

Mental Health Trust Land Development and Value Enhancement

FY2001 Request: \$870,000
Reference No: 6853

AP/AL: Appropriation
Category: Development

Project Type: Planning

Location: Statewide

Contact: Nico Bus

House District: Statewide (HD 1-40)

Contact Phone: (907)465-2406

Estimated Project Dates: 07/01/2000 - 06/30/2001

Brief Summary and Statement of Need:

Multi-year capital plan associated with four resource development categories: forest management; land (sales and leases); minerals and materials; and coal, oil and gas. CIP revenues are used to enable the disposal of a Trust resource or to add value to a Trust resource prior to disposal.

Funding:	<u>FY2001</u>	<u>FY2002</u>	<u>FY2003</u>	<u>FY2004</u>	<u>FY2005</u>	<u>FY2006</u>	<u>Total</u>
MHTAAR	\$870,000	\$900,000	\$950,000	\$1,000,000	\$1,000,000	\$1,000,000	\$5,720,000
Total:	\$870,000	\$900,000	\$950,000	\$1,000,000	\$1,000,000	\$1,000,000	\$5,720,000

<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	0
Totals:	0	0

Additional Information / Prior Funding History:

The Trust Land Office's development and enhancement project has been ongoing since FY 98, with about \$1.6 million dedicated to the project through FY 99. Since 1998, revenues associated with the project have enabled the Trust Land Office to diversify the revenue-generating sources of income, with those sources now including land leases, land sales, oil and gas leases, mineral exploration licenses and leases, timber sales and other general land use authorizations.

Project Description/Justification:

Description of Work to be done: Example expenditures include, but are not limited to: timber inventory, sale layout and sale administration; survey and platting; land appraisal; feasibility studies; asset management strategies; development plans; mineral data acquisition and analysis; and strategic land improvements or assemblages to enhance Trust land values before sale or lease.

Project Benefits: maximize revenues from Trust land with the revenues to be used to improve the lives and circumstances of Trust beneficiaries throughout the state.

Economic Development: First level benefits accrue to contractors hired to complete the work. Second level benefits accrue to employees of the Trust resource lessee or purchaser (e.g. loggers, geologists, miners, etc.) and to the community economy in the area of the Trust lease or sale. Examples include Fort Knox mine in Fairbanks (ore deposit on Trust land), 50 million board foot timber sale at Icy Bay (near Yakutat), oil and gas leases in the Cook Inlet basin, and land development and sales throughout the state. A particularly important benefit of Trust land projects is making land available for homes and businesses in areas where available land is sometimes scarce.

Projected Revenue to the State: The CIP funds enable the Trust to achieve its goal of steadily increasing Trust revenues, to be used to improve the lives and circumstances of Trust beneficiaries. Gross revenues have increased from under \$1 million in FY 95 to \$3.5 million in FY 99.

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Project Support: the Alaska Mental Health Trust Trustees as part of their annual budgeting process approved The CIP budget.

Project Opposition: There is no known opposition.

Specific Spending Detail: Specific project budgets are developed on a parcel-specific basis in coordination with the Alaska Mental Health Trust Authority and in accordance with AS 38.05.801 (trust land management). As noted above, CIP revenues are used to procure professional services and to enhance the value of trust land resources. Enhancement investments will not be made unless it can be demonstrated to the Trust that the investment will generate a reasonable rate of return.

Does this project leverage other funding for the state? Trust land development funds are typically not matched with federal, private or local government funds.

Alternative Approaches/Financing Considered: The expenditure of Trust funds on Trust land development or value enhancement projects is only done after full consideration has been given to other possible sources of revenue. For example, in some cases, parcel buyers pay the cost of survey and platting as part of the agreed upon transaction. There are no other sources for the funds included in this request.

Additional Information/Project Status:

Revenue goals associated with development and management costs have been achieved and, in many cases, exceeded. Approximately 40% of the FY 98-00 funds have been expended to date, with the remainder generally committed to ongoing or planned development or enhancement projects.