

State of Alaska FY2002 Governor's Operating Budget

Department of Natural Resources
Mental Health Trust Lands Administration
Component

Component: Mental Health Trust Lands Administration

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Component Mission

The Trust Land Office (TLO), supported by funds derived from Trust Income, manages and develops Alaska Mental Health Trust lands on behalf of the Alaska Mental Health Trust Authority to help improve the lives and circumstances of Trust beneficiaries. Annual income earned is available for distribution by the Trust Authority in the following year; principal earned contributes to income distributed in subsequent years.

Component Services Provided

- Administer existing transactions on Trust lands (e.g., contracts, leases, permits, rights-of-way and other encumbrances affecting Trust lands).
- Initiate new and diverse revenue-generating activities on Trust land.
- Fully account for Trust Land Office revenues, costs, and actions.

Component Goals and Strategies

- Maximize revenue generated from Trust lands over time through prudent administration of existing transactions, and generating new activity on Trust lands. The revenue objective for FY02 is \$4.9 million.
- Protect and enhance the long-term productivity of the Trust land portfolio. The FY02 objective is to inspect key activity areas on Trust land, e.g. Fort Knox Mine, Subport Leases, Icy Cape Timber Sale Area, Thorne Bay Timber Sale Area, etc. Additionally, TLO staff will inspect unencumbered Trust land whenever reasonable to do so. Finally, the TLO will continue efforts to rezone parcels, remove problematic encumbrances and plan for future development of key parcels.
- Ensure the maximum revenue is available for Trust Authority allocation by maintaining cost-effective Trust Land Office operations. The FY02 objective is that Trust Land Office costs will not exceed 25% of gross revenues.
- Maintain full accountability and positive reputation for Trust Land Office operations. The FY02 objective is to complete one annual report, four quarterly reports and 12 monthly reports.

Key Component Issues for FY2001 – 2002

- Increased diversity of Trust land transactions.
- Conversion of sensitive Trust lands (e.g. environmentally unique lands) to cash or other less sensitive assets.
- Volatile resource values over time.

Major Component Accomplishments for FY2000

- Exceeded \$3.5 million dollar revenue goal by about 6%, with FY00 gross revenues of about \$3.7 million.
- Maintained core operating costs at about 18% of gross revenues (goal was less than 25%).
- Completed monthly, quarterly and annual reports to the Trust Authority.

- Consulted regularly with the Trust Authority on significant issues affecting Trust lands.
- Completed inspections in eight areas of the state.

Statutory and Regulatory Authority

AS 37.13.300

Key Performance Measures for FY2002

Measure: Exceed the FY02 revenue goal of \$4.9 million dollars, comprised of \$2.0 million in income and \$2.9 million in principal.

(Not yet addressed by Legislature.)

Benchmark:

Comparable public and private sector transactions. e.g. oil and gas royalty rates of 12.5% or better, land lease rates of 8% or better, land sales at or exceeding appraised value, and mineral leases at 2.5% net smelter or better.

Background and Strategies:

Revenue increase strategy assumes increased revenues from mineral transactions, land sales and leases.

Measure: Maintain core-operating costs at less than 25% of gross revenues.

(Not yet addressed by Legislature.)

Benchmark:

This measure is comparable to operating costs experienced by other western state trust land managers.

Background and Strategies:

The Trust Land Office will continue to strive to limit its operating costs through effective use of Trust Land Office resources and cost effective use of public and private sector contractors.

Measure: Complete required monthly, quarterly and annual reports to the Trust Authority.

(Not yet addressed by Legislature.)

Benchmark:

This measure is comparable to reporting expectations associated with school trust land managers in the Western States.

Background and Strategies:

Key strategy associated with this measure will be to continue to streamline the reporting process, thereby freeing up more time for revenue generating activities.

Status of FY2001 Performance Measures

	<i>Achieved</i>	<i>On track</i>	<i>Too soon to tell</i>	<i>Not likely to achieve</i>	<i>Needs modification</i>
• Exceed the FY01 revenue goal of \$4.1 million dollars, comprised of \$1.8 million in income and \$2.3 million in principal.		X			
• Maintain core-operating costs at less than 25% of gross revenues.		X			
• Complete required quarterly and annual reports to the Trust Authority.		X			

Mental Health Trust Lands Administration
Component Financial Summary

All dollars in thousands

	FY2000 Actuals	FY2001 Authorized	FY2002 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	505.1	611.0	638.3
72000 Travel	24.1	30.0	30.0
73000 Contractual	153.1	288.9	288.9
74000 Supplies	13.7	11.0	11.0
75000 Equipment	16.0	15.0	15.0
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	712.0	955.9	983.2
Funding Sources:			
1092 Mental Health Trust Authority Authorized Receipts	712.0	955.9	983.2
Funding Totals	712.0	955.9	983.2

Estimated Revenue Collections

Description	Master Revenue Account	FY2000 Actuals	FY2001 Authorized	FY2001 Cash Estimate	FY2002 Governor	FY2003 Forecast
Unrestricted Revenues						
Unrestricted Fund	68515	3,630.1	4,116.0	4,116.0	4,900.0	5,900.0
Unrestricted Total		3,630.1	4,116.0	4,116.0	4,900.0	5,900.0
Restricted Revenues						
None.		0.0	0.0	0.0	0.0	0.0
Restricted Total		0.0	0.0	0.0	0.0	0.0
Total Estimated Revenues		3,630.1	4,116.0	4,116.0	4,900.0	5,900.0

Mental Health Trust Lands Administration

Proposed Changes in Levels of Service for FY2002

Increasing the part-time, non-permanent Trust Resource Technician position to a permanent, full-time position will provide year-round technical support to the Trust Land Office, allowing for increased productivity of Trust staff.

Summary of Component Budget Changes

From FY2001 Authorized to FY2002 Governor

All dollars in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2001 Authorized	0.0	0.0	955.9	955.9
Adjustments which will continue current level of service:				
-Year 2 Labor Costs - Net Change from FY2001	0.0	0.0	2.3	2.3
Proposed budget increases:				
-Provide Full-Time Technical Support for the Mental Health Trust Land Office	0.0	0.0	25.0	25.0
FY2002 Governor	0.0	0.0	983.2	983.2

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Personal Services Information

Authorized Positions			Personal Services Costs	
	FY2001 Authorized	FY2002 Governor		
Full-time	8	9	Annual Salaries	484,127
Part-time	0	0	COLA	11,566
Nonpermanent	4	3	Premium Pay	0
			Annual Benefits	173,250
			<i>Less 4.58% Vacancy Factor</i>	(30,643)
			Lump Sum Premium Pay	0
Totals	12	12	Total Personal Services	638,300

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Ex Dir Mental Hlth Land Trust	1	0	0	0	1
Natural Resource Mgr I	1	0	0	0	1
Natural Resource Tech II	1	0	0	0	1
Student Intern I	1	0	0	0	1
Trust Resources Manager	6	0	0	0	6
Trust Resources Technician	2	0	0	0	2
Totals	12	0	0	0	12