

Remote Recreational Cabin Sites Surveys and Appraisals **FY2010 Request:** **\$927,000**
Reference No: **38480**

AP/AL: Appropriation **Project Type:** Economic Assistance
Category: Natural Resources
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

Brief Summary and Statement of Need:

This project fulfills the legislative mandate to provide land for Alaskans. This CIP would allow DNR to appraise and contract for land surveys of Remote Recreational Cabin Site (RRCS) parcels. The RRCS program is a stake-it-yourself land sale program. This CIP would authorize DNR to spend money collected from applicants for surveys and appraisals so that applicants can then purchase their staked parcel at appraised value. In addition, DNR surveys additional parcels in certain staking areas to sell at auction. The RRCS program contributes to the development of state land, gives Alaskans an opportunity to stake their own "piece" of Alaska land, and creates income for the State.

Funding:	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	Total
State Land	\$927,000	\$927,000	\$927,000	\$927,000	\$1,194,200	\$1,194,200	\$6,096,400
Total:	\$927,000	\$927,000	\$927,000	\$927,000	\$1,194,200	\$1,194,200	\$6,096,400

<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:

SLA 08/CH 29	\$1,011,500	implemented/ongoing
SLA 07/CH 20	\$618,200	ongoing
SLA 06/CH 82	\$618,200	ongoing
SLA 05/CH 3	\$577,500	complete
SLA 04/CH 159	\$550,000	complete

Project Description/Justification:

This CIP authorizes DNR to appraise and contract for land surveys of Remote Recreational Cabin Site properties. Remote Recreational Cabin Sites is a stake-it-yourself land sale program that contributes to the development of Alaska through the transfer of land into private ownership. This CIP authorizes DNR to spend money that is collected from applicants for surveys and appraisals. DNR contracts with one survey firm to survey multiple parcels in an area, thereby ensuring that surveys are coordinated, completed, done efficiently, and that parcel boundary conflicts are resolved simultaneously. In addition, DNR surveys additional parcels within certain staking areas each year to sell at auction. At least 200 staking authorizations will be offered in FY 09.

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 as part of the Land Disposal Income Fund. Starting in FY 04, CIP funding was requested in order to receive and expend funds for survey and appraisals.

The FY 10 request is higher than previous years. This is because estimated costs for some previous year's offerings were lower than actual costs and this increase will allow DNR to bring the program up-to-date on all project costs for projects started in FY09 or earlier.

DNR requests this CIP to spend the remote recreation cabin sites program deposits that the state is already receiving from the public who have staked parcels. These deposits are to pay for survey and appraisal of the staked parcels. DNR is already billing the lessees for these costs, with the money going into the Land Disposal Income Fund, 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. However, due to a combination of issues arising with increased requirements for access and staging areas in the Matanuska-Susitna Borough; and timing in the receipt of funds and issuance of contracts over the past few years; it is expected that one and one-half years of survey and appraisal costs will be incurred in FY 10 in order to catch up from prior years. In FY 10, DNR expects to spend about \$927,000 on the surveys and appraisals for parcels staked in FY 08, FY 09, and part of FY 10. This will increase to \$1,194,162 in FY 14, as more parcels are created under the program (staked parcels plus parcels to sell at auction). This allows for increased program costs such as the requirement for improved access, development of staging areas, costs of travel, inflation, and costs of surveying or appraising parcels in increasingly more remote areas. Remote trips often involve helicopter, fixed wing, ATV or snowmachine, which are costlier due to the rising cost of fuel.

The Remote Recreational Cabin program fulfills the following objectives:

- The Constitution requires settlement of state lands (Article VIII, Section 1).
- The program is authorized by statute (AS 38.05.600).
- The program generates revenue through leases and eventual sales, and the income is deposited in the Land Disposal Income Fund.
- 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 \$1,000. When the purchaser goes to contract after the three-year lease period, the State will also receive interest income from the contract.
- 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. Under new requirements for identified access and staging areas, other work may be contracted to the private sector as well.

Actual figures for surveys and appraisals costs conducted in prior years were used to estimate project costs

The program evaluated having individual lessees pay their own survey and appraisal costs; however, 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 (it is 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 and generate additional revenue.

Why is this Project Needed Now?

The project is needed now because the program is already authorized by the legislature and parcels from past projects 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. The program’s operating budget authorization is not sufficient to cover these costs. In addition, if DNR were unable to meet its current obligation to participant in the program by not permitting leases to mature to lease/purchase agreements, it is unlikely that DNR would be able to offer this program in future years.

Specific Spending Detail:

<u>LINE ITEM</u>	<u>DOLLAR AMOUNT</u>	<u>DESCRIPTION</u>
Personal Services	\$ 38,000	Appraiser staff and overtime for land sales staff during staking workshops and field inspections
Travel	\$ 123,000	Field inspections of parcels and project areas for access, appraisals, surveys, planning and development
Services	\$ 752,000	Contracts for land surveys, appraisals, and other development costs
Supplies	\$ 14,000	Brochures, ads, signs, public notice, printing supplies, postage, safety equipment, minor field equipment

Project Support:

The remote recreational cabin sites 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 and borough platting authorities.