

Land Sales - New Subdivision Development**FY2012 Request: \$3,700,000****Reference No: 38886****AP/AL:** Appropriation**Project Type:** Economic Assistance**Category:** Development**Location:** Statewide**Contact:** Jean Davis**House District:** Statewide (HD 1-40)**Contact Phone:** (907)465-2422**Estimated Project Dates:** 07/01/2011 - 06/30/2016**Brief Summary and Statement of Need:**

This would authorize DNR to propose, design and develop new subdivisions. New subdivisions require surveys, appraisals, wetlands delineations, topographical surveys, archaeological surveys, field inspections, access location, road building and rights-of-way brushing. DNR intends to offer new parcels for sale in FY14, FY15 and FY16. The land sales program contributes to the development of state land, gives Alaskans throughout the state an opportunity to purchase land, puts money into the private sector through service contracts and creates an income base for the State. Making state land available for private ownership by individual Alaskans is part of DNR's core mission.

Funding:	<u>FY2012</u>	<u>FY2013</u>	<u>FY2014</u>	<u>FY2015</u>	<u>FY2016</u>	<u>FY2017</u>	<u>Total</u>
State Land	\$3,700,000	\$3,700,000	\$3,700,000	\$3,700,000	\$3,700,000	\$4,000,000	\$22,500,000
Total:	\$3,700,000	\$3,700,000	\$3,700,000	\$3,700,000	\$3,700,000	\$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 10/CH43 \$ 3,600,000 On going
 SLA 09/CH 15 \$3,500,000 Implemented/ongoing
 SLA 08/CH 29 \$ 2,614,000 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 CIP would fund 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 water front parcels.

This project will increase the value of the land DNR sells by providing access; this brings increased revenue to the state. This 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 eight years (FY03-FY10) has averaged \$5.7 million. In order to maintain this revenue trend, the state must continue to develop new subdivisions to sell.

It generally takes four to five 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, conducting field inspections, preparing best interest findings and public notices, etc. 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, topological survey, archaeology investigation, flood zone determination, survey/monumentation, 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, funds received for FY 12 will go towards development of projects that will be sold primarily in FY 16, FY17, FY 18 and later years.

The following are potential subdivisions that may be funded. The specific projects may change as a result of public nominations, public comments, municipal platting or development issues.

Northern Region: Wien Lake, Tok Triangle IV, Tofty, Jack Wade Junction

Southcentral Region: Tom's Away, Whistle Stop, Sage

Southeast Region: Coffman cove, Coffman Island, Idaho Inlet, Lisianski Bay, Old Skid Road, Port Alexander

- *Does project meet constitutional or statutory responsibility?* Yes – Constitution requires settlement of state lands (Article VIII, Section 1), the program is authorized by statute (AS 38.05.055, .057).
- *Does project generate revenue for the state?* Yes, the program generates revenue through sales and the income is deposited in the Land Disposal Income Fund (LDIF).
- *If yes, how and identify specific revenue estimates.* Revenues generated as a result of the projects developed through this CIP are expected to generate revenue in excess of expenditure. 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.
- *Does project create on-going private sector jobs?* Yes, nearly all of the survey, appraisal, and road construction work will be done by the private sector under contract to DNR.
- *Describe the method used to estimate the total project cost.* Actual costs for surveys, appraisals and road work conducted in prior years were used to estimate project costs.
- *Describe other alternatives considered.* Alternatives considered included: 1) reducing the amount of land to be sold in FY 16 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.

Reducing the amount of land sold will also reduce the revenue to the State. Selling more land in remote areas, without roads would reduce development costs, however, these types of properties have less market value and could cause long-term access problems later. Access development is a continuing issue and sometimes an increase in responsibility for the State; creation of these subdivisions helps to alleviate future access conflicts. Funding the programs through the CIP budget allows the flexibility needed for these multiyear projects requiring road construction.

Why is this Project Needed Now?:

If these funds are not available for FY 12, then the land sale programs for FY 16 and beyond will be reduced. Roads are required for subdivisions in most municipalities or boroughs, and surveys are required for all subdivisions, so without the funding, DNR will only offer land for sale from previously funded projects, which would severely limit future land offerings. If funding for the program in FY 12 is not authorized, DNR will not be able to offer new parcels in subsequent years and will fail to meet its mandate to offer new lands for sale and will receive less revenue for the State.

Specific Spending Detail:

<u>LINE ITEM</u>	<u>DOLLAR AMOUNT</u>	<u>DESCRIPTION (text)</u>
Personal Services	\$ 308,000	Two long-term non-perm staff, four interns, and staff overtime for field duty in support of program
Travel	\$ 115,500	Field inspections of parcels and project areas for appraisals, surveys, planning and development
Services	\$ 3,276,500	Contracts for land surveys, road construction, appraisals, cleanups and other development costs

State Match Required:

- NO**
- YES**

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, contractors, borough and municipal planners and platting authorities.

Project Opposition:

Program does not experience opposition in general. DNR often encounters significant public opposition to specific land sale proposals, often by people who live in or currently use the area.