

State of Alaska
FY2005 Governor's Operating Budget

Department of Natural Resources
Land Sales & Municipal Entitlements
Component Budget Summary

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Component: Land Sales & Municipal Entitlements**Contribution to Department's Mission**

To make land available for private and public use by present and future Alaskans by conveying title to individuals through direct land sale programs and to municipalities under the entitlement and other programs.

Core Services

REVENUE: In FY 05, this component is expected to generated \$4.7 million in revenue, and cost \$3.6 million. The revenue comes from sale of state land. Most of the costs in this component are for preparing land for sale. This component also includes conveyance to municipalities. One of the purposes of the municipal entitlement and tidelands conveyance programs is to generate revenue for local governments, therefore the municipal entitlement program results in net loss of revenue to the state government when income producing lands are transferred.

This component provides the following services:

- **LAND SALES TO INDIVIDUAL ALASKANS.** This program makes land available for private ownership. Tasks include: new land sales; new remote recreational cabin offerings; identify and classify additional lands for private ownership; and administering land sale contracts for lands previously offered. The 2000 Legislature gave the Division very specific performance measures for land sales. The Division is proud that it met these performance measures in FY 01, 02, and 03, and expects to continue to meet them in FY 04, and expand them in FY 05. For specific performance measures, see "Key Component Challenges, and Major Component Accomplishments."
- **LAND TRANSFERS TO MUNICIPALITIES UNDER MUNICIPAL ENTITLEMENTS.** This program transfers land to municipalities to provide an economic base for municipalities. The land is transferred in fulfillment of their municipal entitlements under AS 29.65. The legislature approved an increment in FY 03 that enabled DNR to accelerate the task of municipal conveyances. Municipal conveyances have increased from roughly 12,000 acres in past years, to 30,000 acres in FY 04, an estimated 40,000 in FY 05, and an estimated 60,000 acres in future years. This accelerated conveyance program eliminated what was a 50-year entitlement backlog within a decade. The major focus of FY 05 entitlements will continue to be North Slope, Kenai, Matanuska-Susitna and Northwest Arctic boroughs entitlements.
- **TIDELANDS AND LAND TRANSFERS FOR PUBLIC PURPOSES.** DNR transfers state owned tidelands to municipalities for existing and proposed development projects under AS 38.05.825 and upland parcels for public purposes under AS 38.05.810. The Division expects to process five parcels under this program in FY 05.
- **PREFERENCE RIGHT LAND SALES TO INDIVIDUALS.** DNR negotiates sales to individuals that qualify for preference right sales. The workload is determined in part by the number and complexity of applications. The Division expects to process 20 preference right applications in FY04.
- **LAND EXCHANGES.** Due to past budget reductions, land exchanges are only performed when one of the parties desiring the exchange is willing to pay for this service. No land exchanges are included with the budget; however, when a significant state interest is involved, a reimbursement agreement may be used to fund the process.
- **LAND PLANNING FOR DISPOSAL AND DEVELOPMENT.** Development of land use and development plans are largely funded through this component. These land use plans identify and classify land for new land disposals, transfers to municipalities, timber harvest, and other development. FY05 planning efforts include starting revisions of certain land use plans in order to designate land that may be transferred to municipalities, including possibly plans in the Yakutat, Northwest, or Bristol Bay regions, and initiating planning for tidelands areas in Southcentral Alaska (Kodiak or Prince William Sound).

End Results	Strategies to Achieve Results
<p>(1) To transfer state land into private ownership by individual Alaskans and to Municipalities for settlement, recreation, development and other uses.</p> <p><u>Target:</u> Sell 285 parcels of land, approximately 2,850 acres, per year. <u>Measure:</u> Number of new parcels and number of acres sold or under contracted for sale.</p> <p><u>Target:</u> Classify 5,000 acres of land for settlement (for future land sales). <u>Measure:</u> Acres classified through land use plans for settlement, agriculture, and other land disposals.</p> <p><u>Target:</u> Provide for Alaskans use of state land by transfer of 40,000 acres of state land to municipalities. <u>Measure:</u> Acres transferred (approved) to municipalities.</p> <p><u>Target:</u> Ensure that state land sales pay for program costs and generate a return to the state treasury. <u>Measure:</u> Annual revenue from state land sales.</p>	<p>(1) Offer land for sale to the public through a variety of programs.</p> <p><u>Target:</u> Offer 3,900 parcels of land for sale over-the-counter. <u>Measure:</u> Number of parcels for sale over-the-counter (OTC).</p> <p><u>Target:</u> Offer 250 Remote Recreation Cabin Stakings. <u>Measure:</u> Number of stakings offered.</p> <p><u>Target:</u> Over 100 New Subdivision Parcels for Sale. <u>Measure:</u> Number of new parcels offered for sale.</p> <p><u>Target:</u> Process 10 Preference Rights Sales. <u>Measure:</u> Number of applications processed.</p> <p>(2) Identify and classify land for future land sales, transfers to municipalities, and other resource development.</p> <p><u>Target:</u> Complete land use plans that classify additional state land for settlement and transfer to municipalities through land planning. <u>Measure:</u> New acres classified for settlement, transfer, or development.</p> <p>(3) Sell state land at fair market value to generate revenue to pay for future land sale costs and generate return to the General Fund, including long-term return through land sale contracts.</p> <p><u>Target:</u> Collect an estimated \$3.8 million in annual revenue from various land sale programs. <u>Measure:</u> Dollars received from land sales.</p> <p><u>Target:</u> Maintain land sale contracts from past land sales. <u>Measure:</u> Number of land sale contracts maintained.</p> <p>(4) Transfer state land to municipalities to encourage their growth and development, to generate revenue for municipalities, and for municipal land sale programs.</p> <p><u>Target:</u> Approve transfer of 40,000 acres to municipalities. <u>Measure:</u> Acres included in final decisions.</p> <p><u>Target:</u> Issue patents to municipalities for 6,000 acres. <u>Measure:</u> Acres of patents issued.</p>

Major Activities to Advance Strategies	
<ul style="list-style-type: none"> • Sell 100 parcels over the counter. • Sell 50 parcels at sealed bid auctions. 	<ul style="list-style-type: none"> • Complete and adopt two land use plans. • Appraise 360 new parcels being offered for sale.

Major Activities to Advance Strategies

- Grant 125 Remote recreation cabin staking authorizations.
- Issue 125 Remote Recreation Cabin Leases.
- Sell 10 parcels through preference rights sales.
- Issue 300 deeds to transfer title once full purchase price is paid.
- Identify and classify at least 5,000 acres of land for settlement through land use plans.
- Identify and classify at least 50,000 acres for potential transfer to municipalities and other resource development.
- Actively market the 3,900 OTC parcels and 360 new parcels through public information campaigns.
- Accept down payments and enter into purchase agreements or long-term sale contracts with 285 new purchasers.
- Maintain and collect payments for 1,900 land sale contracts from past land sales.
- Issue final administrative decisions to approve municipal selections for 40,000 acres.
- Issue patents or other deeds to municipalities for 6,000 acres.
- Issue final administrative decisions and issue patents to municipalities for 5 tidelands tracts.

FY2005 Resources Allocated to Achieve Results

FY2005 Component Budget: \$3,582,900

Personnel:

Full time	45
Part time	0
Total	45

Performance Measure Detail

(1) Result: To transfer state land into private ownership by individual Alaskans and to Municipalities for settlement, recreation, development and other uses.

Target: Sell 285 parcels of land, approximately 2,850 acres, per year.

Measure: Number of new parcels and number of acres sold or under contracted for sale.

Target: Classify 5,000 acres of land for settlement (for future land sales).

Measure: Acres classified through land use plans for settlement, agriculture, and other land disposals.

Target: Provide for Alaskans use of state land by transfer of 40,000 acres of state land to municipalities.

Measure: Acres transferred (approved) to municipalities.

Target: Ensure that state land sales pay for program costs and generate a return to the state treasury.

Measure: Annual revenue from state land sales.

(1) Strategy: Offer land for sale to the public through a variety of programs.

Target: Offer 3,900 parcels of land for sale over-the-counter.

Measure: Number of parcels for sale over-the-counter (OTC).

Target: Offer 250 Remote Recreation Cabin Stakings.

Measure: Number of stakings offered.

Target: Over 100 New Subdivision Parcels for Sale.

Measure: Number of new parcels offered for sale.

Target: Process 10 Preference Rights Sales.

Measure: Number of applications processed.

(2) Strategy: Identify and classify land for future land sales, transfers to municipalities, and other resource development.

Target: Complete land use plans that classify additional state land for settlement and transfer to municipalities through land planning.

Measure: New acres classified for settlement, transfer, or development.

(3) Strategy: Sell state land at fair market value to generate revenue to pay for future land sale costs and generate return to the General Fund, including long-term return through land sale contracts.

Target: Collect an estimated \$3.8 million in annual revenue from various land sale programs.

Measure: Dollars received from land sales.

Target: Maintain land sale contracts from past land sales.

Measure: Number of land sale contracts maintained.

(4) Strategy: Transfer state land to municipalities to encourage their growth and development, to generate revenue for municipalities, and for municipal land sale programs.

Target: Approve transfer of 40,000 acres to municipalities.

Measure: Acres included in final decisions.

Target: Issue patents to municipalities for 6,000 acres.

Measure: Acres of patents issued.

Key Component Challenges

LAND SALES TO ALASKANS.

The key issue for land sales for FY 05 is to identify and offer new areas for sale under the Subdivision and Remote Recreational Cabin programs. The 2000 legislature provide specific performance measures for the Division to meet in its land sale program. These were to offer the entire inventory of the state's unsold parcels up for sale in FY 02 and FY 03 in a manner that they remain permanently for sale until sold; beginning in FY 02 to annually offer at least 250 parcels for the remote recreation cabin program (the "stake-it-yourself" program); and beginning in FY 04 to offer at least 100 new pre-surveyed (subdivision) lots each year.

DNR is pleased to have met and to continue to meet these performance measures each year.

In FY 05, the Department is proposing an increment to increase the level of land sales: to begin a process of increasing the level of pre-surveyed lots offered to 300. There is a two-year development process before pre-surveyed lots are offered. Therefore, FY 05 funding will increase the offerings from 100 in FY 05 to 200 lots in FY 06 and 300 lots in FY 07 and future years.

LAND TRANSFERS TO MUNICIPALITIES UNDER MUNICIPAL ENTITLEMENTS

Over the last few years, the state has made a significant effort to finalize land ownership patterns: final state selections were made and prioritized in 1994. The mental health land trust dispute has been settled. Native corporations are finally gaining title to their land. In addition, the state has resumed its land disposal program to transfer land to private individuals. DNR is now committed to resolving the one remaining piece, the resolution of municipal entitlements.

In FY 03, the legislature funded DNR's requested increment to fund a comprehensive, public process to determine what land should be reclassified and made available for borough ownership. The six boroughs targeted through this project are Aleutians East, Lake and Peninsula, Denali, Northwest Arctic, North Slope, and Yakutat. This project started in FY 03. DNR continues to process high priority parcels for other boroughs, including Kenai, Mat-Su, and other communities. The challenge is to meet the performance measures for this program: 40,000 acres in FY 05 and 60,000 acres in FY 06.

Significant Changes in Results to be Delivered in FY2005

The Division is proposing an increment to the land sale program to increase the number of pre-surveyed lots offered to Alaskans. See discussion under "Major Component Challenges."

Major Component Accomplishments in 2003

LAND SALES TO INDIVIDUAL ALASKANS. In FY 03, the department sold 618 parcels or 5,000 acres for a total value of \$6,623,670. This is the largest amount of land sold and revenue earned since the 1980's. By comparison, last year's gross sale for both over the counter and auction parcels was \$4,388,501.00. This is an increase of 50%! In addition, acreage sold in FY03 exceeded FY 02 by over 1200 acres!

LAND TRANSFERS TO MUNICIPALITIES UNDER MUNICIPAL ENTITLEMENTS. In FY03, DNR approved for conveyance municipal entitlement selections totaling 9,250 acres.

TIDELANDS AND LAND TRANSFERS FOR PUBLIC PURPOSES. In FY03, DNR processed tidelands selections for four municipalities, totaling 35 acres.

LAND PLANNING FOR DISPOSAL AND DEVELOPMENT. In FY 03 DNR completed and adopted the Northern Southeast Area Plan that designates over 644,000 acres of uplands as available for development uses and available for municipal selection, and identifies 10,000 acres for new land disposals. There are approximately 673,000 upland acres of state owned land in the planning area. The plan also establishes land use designations and classifications for 2.5 million acres of tidelands.

In FY03, DNR completed the Upper Yukon Area Plan. This plan encompasses 4.2 million acres of state land. This plan designates over 100,000 acres as potential settlement areas. DNR completed revision of the Haines State Forest Plan in FY03. The Haines Forest Plan allows timber harvest on 42,000 acres of state land. DNR also completed land use plans for the Wood Tikchik State Park (1.5 million acres of state land) and Chilkat Bald Eagle Preserve (49,000 acres). These park plans will guide commercial recreational use of these two state park units.

Statutory and Regulatory Authority

The Land Sales and Municipal Entitlements Component operates under the following authorities:

Statutory

AS 29.65

AS 38.04

AS 38.05.035

AS 38.05.055 - 068

AS 38.05.125

AS 38.05.300

AS 38.05.810 - 825

AS 38.05.840

AS 38.05.860

AS 38.05.940

AS 38.08

AS 38.09

AS 38.50

Regulatory

11AAC (numerous sections)

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**Land Sales & Municipal Entitlements
Component Financial Summary**

All dollars shown in thousands

	FY2003 Actuals	FY2004 Authorized	FY2005 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	1,872.9	2,087.2	2,661.3
72000 Travel	63.3	32.0	32.0
73000 Contractual	709.1	894.9	859.3
74000 Supplies	63.8	24.8	24.8
75000 Equipment	4.8	5.5	5.5
76000 Land/Buildings	0.0	0.0	0.0
77000 Grants, Claims	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	2,713.9	3,044.4	3,582.9
Funding Sources:			
1002 Federal Receipts	27.1	56.8	58.3
1007 Inter-Agency Receipts	83.0	53.0	54.6
1108 Statutory Designated Program Receipts	7.4	71.5	73.9
1153 State Land Disposal Income Fund	2,596.4	2,863.1	3,396.1
Funding Totals	2,713.9	3,044.4	3,582.9

Estimated Revenue Collections

Description	Master Revenue Account	FY2003 Actuals	FY2004 Authorized	FY2005 Governor
Unrestricted Revenues				
State Land Disposal Income Fund	51434	2,016.8	946.9	1,056.6
Unrestricted Fund	68515	29.9	31.1	32.3
Unrestricted Total		2,046.7	978.0	1,088.9
Restricted Revenues				
Federal Receipts	51010	27.1	56.8	58.3
Interagency Receipts	51015	83.0	53.0	54.6
Statutory Designated Program Receipts	51063	7.4	71.5	73.9
State Land Disposal Income Fund	51434	2,596.4	2,863.1	3,396.1
Restricted Total		2,713.9	3,044.4	3,582.9
Total Estimated Revenues		4,760.6	4,022.4	4,671.8

**Summary of Component Budget Changes
From FY2004 Authorized to FY2005 Governor**

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2004 Authorized	0.0	56.8	2,987.6	3,044.4
Adjustments which will continue current level of service:				
-Changes to Retirement and Other Personal Services Rates	0.0	1.5	87.0	88.5
Proposed budget increases:				
-Increase Land Sale Offerings	0.0	0.0	450.0	450.0
FY2005 Governor	0.0	58.3	3,524.6	3,582.9

**Land Sales & Municipal Entitlements
Personal Services Information**

Authorized Positions		Personal Services Costs		
	FY2004 Authorized	FY2005 Governor		
Full-time	35	45	Annual Salaries	1,954,459
Part-time	0	0	Premium Pay	6,032
Nonpermanent	0	0	Annual Benefits	866,804
			<i>Less 5.87% Vacancy Factor</i>	(165,995)
			Lump Sum Premium Pay	0
Totals	35	45	Total Personal Services	2,661,300

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Administrative Clerk II	2	0	0	0	2
Administrative Clerk III	1	0	0	0	1
Analyst/Programmer III	1	0	0	0	1
Appraiser II	1	0	0	0	1
Cartographer II	1	0	0	0	1
Cartographer III	1	0	0	0	1
Land Survey Asst II	2	0	0	0	2
Land Surveyor I	1	0	0	0	1
Land Surveyor II	1	0	0	0	1
Natural Resource Mgr I	4	0	0	0	4
Natural Resource Mgr II	3	0	0	0	3
Natural Resource Mgr III	1	0	0	0	1
Natural Resource Spec I	9	0	0	0	9
Natural Resource Spec II	11	2	0	0	13
Natural Resource Spec III	1	0	0	0	1
Natural Resource Tech I	1	0	0	0	1
Natural Resource Tech II	2	0	0	0	2
Totals	43	2	0	0	45