

# **State of Alaska FY2002 Governor's Operating Budget**

Department of Natural Resources  
Land Sales & Municipal Entitlements  
Component

## **Component: Land Sales & Municipal Entitlements**

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### **Component 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.

In FY 02, significant anticipated outcomes include:

- Offer 2,765 parcels of land for sale to individual Alaskans, including both re-offered subdivision lots and new remote recreational properties;
- Transfer 12,000 acres to municipalities and transfer of at least six tideland parcels to municipalities to be used for development projects;
- Identification of over 16,000 acres for settlement, transfer to municipalities, and other development.

### **Component Services Provided**

Specific functions of this component include land sales to the public, land transfers to municipalities, long-term administration of land sale contracts, land exchanges, identifying land for public, municipal, and private use and development through land use plans, and related support services. Support services include appraisals to determine the value of lands sold, surveys to determine property boundaries, and graphics staff to prepare maps and brochures depicting land for sale. The graphics staff also provides graphics services to the entire department.

The FY 02 State Land Disposal Income Fund will fund approximately \$2.4 million of this component. Revenues from the state land sale program will generate an estimated \$2.8 million. 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. In FY02, DNR intends to offer 2,765 parcels of land.

#### **LAND TRANSFERS TO MUNICIPALITIES UNDER MUNICIPAL ENTITLEMENTS**

This program includes the following tasks: determine how much land new municipalities are entitled to under AS 29.65; process high priority selections from municipalities; prepare survey instruction and review surveys of municipal lands; issue deeds to municipalities; and identify and classify land for municipal ownership. The major focus of FY 02 entitlements will be North Slope, Kenai, and Northwest Arctic boroughs entitlements. DNR's goal for FY 02 is to approve 12,000 acres of municipal requests and issue patent to 5,000 additional acres.

#### **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. Our goal for FY 02 is to process ten parcels under this program.

#### **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. DNR's goal is to process 10 preference right applications in FY02.

#### **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. Current land exchanges include an exchange funded by Exxon Valdez Oil Spill (EVOS)

Restoration funds near Old Harbor. Staff also respond to numerous inquiries from the public and other agencies regarding exchanges, and review federal legislation involving land exchanges.

#### 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.

FY02 planning efforts include the Northern Southeast plan to enable timber development and commercial recreational development, planning for recreation and tourism development along the Taylor Highway, and planning for tidelands areas in Southcentral Alaska, including Kodiak or Prince William Sound.

The land use planning function is divided amongst three budget components, as planning and classification enables most disposals of state land. Due to past budget reductions, staffing and production from these planning efforts have been significantly reduced from past years.

### **Component Goals and Strategies**

#### Land Sales

In FY 01, DNR launched an expanded land sale program that will result in significantly more land being offered in FY 02. DNR's goal is to continue this expanded land sale program into FY 02 and FY 03. Because of the time needed to identify and appraise land for sale, land sales funded in FY 01 occur in FY 02 or 03. Revenue generated includes principal and interest from existing sale contracts, and down payments and revenue from new land sales. For existing land sale contracts DNR must send out notices, receive money, and process changes to contracts. A significant contract workload is processing requests for assignments of contracts. DNR also processes Preference Right Land sales to individuals. Through long-range planning, additional land is identified and classified for future land sales.

Land Transfers to Municipalities under Municipal Entitlements, Tidelands Conveyances, and for public purposes Acreage/land is conveyed and patented to municipalities under the municipal entitlement program. New acreage/land is identified and classified as available for conveyance to existing or future municipalities.

#### Land Exchanges

These will only be pursued where specifically funded through RSA's or Cooperative Agreements from other sources. Identify and classify land for disposal and development. Through land use plans, state land is made available for disposal and transfer to municipalities. In FY 02, DNR intends to complete a plan for the Upper Yukon/Taylor Highway area, develop a draft plan for Northern Southeast Alaska, and launch a new planning effort in Southcentral Alaska.

Additional output and measurement information is available upon request from DNR Admin Services Manager (Nico Bus 465-2406).

### **Key Component Issues for FY2001 – 2002**

#### Land Sales to Individual Alaskans

During the 2000 Legislative session, the legislature established a land disposal income account (Senate Bill 283) that enables past land disposals to pay for future land disposals, plus yield increased revenue for the state. SB 283, combined with recent changes to DNR land disposal and contract regulations, enables the state to have a long-term, self funding land disposal program. In 2001, DNR will offer land for the first time under the new Remote Recreation Cabin program. Major new land disposal projects may also require capital appropriations to cover major costs, primarily for roads that are required for land disposal in many municipalities.

#### Land Transfers to Municipalities under Municipal Entitlements

New municipalities may form in the unorganized borough. During FY 02, DNR will complete additional classification actions to enable future borough selections and conveyances.

#### Land Exchanges

Various potential land exchanges involving federal lands, such as involving an exchange to enable a hydroelectric project on Fall Creek near Gustavus may occur.

### **Major Component Accomplishments for FY2000**

#### Land Sales to Individual Alaskans

In early FY 01, DNR offered 279 subdivision lots for sale through a sealed bid auction. Total high bids received from this sale were \$1.2 million. Total revenues from state land sales in FY 00 were \$2.4 million. In FY 01, DNR has identified and is currently appraising over 2,500 parcels that will be offered for sale in Fall 2001 (FY 2002). In FY 01, DNR developed regulations and will identify land for the Remote Recreation Cabin Program, a new stake-it-yourself program. 250 parcels will be offered under this program in 2001. Because the offering will cross fiscal years, and the sales will not be executed until FY 2002.

#### Land Transfers to Municipalities under Municipal Entitlements

In FY 00, DNR approved for conveyance municipal entitlement selections totaling more than 12,000 acres for the following municipalities: Anchorage, Anderson, Haines, Matanuska-Susitna, Nondalton, Lake and Peninsula, and Yakutat. DNR issued patents to Anchorage, Cordova, Fairbanks - North Star, Haines, Kenai, Matanuska-Susitna, Nenana, Valdez, Whittier, and Yakutat.

#### Tidelands and land transfers for public purposes

In FY 00, DNR processed tidelands selections for Cordova, Dillingham, Seward, and Yakutat.

#### Land Exchanges

This item was not funded in FY 00. DMLW completed work on an exchange involving mineral properties in the Hatcher Pass area that was funded by State Parks. DMLW continued work on one exchange involving Native Corporation land at Old Harbor on Kodiak Island that was funded by EVOS. DMLW reviewed two proposed federal land exchanges and researched numerous proposals from the public or federal agencies for additional land exchanges.

#### Land Planning

In FY 00 DNR completed and adopted the Kenai Area Plan that classified over 3 million acres of state land. The plan identified over 600,000 acres for borough selection. DNR also prepared the draft Central-Southern Southeast Area Plan (which was adopted in FY 01), and classified over 3 million acres of state land, the Central-Southern Southeast Area Plan identified 64,000 acres as are available for timber harvest, out of the state 160,000 upland acres.

### **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)

**Key Performance Measures for FY2002**

**Measure: Number of acres of land conveyed to municipalities**

*(Developed jointly with Legislature in FY2000.)*

**Benchmark:**

In FY 02, DNR intends to transfer at least 12,000 acres to municipalities. DNR also intends to transfer tideland parcels to at least five municipalities.

**Background and Strategies:**

This program transfers state land to municipalities for development, disposal, revenue generation and public purposes. Tasks include: determine acreage of entitlements under AS 29.65, approve municipal selections, issue deeds to municipalities, and identify and classify land for municipal ownership.

**Measure: Number of acres of land sold and amounts of revenue generated from land sales**

*(Developed jointly with Legislature in FY2000.)*

**Benchmark:**

In FY 02, DNR intends to offer 2,500 subdivision lots (re-offers of parcels previously surveyed), totaling approximately 25,000 acres, and 250 remote recreation cabin sites (2,500 acres).

**Background and Strategies:**

This program makes land available for private ownership. Tasks include: Offer new land for sale; identify and classify additional lands for private ownership; and administer land sale contracts for lands previously offered. In FY 02, DNR intends to offer 2,500 parcels of land, totaling 25,000 acres, and we hope to generate \$2.8 million.

**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> |
|---|-----------------|-----------------|-------------------------|------------------------------|---------------------------|
| • Number of acres of land conveyed to municipalities                            | X               |                 |                         |                              |                           |
| • Number of acres of land sold and amounts of revenue generated from land sales |                 | X               |                         |                              |                           |
| • The average revenue received for each land sale or lease.                     |                 | X               |                         |                              |                           |

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

All dollars in thousands

|  | FY2000 Actuals | FY2001 Authorized | FY2002 Governor |
|--|----------------|-------------------|-----------------|
| <b>Non-Formula Program:</b>                |                |                   |                 |
| <b>Component Expenditures:</b>             |                |                   |                 |
| 71000 Personal Services                    | 0.0            | 1,590.2           | 1,590.0         |
| 72000 Travel                               | 0.0            | 42.0              | 42.0            |
| 73000 Contractual                          | 0.0            | 789.7             | 1,037.7         |
| 74000 Supplies                             | 0.0            | 29.8              | 29.8            |
| 75000 Equipment                            | 0.0            | 10.5              | 10.5            |
| 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             |
| <b>Expenditure Totals</b>                  | <b>0.0</b>     | <b>2,462.2</b>    | <b>2,710.0</b>  |
| <b>Funding Sources:</b>                    |                |                   |                 |
| 1002 Federal Receipts                      | 0.0            | 51.8              | 51.7            |
| 1004 General Fund Receipts                 | 0.0            | 0.0               | 0.0             |
| 1007 Inter-Agency Receipts                 | 0.0            | 159.4             | 158.3           |
| 1061 Capital Improvement Project Receipts  | 0.0            | 73.9              | 0.0             |
| 1108 Statutory Designated Program Receipts | 0.0            | 10.1              | 68.7            |
| 1153 State Land Disposal Income Fund       | 0.0            | 2,167.0           | 2,431.3         |
| <b>Funding Totals</b>                      | <b>0.0</b>     | <b>2,462.2</b>    | <b>2,710.0</b>  |

**Estimated Revenue Collections**

| Description                           | Master Revenue Account | FY2000 Actuals | FY2001 Authorized | FY2001 Cash Estimate | FY2002 Governor | FY2003 Forecast |
|---------------------------------------|------------------------|----------------|-------------------|----------------------|-----------------|-----------------|
| <b>Unrestricted Revenues</b>          |                        |                |                   |                      |                 |                 |
| State Land Disposal Income Fund       | 51434                  | 0.0            | 0.0               | 135.0                | 370.0           | 898.0           |
| <b>Unrestricted Total</b>             |                        | <b>0.0</b>     | <b>0.0</b>        | <b>135.0</b>         | <b>370.0</b>    | <b>898.0</b>    |
| <b>Restricted Revenues</b>            |                        |                |                   |                      |                 |                 |
| Federal Receipts                      | 51010                  | 0.0            | 51.8              | 16.5                 | 51.7            | 50.0            |
| Interagency Receipts                  | 51015                  | 0.0            | 159.4             | 90.7                 | 158.3           | 159.4           |
| Statutory Designated Program Receipts | 51063                  | 0.0            | 10.1              | 10.1                 | 68.7            | 70.1            |
| Capital Improvement Project Receipts  | 51200                  | 0.0            | 73.9              | 73.9                 | 0.0             | 0.0             |
| <b>Restricted Total</b>               |                        | <b>0.0</b>     | <b>295.2</b>      | <b>191.2</b>         | <b>278.7</b>    | <b>279.5</b>    |
| <b>Total Estimated Revenues</b>       |                        | <b>0.0</b>     | <b>295.2</b>      | <b>326.2</b>         | <b>648.7</b>    | <b>1,177.5</b>  |

## Land Sales & Municipal Entitlements

### Proposed Changes in Levels of Service for FY2002

Approximately 2,750 parcels will be offered in FY 02. This is a huge change in offerings relative to previous years.

There are some budget changes as a result of SB283 - \$248.0 in survey cost for new subdivisions are added per the Fiscal Note and \$73.9 CIP receipts are decremented.

In order to be able to expedite processing of land transfers \$60.0 in Statutory Designated Program Receipts are added.

### 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> |
|--|----------------------|----------------------|--------------------|--------------------|
| <b>FY2001 Authorized</b>   | <b>0.0</b>           | <b>51.8</b>          | <b>2,410.4</b>     | <b>2,462.2</b>     |
| <b>Adjustments which will continue current level of service:</b>                           |                      |                      |                    |                    |
| -Year 2 Labor Costs - Net Change from FY2001   | 0.0                  | -0.1                 | 12.8               | 12.7               |
| <b>Proposed budget decreases:</b>  |                      |                      |                    |                    |
| -Decrease CIP Receipts Authorization per Second Year of Fiscal Note for SB283 (SLA00/CH63) | 0.0                  | 0.0                  | -72.9              | -72.9              |
| <b>Proposed budget increases:</b>  |                      |                      |                    |                    |
| -Survey Costs in New Subdivisions for the Land Disposal Program                            | 0.0                  | 0.0                  | 248.0              | 248.0              |
| -Expedite Land Entitlements and Exchanges  | 0.0                  | 0.0                  | 60.0               | 60.0               |
| <b>FY2002 Governor</b>   | <b>0.0</b>           | <b>51.7</b>          | <b>2,658.3</b>     | <b>2,710.0</b>     |

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

| <b>Authorized Positions</b> |                              |                            | <b>Personal Services Costs</b>   |                  |
|-----------------------------|------------------------------|----------------------------|----------------------------------|------------------|
|                             | <b>FY2001<br/>Authorized</b> | <b>FY2002<br/>Governor</b> |                                  |                  |
| Full-time                   | 20                           | 28                         | Annual Salaries                  | 1,212,965        |
| Part-time                   | 0                            | 0                          | COLA                             | 12,259           |
| Nonpermanent                | 0                            | 0                          | Premium Pay                      | 0                |
|                             |                              |                            | Annual Benefits                  | 451,356          |
|                             |                              |                            | <i>Less 5.16% Vacancy Factor</i> | (86,580)         |
|                             |                              |                            | Lump Sum Premium Pay             | 0                |
| <b>Totals</b>               | <b>20</b>                    | <b>28</b>                  | <b>Total Personal Services</b>   | <b>1,590,000</b> |

**Position Classification Summary**

| <b>Job Class Title</b>   | <b>Anchorage</b> | <b>Fairbanks</b> | <b>Juneau</b> | <b>Others</b> | <b>Total</b> |
|--------------------------|------------------|------------------|---------------|---------------|--------------|
| Administrative Clerk II  | 3                | 0                | 0             | 0             | 3            |
| Cartographer II          | 1                | 0                | 0             | 0             | 1            |
| Cartographer III         | 1                | 0                | 0             | 0             | 1            |
| Land Survey Asst II      | 1                | 0                | 0             | 0             | 1            |
| Land Surveyor II         | 1                | 0                | 0             | 0             | 1            |
| Natural Resource Mgr I   | 5                | 0                | 0             | 0             | 5            |
| Natural Resource Mgr II  | 2                | 0                | 0             | 0             | 2            |
| Natural Resource Mgr III | 1                | 0                | 0             | 0             | 1            |
| Natural Resource Off I   | 6                | 1                | 0             | 0             | 7            |
| Natural Resource Off II  | 5                | 0                | 0             | 0             | 5            |
| Natural Resource Tech II | 1                | 0                | 0             | 0             | 1            |
| <b>Totals</b>            | <b>27</b>        | <b>1</b>         | <b>0</b>      | <b>0</b>      | <b>28</b>    |