

**State of Alaska
FY2004 Governor's Operating Budget**

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

Component: Land Sales & Municipal Entitlements

Contact: Richard Mylius, Chief, Resource Assessment and Development

Tel: (907) 269-8532 **Fax:** (907) 269-8915 **E-mail:** dickm@dnr.state.ak.us

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.

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 2000 Legislature gave the Division very specific performance measures for land sales. The Division is proud that it met these performance measures in FY01 and FY02.

The FY04 State Land Disposal Income Fund will fund approximately \$2.7 million of this component. Revenues from the state land sale program will generate an estimated \$3.4 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. For specific performance measures met in FY 03 and expected for FY 04, please see "Component Goals and Strategies."

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 legislature approved an increment in FY 03 that enabled DNR to accelerate the task of municipal conveyances. The major focus of FY 04 entitlements will continue to be North Slope, Kenai, Matanuska-Susitna and Northwest Arctic boroughs entitlements. The acreages conveyed to municipalities will increase to approximately 40,000 in FY 04 due to the budget increment.

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 ten parcels under this program in FY 04.

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 5 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. A land exchange was completed in FY 03 involving lands near Old Harbor on Kodiak Island. This exchange was funded by Exxon Valdez Oil Spill (EVOS) Restoration funds and acquired land that is important for public access, recreation, and wildlife habitat. 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.

FY04 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).

Component Goals and Strategies

LAND SALES TO INDIVIDUAL ALASKANS

The 2000 legislature provided additional funds, new legislation, and very specific performance goals for the land sale program. As a result, in FY 01, DNR launched an expanded land sale program that resulted in significantly more land being offered and sold in FY 02 and FY 03. DNR's goal is to continue this expanded land sale program into FY 04 and beyond. Because of the time needed to identify and appraise land for sale, new land sales funded in FY 04 occur in FY 06 or 07. 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.

The legislature's performance goals were as follows. For each of FY 02 and FY 03: 2,500 re-offer parcels and 250 remote cabin site parcels (the "stake-it-yourself program"). In FY 02, the Division offered 2,418 re-offer parcels and 295 remote cabin site parcels, in FY 03 DNR will offer 2,400 and 255 respectively. The number of re-offer parcels offered in FY 02 and 03 was slightly less than expected because several hundred parcels that DNR desired to offer had unexpected liens or major title problems, and could not be offered for sale until these issues were resolved.

LAND TRANSFERS TO MUNICIPALITIES UNDER MUNICIPAL ENTITLEMENTS, TIDELAND CONVEYANCES, AND FOR PUBLIC PURPOSES

Land is conveyed and patented to municipalities under the municipal entitlement program. Additional 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.

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 03, DNR completed plans for the Upper Yukon/Taylor Highway area and Northern Southeast Alaska. In late FY 03 or early FY 04 DNR intends to launch two new planning efforts 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 FY2003 – 2004

LAND SALES TO ALASKANS

The key issue for land sales for FY 04 is to identify and offer new areas for sale under the Subdivision and Remote Recreational Cabin programs, and to resolve title problems and liens on several hundred previously surveyed parcels that DNR intended to offer in FY 03.

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.

This increment would allow DNR to transfer management of 40,000 acres to these boroughs beginning in FY 04 and up to 60,000 acres in FY 05 and subsequent years. It will allow us to resolve within approximately a decade, what is now a 50 year backlog in municipal entitlements.

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 in 2002

LAND SALES TO INDIVIDUAL ALASKANS

In FY 02, DNR offered 2,418 subdivision lots for sale through two sealed bid auctions, nearly a ten-fold increase from the previous year. In FY 03, DNR offered an additional 2,000 parcels through sealed bid auction in fall 02. As of September 19, 2002, 2,035 parcels remained available for sale "over-the-counter" from previous years. In FY 02, DNR offered land for the first time under the Remote Recreation Cabin Program, a new stake-it-yourself program. 295 parcels were offered under this program in 2001, with 687 applications received. In FY 02, 255 parcels were offered with 776 applications received.

Interest in state land sales has been greater than expected, resulting in the state receiving more revenue than was projected. Total FY02 revenue from state land sales (excluding agriculture sales) was \$3.1 million, which is greater than the \$2.1 million cost for the component. The forecast revenue for FY 04 is \$3.1 million.

LAND TRANSFERS TO MUNICIPALITIES UNDER MUNICIPAL ENTITLEMENTS

In FY 02, DNR approved for conveyance municipal entitlement selections totaling 15,979 acres for the following municipalities: Denali Borough, Dillingham, Kenai Peninsula Borough and Matanuska-Susitna Borough. DNR issued patents to Anchorage, Dillingham, Kenai Peninsula Borough, and Matanuska-Susitna Borough.

TIDELANDS AND LAND TRANSFERS FOR PUBLIC PURPOSES

In FY 02, DNR processed tidelands selections for four municipalities, totaling 116 acres.

LAND EXCHANGES

This item was not funded in FY 02. However, 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 that

impacted state lands and researched numerous proposals from the public or federal agencies for additional land exchanges.

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 FY 03, 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 FY 03. 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)

Land Sales & Municipal Entitlements
Component Financial Summary

All dollars in thousands

	FY2002 Actuals	FY2003 Authorized	FY2004 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	1,511.2	2,010.4	2,057.9
72000 Travel	57.1	47.0	32.0
73000 Contractual	483.2	954.3	894.9
74000 Supplies	40.9	29.8	24.8
75000 Equipment	0.0	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	2,092.4	3,047.0	3,015.1
Funding Sources:			
1002 Federal Receipts	0.1	55.8	56.2
1004 General Fund Receipts	7.2	0.0	0.0
1007 Inter-Agency Receipts	87.6	161.9	52.4
1108 Statutory Designated Program Receipts	23.2	70.0	70.7
1153 State Land Disposal Income Fund	1,974.3	2,759.3	2,835.8
Funding Totals	2,092.4	3,047.0	3,015.1

Land Sales & Municipal Entitlements

Proposed Changes in Levels of Service for FY2004

The Division has had one issue with respect to land sale contracts. The Division has been selling significantly more land than we estimated. After each auction, and each time a new group of parcels becomes available over-the-counter, we have had a rush of sales and a backlog in processing of land-sale contracts. Some customers have had to wait as long as six months to get their contract processed. For that reason, the FY 04 change record proposes an increment of \$59.6 in LDIF to personal services to fund an additional NRS II to process contracts.

Summary of Component Budget Changes

From FY2003 Authorized to FY2004 Governor

All dollars in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2003 Authorized	0.0	55.8	2,991.2	3,047.0
Adjustments which will continue current level of service:				
-Annualize FY2003 COLA Increase for General Government and Supervisory Bargaining Units	0.0	0.4	18.1	18.5
-Transfer IA receipts to Claims, Permits and Leases component	0.0	0.0	-110.0	-110.0
Proposed budget increases:				
-Land Sale Contracts Processing	0.0	0.0	59.6	59.6
FY2004 Governor	0.0	56.2	2,958.9	3,015.1

Land Sales & Municipal Entitlements

Personal Services Information

	Authorized Positions		Personal Services Costs	
	<u>FY2003</u> <u>Authorized</u>	<u>FY2004</u> <u>Governor</u>		
Full-time	34	35	Annual Salaries	1,574,800
Part-time	0	0	Premium Pay	5,744
Nonpermanent	0	0	Annual Benefits	568,259
			<i>Less 4.23% Vacancy Factor</i>	(90,903)
			Lump Sum Premium Pay	0
Totals	34	35	Total Personal Services	2,057,900

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Administrative Clerk II	2	0	0	0	2
Analyst/Programmer III	1	0	0	0	1
Appraiser II	1	0	0	0	1
Cartographer II	1	0	0	0	1
Land Survey Asst II	1	0	0	0	1
Land Surveyor I	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 Spec I	7	0	0	0	7
Natural Resource Spec II	8	1	0	0	9
Natural Resource Tech II	3	0	0	0	3
Totals	34	1	0	0	35