

Mental Health Trust Land Development**FY2010 Request: \$680,000****Reference No: 6853****AP/AL:** Allocation**Project Type:** Economic Assistance**Category:** Development**Location:** Statewide**Contact:** Leta Simons**House District:** Statewide (HD 1-40)**Contact Phone:** (907)465-3379**Estimated Project Dates:** 07/01/2009 - 06/30/2014**Appropriation:** Mental Health Trust Land Development and Facilities Maintenance**Brief Summary and Statement of Need:**

The Trust Land Office (TLO), supported by funds derived from Trust income, manages and develops Alaska Mental Health Trust lands on behalf of the Alaska Mental Health Trust Authority. The mission is to protect and enhance values of and maximize revenues from Alaska Mental Health Trust Land.

Funding:	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	Total
MHTAAR	\$680,000	\$750,000	\$800,000	\$800,000	\$800,000	\$800,000	\$4,630,000
Total:	\$680,000	\$750,000	\$800,000	\$800,000	\$800,000	\$800,000	\$4,630,000

<input type="checkbox"/> State Match Required	<input type="checkbox"/> One-Time Project	<input type="checkbox"/> Phased - new	<input type="checkbox"/> Phased - underway	<input checked="" type="checkbox"/> On-Going
0% = Minimum State Match % Required	<input type="checkbox"/> Amendment	<input checked="" type="checkbox"/> Mental Health Bill		

Operating & Maintenance Costs:

	<u>Amount</u>	<u>Staff</u>
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:

SLA08/CH28 \$650.00	Funds are 100% spent or obligated.
SLA07/CH30 \$725.00	Project Completed, Nov-2008
SLA06/CH82 \$625.30	Project Completed, Nov-2008
SLA06/CH34 \$550.00	Funds are 100% spent or obligated.
SLA05/CH5 \$650.00	Funds are 100% spent or obligated.

Project Description/Justification:

Sec. 37.14.009(a) (2) of the Alaska Statutes requires that the Alaska Mental Health Trust Authority contract with the Department of Natural Resources to manage the land assets of The Trust, in conformity with AS 38.05.801 (Trust Land Management). 11 AAC 99.020(b) requires that Trust land be managed 'solely in the best interest of the Alaska Mental Health Trust and its beneficiaries'. When determining the best interest of The Trust and its beneficiaries the TLO must consider specific principles set out in 11 AAC 99.020(c):

- Maximization of long term revenue from Trust land;
- Protection of the corpus;
- Protection and enhancement of the long-term productivity of Trust land;
- Encouragement of a diversity of revenue-producing uses of Trust land; and
- Management of Trust land prudently, efficiently, and with accountability to the Trust and its beneficiaries.

Effective management of Trust lands over time requires the expenditure of core operating costs to address annual costs of basic Trust land management. In addition to these costs, supplemental funds are needed to address the projects to be completed in order to generate annual revenue to assist in funding Trust beneficiary programs and to assist in monetary contributions to The Trust corpus. This request addresses the 'supplemental' costs that are incurred to comply with the intent of AS 38.05.801 and its associated regulations. Typically, these costs translate into funds used to hire private sector contractors (i.e., appraisers, geologists, architects, surveyors, etc.) that provide specific land management, pre-disposal or disposal services to the TLO. Requested funds will come from The Trust and not the General Fund.

Cost estimates associated with the requested funds are based on over ten years of operating experience as well as an awareness of costs associated with comparable projects elsewhere in the state. Supplemental funding requests are minimized; to the extent it is reasonable to do so, by passing development costs (e.g., surveys, appraisals, etc.) on to the end user (e.g., buyer or lessee).

Why is this Project Needed Now?

As noted above, the TLO was established to manage the lands of the Mental Health Trust. Our mission is two fold; (1) to protect and enhance the value of Alaska Mental Health Trust Lands; and (2) to maximize revenues from Trust Lands over time. Funds requested for FY2010 will enable the TLO to complete the projects necessary to further our mission.

Specific Spending Detail:

<u>LINE ITEM</u>	<u>DOLLAR AMOUNT</u>	<u>DESCRIPTION</u>
Services	\$680,000	Funds will be used for hiring private sector professional services to enhance Trust revenues in the areas of land development, timber development, coal, oil, gas and mineral exploration, etc.

Project Support:

Trust Land Office projects are supported and approved by the Board of Trustees, Alaska Mental Health Trust Authority. Additional support is from the Dept. of Revenue, Alaska Mental Health Trust, and the Dept. of Natural Resources.