

Mental Health Trust Land Development**FY2004 Request: \$600,000**
Reference No: 6853**AP/AL:** Appropriation
Category: Development**Project Type:** Planning**Location:** Statewide**Contact:** Stephen Planchon**House District:** Statewide (HD 1-40)**Contact Phone:** (907)269-8656**Estimated Project Dates:** 07/01/2003 - 06/30/2006**Brief Summary and Statement of Need:**

The Trust Land Office (TLO) will contract for services to supplement its core operations. Typically the services are related to nonrecurring projects such as the administration of a large timber sale, the evaluation of a particularly complex transaction, development of an asset management plan for certain trust lands or resources or significant improvements to the TLO's information management system.

Funding:	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	Total
MHTAAR	\$600,000	\$650,000	\$800,000	\$800,000	\$800,000	\$800,000	\$4,450,000
Total:	\$600,000	\$650,000	\$800,000	\$800,000	\$800,000	\$800,000	\$4,450,000

<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:

SSSLA02/CH1 - \$800,000

SLA01/CH62 - \$950,000

SLA00/CH134 - \$870,000

SLA99/CH85 - \$660,000

SLA98/CH138 - \$530,000

SLA97/CH99 - \$460,000

Funds associated with this project have enabled the Trust Land Office to diversify revenue-generating sources of income. These sources include land leases, land sales, oil and gas leases, mineral exploration licenses and leases, timber sales and other general land use authorizations.

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). 11AAC 99.020(b) requires that 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 types of projects noted above. 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 that provide specific land management, pre-disposal or disposal services to the TLO. For instance, a private sector forestry-consulting firm administers the TLO's Icy Bay timber sale contract, a major revenue generator for the Trust. Absent the funds necessary for contract services of this nature, the TLO would not be able to achieve its revenue projections for the year. The Trust Authority relies on those projections when determining which mental health related projects it will fund in subsequent years. The requested funds will come from the Trust and not the General Fund.

Cost estimates associated with the requested funds are based on over six 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.) onto the end user (e.g. buyer or lessee).

Why is this Project Needed Now:

As noted above, The Trust Land Office (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 FY04 will enable the TLO to complete the projects necessary to further our mission.

Specific Spending Detail:

Allocation of requested funds would be distributed in the following resource categories. The decision to proceed with a specific project is subject to a variety of considerations, including changes in the market place. Decisions could also be made to shift funds between categories to ensure the best rate of return to the Trust overall:

Land Management \$200,000
e.g. Support redevelopment planning and development process; planning and development of future subdivisions in Southeast Alaska, ongoing improvements to the TLO land management tools.

Forest Management \$325,000
e.g. Administration of active timber sales (e.g. Icy Cape, Cook Inlet area and Thorne Bay) and initial planning and layout of upcoming sales (e.g. Petersburg, Ketchikan and Leask Lake).

Minerals & Materials \$ 15,000
e.g. Administration of the Fort Knox lease, including net income audits, mining claim and lease administration; data analysis; and marketing.

Coal, Oil & Gas \$ 20,000
e.g. Lease offerings and lease administration.

Administration \$40,000
e.g. Improvements to the information management system, title plant, and revising standard forms,

Line Item Expenditures:

- Personal Services \$ 0
- Travel \$10.0
- Contractual Services: \$190.0 for Planning & Development of Land, \$15.0 for Minerals, \$20.0 for Coal, Oil & Gas, \$315.0 for Timber and \$40.0 for Administration.
- Supplies \$10.0
- Equipment \$ 0

Line Item Detail Description:

Personal Services – N/A
State of Alaska Capital Project Summary
Governor's FY04 Capital Budget
1/5/11 1:33:32 PM

Department of Natural Resources
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Released December 15, 2003

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Travel – Travel is anticipated to Gustavus, Sitka, Petersburg, Thorne Bay, Icy Cape, Juneau, Fairbanks, etc.
Contractual Services – As mentioned above, private sector companies are retained to provide professional services such as appraisals, surveys, platting and engineering services, timber resource consultants, mineral consultants, coal, oil & gas consultants, mapping professionals, etc.
Supplies – Project supplies will vary, but can include photo processing, specialized software, signs, flags, etc.
Equipment – N/A

Prior Funding History and Status:

Prior appropriations include:

FY99 - \$460.0 Closed project.

FY99 - \$530.0 Closed project.

FY00 - \$660.0 Appropriation fully obligated. SLA 1999/CH 85

FY01 - \$870.0 Appropriation is 90% obligated. SLA 2000/CH 134

FY02 - \$950.0 New Project – no prior funding history. SLA 2001/CH 62

FY03 - \$800.0 New Project – no prior funding history. SLA 2002/CH 1

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Project Support:

Approved by the Alaska Mental Health Trust Board of Trustees during the annual budgeting process.

Project Opposition:

There is no known opposition.