

Land Disposals (New Subdivisions; Kobe North and Fish Creek Ag Sales) **FY2005 Request: \$1,975,000**
Reference No: 38886

AP/AL: Appropriation **Project Type:** Planning
Category: Development
Location: Statewide **Contact:** Bob Loeffler
House District: Statewide (HD 1-40) **Contact Phone:** (907)269-8625
Estimated Project Dates: 07/01/2004 - 06/30/2006

Brief Summary and Statement of Need:

This project would authorize the Department of Natural Resources to propose, design, develop, survey, and, if required by municipal platting authorities, build roads for new subdivisions and agricultural sales. This CIP would authorize DNR to spend money from previous land sales that has been deposited in the LDIF. Lands would be offered to the public by auction. If this project and the operating budget increment are fully funded, DNR intends to offer at least 100 new parcels for sale in FY05, 200 in FY06 and 300 in FY07. The land sale program contributes to the development of state land by giving Alaskans an opportunity to purchase land, while creating an income base for the State.

Funding:	<u>FY2005</u>	<u>FY2006</u>	<u>FY2007</u>	<u>FY2008</u>	<u>FY2009</u>	<u>FY2010</u>	<u>Total</u>
State Land	\$1,975,000	\$1,150,000	\$1,202,000	\$1,258,000	\$1,315,000	\$1,376,000	\$8,276,000
Total:	\$1,975,000	\$1,150,000	\$1,202,000	\$1,258,000	\$1,315,000	\$1,376,000	\$8,276,000

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

In FY99, DNR received a small (less than \$100,000) CIP to fund two small land offerings in SE Alaska. Since FY01, the legislature has provided DNR with operating budget funds to re-offer previously subdivided parcels and to begin planning and development of new subdivisions. The operating funding does not include sufficient funds for development of new subdivisions or agricultural sales, such as expenditures for land surveys and to build subdivision roads that are required by municipal platting laws.

Project Description/Justification:

Making state land available for private ownership by individual Alaskans is part of DNR's core mission. At Statehood, Alaska received a large grant of federal land. Alaska's Constitution and AS 38.04 and AS 38.05 require the state to make some of this land for settlement and agricultural purposes. DNR makes state land available for settlement by transferring land into private ownership through several programs, including auctions of subdivided lands and auctions of agricultural parcels. This CIP would fund capital expenditures (primarily road and access improvements, land surveys, and appraisals) required to develop new subdivisions and agricultural sale areas.

In addition to meeting Constitutional and statutory requirements to make land available, land sale programs are popular with the public. Since DNR increased land sales to the public in FY 01, the number of parcels being purchased has quadrupled.

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This CIP will also increase the value of the land DNR sells (by providing access) and bring increased revenue to the state. This CIP will be paid through revenues from existing land sales. In addition to providing land for private ownership and settlement, these land sales have contributed revenue to the state. Actual income from state land sales has risen from \$2 million in FY 01 to \$4.6 million in FY 03. FY 04 revenues are forecasted to exceed \$5 million. However, in order to continue to generate revenues in the future, the state must develop new subdivisions to sell.

Some of the FY 05 CIP money will be spent to prepare lands for sale in FY 05, but most of the CIP will be used to prepare lands for sale in FY 06 and 07. This is because it takes more than one year to develop a subdivision (plan, survey and plat), and additional time to actually build roads. The request for FY 05 is significantly more than subsequent years because DNR does not have adequate money in the FY 04 budget to cover all capital costs for FY05 land sale projects. In addition, up to \$100,000 of the funding will be used to work with the Matanuska-Susitna Borough for planning, road layout, classifications and survey work for development of the Fish Creek land sale area. The borough recently received federal funding for preliminary road layout and environmental studies and road design.

The following are potential subdivisions that may be funded. The specific projects may change as a result of public nominations, public comments, or municipal platting issues.

In FY 05, DNR expects to spend \$1,800,000 in CIP funds for seven new subdivisions in Southcentral Alaska (Fox River, Chignaki Pond, Ninemile West, Pinnacle Mountain, Upper Happy Creek West, Billings Cove, Mariners Walk); four in Northern Region (Tatalina, Kentucky Creek, Nenana, Tower Bluffs); and three in Southeast (Naukati, West Hollis, and Naukati west). Areas are subject to change. DNR expects to spend \$75,000 to prepare the Kobe North agricultural area near Nenana for sale and \$100,000 to work with the Mat-Su Borough on development of the Fish Creek.

FY 06, DNR expects to spend this CIP on the development of three subdivisions in Southcentral, one in Southeast, and two in the Northern Region. In FY 07, we expect to spend CIP money for five subdivisions in Southcentral, one in Southeast, and one in the Northern Region. All subsequent years are estimated from the previous year plus a 5% increase.

- ? *Does project meet constitutional or statutory responsibility?* Yes – Constitution requires settlement of state lands (Article VIII, Section 1), the program is authorized by statute (AS 38.05.055, .057).
- ? *Does project generate revenue for the state?* Yes, the program generates revenue through sales and the income is deposited in the Land Disposal Income Fund.
- ? *If yes, how and identify specific revenue estimates.* Revenues generated as a result of the projects developed through this CIP are expected to generate at least 20% more revenue than the expenditure (\$2.2 million revenue from \$2.0 million expenditure). This is calculated from estimates on appraisal to development costs on Mystery & Diamond Lake subdivisions.
- ? *Does project create on-going private sector jobs?* Yes, much of the survey, appraisal, road construction work will be done by the private sector under contract to DNR.
- ? *Describe the method used to estimate the total project cost.* Costs for FY 04 development as well as estimates and quotes for FY 05 projects and projections for FY 06 and FY07. Costs are generalized and carried forward for FY 08 through FY 10 with an increase of 5% per year over the previous year's costs.
- ? *Describe other alternatives considered.* Alternatives considered included: 1) reducing the amount of land to be sold in FY 05 and 06; 2) developing subdivisions in areas where roads are not required; and 3) requesting additional funding in the Operating Budget.

Why is this Project Needed Now:

Planning, surveying, appraisal and road construction for new subdivisions and agricultural sales takes at least 2 years to complete. If these funds are not available for FY 05, then the land sale programs for FY 05 and beyond will be reduced or DNR will only offer land in areas where roads are not required. Roads are required for subdivisions in most municipalities, so without the CIP, DNR will only offer land for sale in remote areas outside of Boroughs. If funding for the program in FY 05 is not authorized, DNR will not be able to offer new parcels in subsequent years and will fail to meet its mandate to offer new lands for sale.

Specific Spending Detail:

(Identify in dollars by line item; Describe in detail what products/services will be purchased.)

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Personal Services \$180,000
Travel \$ 22,000
Contractual Services \$ 1,752,000
Supplies \$ 11,000
Equipment \$ 10,000

Line Item Detail Description:

Personal Services – Division of Mining, Land, and Water (DMLW) \$42,000 per year: 5 months Appraiser I, 3 months Appraiser II, Division of Agriculture: \$138,000, NRS II and NRM I.
Travel – field inspections of parcels for appraisals, surveys, planning & development
Contractual Services – contracts for land surveys, road construction, appraisals, cleanups, other
Supplies – Brochures, ads, printing supplies, postage and For Sale signs
Equipment – computers, filed equipment

Project Support: The land sales program is supported within Alaska by Alaskans who participate in the program and those who support the state's mission to make land ownership available to Alaskans. In addition, other participants in the program support the land sale program such as surveyors, borough and city planners, platting authorities. Agricultural business interests and farming groups support the agricultural land sales.

Project Opposition:

None to program in general, although DNR often encounters opposition to specific land sale proposals, often by people who live in or currently use the area.