following skills:

- Employees with the skills needed to work on the Coastal Impact Assistance Program (CIAP), conduct energy royalty field audits and veterans home audits, and open/oversee additional veterans homes and cemeteries
- Employees with valuable institutional knowledge, expertise and experience, and/or employees with the skills needed to fill the positions vacated by these valued employees
- Employees with the skills needed to fill certain vacancies for extended periods due to fluctuations and cycles in the labor market (examples: nurses and long-term care)

workers as long as there is a shortage of workers with these skills in the industry and information systems positions during periods of strong growth for the IT market)

- Employees with the technology skills needed to fully utilize the agency's continually advancing computer systems
- Employees with the skills needed to work with and manage others in a diverse work environment
- Managers with the skills needed to motivate and lead staff, communicate effectively, resolve conflict, and coordinate with other divisions in the agency, especially during times of change and challenges, in order to meet agency goals

## V. Strategy Development

In order to address the potential gaps between the current workforce and future demands, the GLO has developed goals for the current workforce plan. These are based on a range of factors identified through analyzing the agency and its workforce.

<p><b>I. Potential Gap</b></p>	<p><b>Employees with skills and experience needed to support the potential increase in Coastal Impact Assistance Program (CIAP) workload, energy royalty field audits, veterans home audits, and veterans homes and cemeteries.</b></p>
<p><b>Goal</b></p>	<p>To employ staff with skills and experience needed to support the potential increase in CIAP workload, energy royalty field audits, veterans home audits, and veterans homes and cemeteries.</p>
<p><b>Rationale</b></p>	<p>If there is increased federal funding of the Coastal Impact Assistance Program (CIAP) program, additional legislative authority to open additional veterans homes and cemeteries, and/or increased emphasis on conducting energy royalty field audits and veterans home audits, the GLO will need to properly support those functions with appropriate personnel.</p>
<p><b>Action Steps</b></p>	<ul style="list-style-type: none"> <li>• Evaluate the possible need for staffing adjustments in order to support these programs.</li> <li>• Realign FTEs with current or new staff members as appropriate.</li> <li>• Research potential recruitment strategies to create a qualified applicant pool for specialized positions.</li> </ul>

<p><b>II. Potential Gap</b></p>	<p><b>Employees with valuable institutional knowledge, expertise and experience;</b></p> <p><b>Employees with the skills needed to fill positions vacated by these valued employees, and/or</b></p> <p><b>Employees with the skills needed to fill certain vacancies during a tight labor market.</b></p>
<p><b>Goal</b></p>	<p>To maintain a competent and knowledgeable workforce — even when experienced personnel are lost due to retirement or during a tight labor market — the GLO must be able to effectively recruit, develop and retain good employees.</p>
<p><b>Rationale</b></p>	<p>Over 27 percent of the GLO workforce is projected to be eligible to retire by the end of FY 13. In addition, shortages of certain workers in the labor market will make filling some positions difficult, such as is presently the case for nursing and long-term care positions and as can be the case for information technology positions during times of growth in that industry. As experienced agency employees retire or as employees otherwise leave the agency during a tight labor market, the GLO must be ready to either fill these vacancies with existing staff, or aggressively recruit from outside the agency.</p> <p>Accordingly, the GLO must work to retain its existing employees, especially those with valuable institutional knowledge, skills and experience, and develop those employees with the interest and ability to learn new competencies so they are prepared to progress into more advanced positions and fill vacancies. The GLO must also be prepared to recruit external candidates for vacancies, even during a tight labor market.</p>
<p><b>Action Steps</b></p>	<p><b>Succession Planning:</b></p> <ul style="list-style-type: none"> <li>• Identify key positions that should be targeted for succession planning, determine the critical competencies and skills needed for those positions, and consider how to develop staff and/or aggressively recruit to fill these positions should they become vacant.</li> <li>• As part of agency succession planning, develop strategies to ensure that institutional knowledge is retained by promoting the documentation of important program information and the transfer of knowledge by cross training/mentoring.</li> <li>• Review succession plans on a regular basis and update as needed to keep them current and useful.</li> </ul> <p><b>Development:</b></p>

- Offer employee training to help develop the critical skills listed above, such as communication, customer service and management. Continue to provide both internal and external classroom training, as well as on-line/video/CD-ROM training to make training available to field employees and accommodating to employees' schedules. Continue to inform employees about training opportunities, including those offered by The GLO's Employees Assistance Program and by other agencies that GLO employees may attend at no or little cost.
- Encourage managers to create programs that allow employees who are seeking new challenges to work on special projects, rotations and/or developmental assignments.
- Conduct regular training needs assessments to identify training of interest to employees and managers.
- Encourage employee development by continuing the GLO's mandatory training program that requires all employees to earn a minimum number of training credits each year.
- Continue the GLO mentoring program to match experienced/skilled employees with employees seeking to learn from them. These mentoring relationships can also help less experienced/skilled employees identify their career goals and plan their career development. Because agency turnover is disproportionately high for employees under 30 and those with two to four years of GLO service, mentoring needs to continue to be offered and emphasized.
- Maintain agency career ladders to help employees identify development paths to prepare for jobs with higher-level skill requirements.
- Develop a searchable database to inventory employee training and skill sets so that employees may be identified for development and possible promotional opportunities.

**Recruitment:**

- Offer competitive salaries to the extent possible. Consider offering recruitment bonuses for hard to fill positions.
- Broadly market GLO positions (which may include attending career fairs, placing advertisements in relevant newspapers, journals or other publications, posting jobs at targeted Internet sites, and coordinating with colleges/universities and other resources in the community) in an effort to achieve a qualified, diverse applicant pool (and thereby workforce) that more closely tracks the statewide workforce.
- Continue holding regular recruitment meetings in which employees can brainstorm about how to recruit for posted positions.
- Establish contacts at relevant colleges, universities, and schools and in the nursing, long term care, and information technology industries to assist with recruiting hard to fill positions.
- Post information about the GLO Diversity Initiative on the GLO's job opportunities web page.
- Continue the GLO's summer intern/law clerk/volunteer program to provide individuals interested in public service with hands-on experience with GLO programs and to serve as a good source of potential employees when vacancies occur.

**Retention:**

- Maintain competitive salaries to the extent possible. Consider offering retention bonuses to retain staff in hard to fill positions.
- Offer manager training on employee retention strategies to make them aware of the wide array of tools they may use to retain valuable employees.
- Assign informal mentors to new employees to assist them in acclimating to the GLO.
- Monitor turnover data, Survey of Organizational Excellence results, and exit interview feedback to identify and address any trends or issues that could be contributing to turnover.
- Utilize all available compensation, benefits, rewards and incentives to attract and retain staff, including:
  - administrative leave for outstanding performance
  - flexible work schedules, compressed workweek, and part-time schedules
  - telework
  - college and technical school assistance
  - training, including training for personal development
  - mentoring
  - paid licensing and professional fees
  - paid parking
  - Employees Assistance Program benefits
  - job sharing
  - staff retreats
  - GLO service recognition (ceremony, service pins, and certificates)
  - drawings for use of the Chief Clerk's parking place
  - access to on-site massage therapy
  - access to Legal Protection Plan benefits
  - Cultural Awareness Council (CAC) events, 4th of July lunch, and other GLO happenings and activities
  - GLO Wellness Council information and activities
  - compliment recognition
  - phased (gradual) retirements
  - relaxed dress code
  - manager thank-you cards,
  - Visa gift card drawing to reward outstanding employees
- Seek the identification and implementation of other retention programs designed to reduce turnover so the agency has a larger pool of experienced employees who can be tapped to fill future vacancies.

**Multi-purpose:**

- Continue the activities of the GLO Cultural Awareness Council (CAC) to create cultural awareness and opportunities at the GLO.
- Continue the activities of the GLO Wellness Council to provide information and motivation in an effort to promote employee wellness.

<p><b>III. Potential Gap</b></p>	<p><b>Employees with the technology skills needed to utilize the agency's continually advancing computer systems.</b></p>
<p><b>Goal</b></p>	<p>To employ staff with the technology skills needed to utilize the existing and future agency computer systems.</p>
<p><b>Rationale</b></p>	<p>The agency will continue to implement new and revised computer systems in an effort to make work processes more efficient and better serve GLO customers. GLO employees must be able to use these systems to maximize their effectiveness and productivity.</p>
<p><b>Action Steps</b></p>	<ul style="list-style-type: none"> <li>• Offer employees the option of taking online computer training and/or live classes to train employees how to use various GLO applications.</li> <li>• Use Web-X technology where appropriate to facilitate employee training.</li> <li>• Encourage employees to take computer training by counting the courses toward employees' required annual training credits.</li> </ul>
<p><b>IV. Potential Gap</b></p>	<p><b>Employees with the skills needed to work with and manage others in a diverse work environment.</b></p>
<p><b>Goal</b></p>	<p>To employ staff who can effectively function in a diverse work environment.</p>
<p><b>Rationale</b></p>	<p>As Texas and the GLO continue to become more diverse, agency employees must be able to work with and manage people with all kinds of differences in order to do the agency's work and to be the kind of workplace that can attract and retain qualified employees.</p>
<p><b>Action Steps</b></p>	<ul style="list-style-type: none"> <li>• Offer speakers and training on a variety of topics to promote an environment that is inclusive and draws upon the strength of the diversity of the GLO workforce.</li> <li>• Regularly review agency demographics.</li> <li>• Evaluate Survey of Organizational Excellence feedback for the diversity construct and take appropriate action to achieve further improvement.</li> </ul>

<p><b>V. Potential Gap</b></p>	<p><b>Managers with the skills needed to lead and motivate staff, communicate effectively, resolve conflict, and coordinate with other divisions in the agency, especially during times of change and challenges, in order to meet agency goals</b></p>
<p><b>Goal</b></p>	<p>To employ managers who are able to effectively lead, develop, and manage their staff, especially during relocations, reorganizations, outsourcing, and other organizational changes.</p>
<p><b>Rationale</b></p>	<p>The agency faces upcoming staff relocations and possible future reorganizations and outsourcing that could lead to reduced productivity, low morale and conflict for some employees. The GLO needs managers who are not only effective managers overall, but all very adept at leading their staff during times of change and challenges.</p>
<p><b>Action Steps</b></p>	<ul style="list-style-type: none"> <li>• Implement a plan to provide mid-level managers Dale Carnegie training in the fundamentals of management, including specific training on leadership during times of change and challenges.</li> <li>• Include team leaders in this training to prepare them for future management roles.</li> <li>• Train senior managers on the approach of this training so they will be prepared to support this program to develop their management staff.</li> <li>• Continue to send senior managers to the Governor’s Executive Development Program when possible.</li> <li>• Encourage employees to use the GLO’s Employee Assistance Program if they find changes at work stressful.</li> </ul>