

Mental Health Trust Land Facilities Maintenance**FY2007 Request: \$350,000****Reference No: 40474****AP/AL:** Appropriation**Project Type:** Deferred Maintenance**Category:** Natural Resources**Location:** Statewide**Contact:** Nico Bus**House District:** Statewide (HD 1-40)**Contact Phone:** (907)465-2406**Estimated Project Dates:** 07/01/2006 - 06/30/2009**Brief Summary and Statement of Need:**

The Trust Land Office (TLO) manages facilities owned by the Alaska Mental Health Trust Authority. As part of our mission to protect and enhance values of and maximize revenues from Alaska Mental Health Trust Land, any improvements upon that land must be maintained accordingly. This project provides funding for maintenance of facilities, paid from a portion of the lease/rental income the facilities generate.

Funding:	<u>FY2007</u>	<u>FY2008</u>	<u>FY2009</u>	<u>FY2010</u>	<u>FY2011</u>	<u>FY2012</u>	<u>Total</u>
MHTAAR	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000	\$2,100,000
Total:	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000	\$2,100,000

<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 checked="" 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:

FSSLA05/CH5 - \$100,000

Project Description/Justification:

Sec 37.14.009 (a) (2) of the Alaska Statutes requires that the Alaska Mental Health Trust Authority "contract with the Department of Natural Resources to manage the land assets of the Trust, in conformity with AS 38.05.801 (Trust Land management). 11AAC 99.020(b) requires that that Trust land be managed "solely in the best interest of the Alaska Mental Health Trust and its beneficiaries. When determining the best interest of the Trust and its beneficiaries the TLO must consider specific principles set out in 11 AAC 99.020(c):

- maximization of long-term revenue from trust land;
- protection of the corpus;
- protection and enhancement of the long-term productivity of trust land;
- encouragement of a diversity of revenue-producing uses of trust land; and
- management of trust land prudently, efficiently, and with accountability to the trust and its beneficiaries.

Effective management of Trust lands includes Trust owned facilities on the land. The TLO requested and received approval from the Trust Board to pass a Resolution that would establish a sub-account within the Mental Health Settlement Income Account for the purpose of accounting for deferred maintenance payments on facilities located on Trust land; and to further authorize the TLO to spend monies from that account for such property maintenance.

To adequately protect the Trust's investment in a facility, the TLO should allocate a portion of the annual rental income from that facility into a reserve account that can then be used to maintain the property. Typical maintenance items that would be funded from this account are roof repairs, boiler replacement, or fixing other structural components. The actual

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percentage that would be deferred to the maintenance reserve account will be calculated based on a case by case assessment of the particular facility, the annual rental rate, and the potential costs associated with maintaining the facility over the term of the lease. The TLO anticipates the amount to range from two to fifteen percent of the annual rental.

In order to spend accumulated deferred maintenance revenues on maintenance repairs, the TLO is requesting this appropriation. Until such time that an adequate amount of deferred maintenance revenues is available, any required funds will be requested from the Trust and not the General Fund.

Why is this Project Needed Now: This is a new project for the Trust Land Office with lease revenues on facilities originating in FY05. Funds requested for FY07 will enable the TLO to complete property management responsibilities and maintenance.

Specific Spending Detail: Allocation of requested funds would be distributed in Contractual and/or Equipment. Decisions could also be made to shift funds between categories depending on the nature of the repair.

Line Item Expenditures:

Personal Services	\$0.0
Travel	\$0.0
Services	\$200.0
Commodities	\$0.0
Capital Outlay	\$50.0

Project Support: Approved by the Alaska Mental Health Trust Board of Trustees during the annual budgeting process.

Project Opposition: There is no known opposition.