

AP/AL: Appropriation **Project Type:** Transitional
Category: Natural Resources
Location: Statewide **Contact:** Leta Simons
House District: Statewide (HD 1-40) **Contact Phone:** (907)465-2400
Estimated Project Dates: 07/01/2008 - 06/30/2014

Brief Summary and Statement of Need:

This CIP authorizes DNR to appraise and contract for surveys of Remote Recreational Cabin Site properties. Remote Recreational Cabin Sites is a stake-it-yourself land sale program. This CIP authorizes DNR to spend money that is collected from applicants for surveys and appraisals. DNR contracts with one survey firm to survey multiple parcels in an area, thereby ensuring that surveys are coordinated, completed, and done efficiently, and that land conflicts are resolved simultaneously. Appraisals are done by DNR staff, whose time is charged to the CIP. In addition, DNR surveys additional parcels within certain staking areas to sell at auction. At least 250 staking authorizations will be offered in FY09.

Funding:	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Total
State Land	\$1,011,500	\$1,056,021	\$974,792	\$1,043,028	\$1,116,040	\$1,194,162	\$6,395,543
Total:	\$1,011,500	\$1,056,021	\$974,792	\$1,043,028	\$1,116,040	\$1,194,162	\$6,395,543

<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:

SLA07/CH30	\$618.2	Ongoing
SLA06/CH82	\$618.2	Ongoing
SLA05/CH03	\$577.5	Completed
SLA04/CH159	\$550.0	Completed
SLA03/CH82	\$430.0	Completed

Project Description/Justification:

The Remote Recreational Cabin Sites land sale program was established in statute (AS 38.05.600) in 1997. The program was initially not funded. In FY 01, the program was funded through Ch. 63 SLA 00 (SB 283) as part of the Land Disposal Income Fund (LDIF). Starting in FY 04, it became necessary to use the CIP in order to receive and expend funds for survey and appraisals.

DNR requests this CIP to spend the remote recreation cabin sites program deposits that the state is already receiving to pay for survey and appraisal. DNR is already billing the lessees for these costs, with the money going into the Land Disposal Income Fund, although the receipts from the lessees come in over a three-year period while the initial expenditures go out in one year. Survey and appraisal costs are generally incurred in the year following the staking

period. However, due to a combination of issues arising with increased requirements for access and staging areas in the Matanuska-Susitna Borough and timing in the receipt of funds and issuance of contracts over the past few years, it is expected that one and one-half years of survey and appraisal costs all will be incurred in FY 09 in order to catch up from prior delays. In FY 09, DNR expects to spend about \$1,011,468 on the surveys and appraisals for parcels staked in FY 07, FY 08, and part of FY 09 to include costs of processing additional parcels to sell at auction. This will increase to \$1,194,162 in FY 14, as more parcels are created under the program (staked parcels plus parcels to sell at auction). This allows for increased programming costs such as the requirement for improved access, development of staging areas, costs of travel, inflation, and costs of surveying or appraising parcels in increasingly more remote areas. Remote trips often involve helicopter, fixed wing, ATV or snow machine, which are costlier due to the rising cost of fuel.

- The Constitution requires settlement of state lands (Article VIII, Section 1). The program is authorized by statute (AS 38.05.600).
- The program generates revenue through leases and eventual sales, and the income is deposited in the Land Disposal Income Fund.
- Revenue will equal or exceed expenditures. The program is set up so that the revenue from a parcel equals the appraised fair market value minus the cost of survey, but not less than \$1,000. In the event the purchaser goes to contract after the three*year lease period, the State will also receive interest income from the contract.
- Survey work will be done by the private sector under contract to DNR. Appraisal work and some field work to determine access easements may also be contracted to the private sector. Under new requirements for identified access and staging areas, other work may be contracted to the private sector as well.
- Actual figures for surveys and appraisals conducted in prior years were used to estimate project costs. The current values for personal services and contract estimates were given increases of 7% per year to determine future years' costs.
- The program initially proposed use of deposits paid to DNR by lessees for survey and appraisal work under AS 38.05.860. This is not feasible due to administrative problems, including that the lease deposits are collected over a period of three years; hence money cannot be received and spent in the same FY. The program also evaluated having individual lessees pay their own survey and appraisal costs; experience shows that this method has a much higher failure rate (people fail to follow through to arrange survey and appraisal) and costs lessees more (more efficient and less costly to survey and appraise the entire project area at once, rather than survey and appraise individual parcels spread out over time). As a result of an internal analysis of the program, the Department is also expanding its program to survey additional parcels to sell at auction to meet increased customer demand.

Why is this Project Needed Now?:

The project is needed now because the program is already authorized by the legislature and parcels need to be surveyed and appraised within three years of lease issuance by regulation, 11 AAC 67. If the program is not funded, survey and appraisal costs for parcels offered in prior years will need to be paid from the operating budget, and DNR will not be able to offer this program in future years.

Specific Spending Detail:

<u>LINE ITEM</u>	<u>DOLLAR AMOUNT</u>	<u>DESCRIPTION (text)</u>
Personal Services	\$106,468	Per year: 7 months Appraiser I, 5 months Appraiser II and overtime for personnel during staking workshops and field inspections
Travel	\$110,000	Field inspections of parcels for survey contract compliance and appraisals
Services	\$765,000	Contracts for land surveys of staked parcels and possibly appraisal and access or staging area development
Commodities	\$30,000	Supplies –brochures, ads, postage, printing supplies, survey monuments

Project Support:

Public who has participated in remote recreational cabin sites program. Surveyors. Borough planning and platting authorities.

Project Opposition: None

