

Mental Health Trust Land Facilities Maintenance**FY2012 Request: \$350,000****Reference No: 40474****AP/AL:** Appropriation**Project Type:** Equipment / Commodities**Category:** Natural Resources**Location:** Statewide**House District:** Statewide (HD 1-40)**Impact House District:** Statewide (HD 1-40)**Contact:** Jean Davis**Estimated Project Dates:** 07/01/2011 - 06/30/2016**Contact Phone:** (907)465-2422**Brief Summary and Statement of Need:**

The Trust Land Office (TLO) manages facilities owned by the Alaska Mental Health Trust Authority. As part of our mission to protect and enhance the value of the facilities, and maximize revenues from Alaska Mental Health Trust land, any improvements upon that land must be maintained accordingly. This authorization of funding allows for payment of short term expenses (utilities, janitorial, snow removal, etc.) as well as deferred maintenance expenses.

| Funding: | FY2012 | FY2013 | FY2014 | FY2015 | FY2016 | FY2017 | Total |
|-----------------|------------------|------------------|------------------|------------------|------------------|------------------|--------------------|
| MHTAAR | \$350,000 | \$400,000 | \$400,000 | \$400,000 | \$400,000 | \$400,000 | \$2,350,000 |
| Total: | \$350,000 | \$400,000 | \$400,000 | \$400,000 | \$400,000 | \$400,000 | \$2,350,000 |

| | | | | |
|---|---|---------------------------------------|--|--|
| <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:

SLA10/CH43 \$350.0 100% obligated or expended
 SLA9/CH13 \$350.0 100% obligated or expended
 SLA8/CH28 \$350.0 100% obligated or expended
 SLA6/CH34 \$350.0 100% obligated or expended
 SLA5/CH5 \$100.0 100% obligated or expended

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.

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 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 includes Trust owned facilities on the land. The TLO received approval from the Trust Board to establish a sub-account within the Mental Health Settlement Income Account for the purpose of accounting for deferred maintenance payments on facilities located on Trust land; and to further authorize the TLO to spend monies from that account for property maintenance.

To adequately protect the Trust's investment in a facility, the TLO allocates a portion of the annual rental income from that facility into a reserve account that can then be used to maintain the property. Typical maintenance items that would be funded from this account are utilities, roof repairs, boiler replacement, or fixing other structural components. The actual percentage that would be deferred to the maintenance reserve account will be calculated based on a case by case assessment of the particular facility, the annual rental rate, and the potential costs associated with maintaining the facility over the term of the lease. The TLO anticipates the amount to range from two to fifteen percent of the annual rental.

Why is this Project Needed Now?

Funds requested for FY12 will enable the TLO to pay for monthly utilities (electricity, gas, trash removal, etc.); complete property management responsibilities (snow removal, janitorial, etc.) and maintenance (over flowing toilets, light bulb replacement, etc.) for the facilities owned by The Trust. It also provides funding for deferred maintenance, i.e. roof replacement, carpet replacement, etc.

Specific Spending Detail:

| LINE ITEM | DOLLAR AMOUNT | DESCRIPTION (text) |
|-------------|---------------|---|
| Services | \$300,000 | Monthly utility payments and monthly contractual payments to private sector vendors for services such as janitorial, elevator, HVAC, snow removal, etc. |
| Commodities | \$50,000 | Purchasing supplies for building needs (i.e. snow melt, locks, keys, light bulbs, etc.). |

State Match Required: (check one)

- NO**
- YES**

Project Support:

Trust Land Office projects are supported by the Board of Trustees, Alaska Mental Health Trust Authority. Additional support is from the Department of Revenue, Alaska Mental Health Trust and the Department of Natural Resources.

Project Opposition:

None