

Remote Recreational Cabins Survey and Appraisals**FY2007 Request:****\$618,200****Reference No:****38480****AP/AL:** Appropriation**Project Type:** Planning**Category:** Natural Resources**Location:** Statewide**Contact:** Bob Loeffler**House District:** Statewide (HD 1-40)**Contact Phone:** (907)269-8425**Estimated Project Dates:** 07/01/2005 - 06/30/2009**Brief Summary and Statement of Need:**

DNR appraises and contracts for surveys of Remote Recreational Cabin Site properties. This program contributes to the development of Alaska's land through the transfer of land into private ownership. This CIP authorizes DNR to spend money already being collected from applicants. Remote Rec Cabin Sites is a stake-it-yourself land sale program. After applicants stake their parcels, DNR issues a lease and collects lessee's money to pay for surveys and appraisals. In addition, approximately 250 staking authorizations will be offered in FY07 through auction.

Funding:	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	Total
State Land	\$618,200	\$661,500	\$707,800	\$757,300	\$810,300	\$867,000	\$4,422,100
Total:	\$618,200	\$661,500	\$707,800	\$757,300	\$810,300	\$867,000	\$4,422,100

<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 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:

FSSLA05/CH3 - \$577,500

SLA04/CH159 - \$550,000

SLA03/CH82 - \$430,000

The Remote Recreational Cabin Program was initially funded through Chapter 63 SLA 00. In FY 01-03, DNR received approximately \$430,000/year from the operating budget to conduct the program. This did not include the money need for surveys and appraisals of parcels. Starting in FY04, DNR was appropriated authorization in the CIP budget to pay for survey and appraisal costs.

Project Description/Justification:

The Remote Recreational Cabin Sites land sale program was established in statute (AS 38.05.600) in 1997. The program was initially not funded. In FY 01, the program was funded through Ch. 63 SLA 00 (SB 283) as part of the Land Disposal Income Fund. Starting in FY 04, it became necessary to use the CIP in order to receive and expend funds for survey and appraisals.

DNR requests this CIP to spend the remote recreation cabin sites program deposits that the state is already receiving to pay for survey and appraisal. DNR is already billing the lessees for these costs, with the money going into the Land Disposal Income Fund, although the receipts from the lessees come in over a three-year period while the initial expenditures go out in one year. Survey and appraisal costs are generally incurred in the year following the staking period. In FY 07, DNR expects to spend about \$618,175 on the surveys and appraisals for parcels staked in FY 06, to include costs of processing additional parcels to sell at auction. This will increase to \$867,022 in FY 12, as more parcels are created under the program (staked parcels plus parcels to sell at auction) and allowing for a yearly 7% increase in

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costs due to increased programming costs such as travel, inflation, and other factors, including costs of surveying parcels in increasingly more remote areas. In addition, remote trips often involve helicopter, fixed wing, ATV or snowmachine, which are costlier due to the rising cost of fuel.

- *Does the project meet constitutional or statutory responsibility?* Yes – The Constitution requires settlement of state lands (Article VIII, Section 1). The program is authorized by statute (AS 38.05.600).
- *Does the project generate revenue for the state?* Yes, the program generates revenue through leases and eventual sales, and the income is deposited in the Land Disposal Income Fund.
- *If yes, how and identify specific revenue estimates.* Revenue will equal or exceed expenditures. The program is set up so that the revenue from a parcel equals the appraised fair market value minus the cost of survey, but not less than \$1000.00. In the event the purchaser goes to contract after the three year lease period, the State will also receive interest income from the contract.
- *Does the project create on-going private sector jobs?* Survey work will be done by the private sector under contract to DNR. Appraisal work and some field work to determine access easements may also be contracted to the private sector.
- *Describe the method used to estimate the total project cost.* Actual figures for surveys and appraisals conducted in prior years were used to estimate project costs. The current values for personal services and contract estimates were given increases of 7% per year to determine future years' costs.
- *Describe other alternatives considered.* The program initially proposed use of deposits paid to DNR by lessees for survey and appraisal work under AS 38.05.860. This is not feasible due to administrative problems, including that the lease deposits are collected over a period of 3 years; hence money cannot be received and spent in the same FY. The program also evaluated having individual lessees pay their own survey and appraisal costs; experience shows that this method has a much higher failure rate (people fail to follow through to arrange survey and appraisal) and costs lessees more (more efficient and less costly to survey and appraise the entire project area at once, rather than survey and appraise individual parcels spread out over time). As a result of an internal analysis of the program, the Department is also expanding its program to survey additional parcels to sell at auction to meet increased customer demand.

Why is this Project Needed Now: The project is needed now because the program is already authorized by the legislature and parcels need to be surveyed and appraised within three years of lease issuance by regulation, 11 AAC 67. If the program is not funded, survey and appraisal costs for parcels offered in prior years will need to be paid from the operating budget, and DNR will not be able to offer this program in future years.

Specific Spending Detail:

Line Item Expenditures (for FY 07):

Personal Services \$75,524.00
 Travel \$11,235.00
 Services \$530,318.00
 Commodities \$1,123.00
 Capital Outlay \$0

Line Item Detail Description:

Personal Services – per year: 7 months Appraiser I, 5 months Appraiser II
 Travel – field inspections of parcels for survey contract compliance and appraisals
 Services – contracts for land surveys of staked parcels and possibly appraisal and access
 Commodities –brochures, ads, postage, printing supplies, survey monuments

Project Support: Public who has participated in remote recreational cabin sites program. Surveyors. Borough planning and platting authorities.

Project Opposition: None