

Land Sales - New Subdivision Development**FY2010 Request: \$3,500,000****Reference No: 38886****AP/AL:** Appropriation
Category: Development**Project Type:** Economic Assistance**Location:** Statewide**Contact:** Leta Simons**House District:** Statewide (HD 1-40)**Contact Phone:** (907)465-3379**Estimated Project Dates:** 07/01/2009 - 06/30/2012**Brief Summary and Statement of Need:**

This project fulfills the legislative mandate to provide land for Alaskans. The project authorizes DNR to propose, design and develop new subdivisions. New subdivisions require surveys, appraisals, wetlands delineations, archaeological surveys, field inspections, access location, road building, and rights-of-way brushing. If fully funded, DNR intends to offer new parcels for sale in FY11, FY12 and FY13. The land sales program contributes to the development of state land, gives Alaskans throughout the State an opportunity to purchase land, and creates an income base for the State.

Funding:	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	Total
State Land	\$3,500,000	\$3,600,000	\$3,700,000	\$3,800,000	\$3,900,000	\$4,000,000	\$22,500,000
Total:	\$3,500,000	\$3,600,000	\$3,700,000	\$3,800,000	\$3,900,000	\$4,000,000	\$22,500,000

<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 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	\$2,614,000	implemented/ongoing
SLA 07/CH 30	\$1,000,000	ongoing
SLA 06/CH 82	\$1,790,000	ongoing
SLA 05/CH 3	\$1,410,000	complete
SLA 04/CH 159	\$1,975,000	complete

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 available for settlement purposes. DNR makes state land available for settlement by transferring land into private ownership through several programs, including auctions of pre-surveyed lands. This project funds capital expenditures (primarily road and access improvements, land surveys and appraisals, and other development costs) required to develop new subdivisions.

In addition to meeting constitutional and statutory requirements to make land available, land sale programs are popular with the public. Parcels, with newly built roads, have a high purchase rate and there has been noteworthy interest in waterfront parcels.

This project increases the value of the land DNR sells by providing access; this brings increased revenue to the state. The project 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. Revenue from state land sales over the past seven years (FY02-FY08) has averaged \$6.4 million. In order to maintain this revenue trend, the state must continue to develop new subdivisions to sell.

It generally takes three to four years to develop subdivisions for sale to the public. The first year or two of that process generally does not require significant capital expenditures, as DNR is identifying the land for sale, preparing best interest findings and public notices, etc. These first year activities are largely funded through the operating budget. Once the project has gone through this public process, it then takes two or more years to develop the subdivision (site plan with soils analysis, wetland delineations, archaeology investigation, flood zone determination, survey, plat approval, and appraisal) and additional time to actually build roads, if required. As a result of the length of time to develop new subdivisions, CIP funds received for FY10 will go towards development of projects that will be sold primarily in FY11, FY12 and FY13 and future years.

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 or development issues.

Northern Region: Clearwater, Eureka, Liberty Bell, Middle River, Rosehip and Sullywood

Southcentral Region: Birklund, Diamond Lake, Houston, Montana Bend, and Vita

Southeast Region: Freshwater Bay, St John Harbor and Pelican Bay

- The Constitution requires settlement of state lands (Article VIII, Section 1); the program is authorized by statute (AS 38.05.055, .057).
- The program generates revenue through sales and the income is deposited in the Land Disposal Income Fund (LDIF).
- Revenues generated as a result of the projects developed through this project are expected to generate at least 20% more revenue than the expenditure. This is calculated from sale revenue results for new parcels sold in FY04 through FY 08. Over-the-counter sales continue to boost revenue and any sales which are funded with State financing also provide interest income as revenue. Revenues from all sales are expected to continue to exceed \$5.5 million per year in the LDIF.
- Nearly all of the survey, appraisal, and road construction work will be done by the private sector under contract to DNR.
- Actual costs for surveys, appraisals and road work conducted in prior years were used to estimate project costs.
- Alternatives considered included: 1) reducing the amount of land to be sold in FY11 and beyond; 2) developing subdivisions in areas where roads are not required (generally the unorganized borough); and 3) requesting additional funding in the Operating Budget. Due to public demand it is not feasible to reduce the amount of land to be sold or restrict. Selling more land in remote areas, without roads would reduce development costs but cause long-term access problems. Access is a continuing issue and responsibility for the State; creation of these subdivisions helps to alleviate access conflicts. Reducing the amount of land sold will also reduce the revenue to the State. However, with our projected level of sales, the programs not only pay for themselves but

provide additional revenue as well. Funding the programs through the CIP budget allows the flexibility needed for these multiyear programs.

Why is this Project Needed Now?

This project is needed in FY10 in order to continue to have desirable subdivision parcels available for sale to the public.

Specific Spending Detail:

<u>LINE ITEM</u>	<u>DOLLAR AMOUNT</u>	<u>DESCRIPTION</u>
Personal Services	\$ 187,000	Three long-term non-perm staff, three interns,(if needed) and staff overtime for field duty in support of program
Travel	\$ 60,000	Field inspections of parcels and project areas for appraisals, surveys, planning and development
Contractual Services	\$ 3,238,000	Contracts for land surveys, road construction, appraisals, cleanups and other development costs
Supplies	\$ 15,000	Brochures, ads, signs, public notice, printing supplies, postage, safety equipment, minor field 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, and municipal platting authorities.