

Douglas A. Ducey  
Governor



Lisa A. Atkins  
Commissioner

## Arizona State Land Department

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September 3, 2019

Honorable Douglas A. Ducey  
Governor, State of Arizona  
1700 West Washington Street  
Phoenix, Arizona 85007

Dear Governor Ducey:

On behalf of the Arizona State Land Department (ASLD), I am pleased to submit our Fiscal Year 2019 (FY 2019) Annual Report, pursuant to A.R.S. § 31-132. Following is a summary of ASLD's management activities and revenues collected during the fiscal year.

Over the past year, ASLD has been steadfast in its mission to actively manage the assets of a perpetual, multi-generational land trust for the support of the Beneficiaries and future generations of Arizonans.

In FY 2019, ASLD generated \$216.1 million total revenue; including \$146.2 million from land sales and \$8.3 million in royalties, both of which enhanced the Permanent Land Endowment Trust Fund. Additionally, the Department generated \$54.0 million from leases, distributed directly to the Beneficiaries as expendable revenue, and \$7.6 million in fees, which are used to partially fund the operating expenses of the Department.

Highlights of FY 2019 operations include:

- Responding to a favorable commercial real estate market in Arizona, ASLD held 16 successful land sale and lease auctions generating higher sales than any year since FY 2007. The results included the following auctions of note:
  - 134 acres on September 4, 2017, generating \$83.0 million
  - 125 acres on July 17, 2018, for \$31.4 million
  - 51 acres on November 7, 2018, for \$25.8 million
  - 140 acres on December 4, 2018, for \$22.6 million
- Continuing our strategic initiative to create sustainable Zoning Banks as a standard model for expanding appropriate land use entitlements on Trust land being taken to auction throughout Arizona. In June 2019, ASLD established a zoning bank with

the City of Surprise, which will expand our potential customer base, as well as significantly reduce timelines to both auction and build products for our customers.

- ASLD has continued digitation of internal processes on Salesforce, further solidifying your goals of efficient government, operating at the speed of business. Key projects of note:
  - The project to digitize more than 20,000 Rights of Way documents is complete, and will reduce application processing times.
  - The Public Records and several Natural Resource Conservation District (NRCD) processes have been transitioned to the Salesforce workflow, significantly improving efficiency.
- ASLD is proud that our annual Employee Engagement Survey increased to a total agency score of 3.4, out of 4, the 3<sup>rd</sup> successive year of increase and improvement. Enhancing our ASLD workforce is a key goal in our Strategic Plan. This year's result is validation that our efforts to improve employee recognition, professional development and career pathing are having an impact.

Thank you for the opportunity to serve the Trust Beneficiaries, their customers, and the people of Arizona, as State Land Commissioner. It is a privilege and honor for our ASLD team to continue advancing the interests of all those we serve, and to grow one of our State's largest economic development assets available.

Sincerely,



Lisa A. Atkins  
Commissioner