

Mental Health Trust Facilities Maintenance**FY2009 Request: \$350,000****Reference No: 40474****AP/AL:** Appropriation**Project Type:** Planning**Category:** Development**Location:** Statewide**Contact:** Leta Simons**House District:** Statewide (HD 1-40)**Contact Phone:** (907)465-2400**Estimated Project Dates:** 07/01/2008 - 06/30/2013**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.

Funding:	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Total
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
<u>One-Time Startup:</u>	0	
Totals:	0	0

Additional Information / Prior Funding History:**Status of Existing Projects**

SLA/CH \$ 350,000 Funds are 100% spent or obligated.
 SLA06/CH34 \$ 350,000 Funds are 100% spent or obligated.
 SLA05/CH5 \$ 100,000 Closed

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 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 received approval from the Trust Board to 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 property maintenance.

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To adequately protect the Trust's investment in a facility, the TLO allocates 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 utilities, roof repairs, boiler replacement, or fixing other structural components. The actual 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.

Why is this Project Needed Now?

This is a relatively new project for the Trust Land Office with lease revenues on facilities originating half-way through FY05. Funds requested for FY09 will enable the TLO to complete property management responsibilities and maintenance.

Specific Spending Detail:

<u>LINE ITEM</u>	<u>DOLLAR AMOUNT</u>	<u>DESCRIPTION (text)</u>
Services	\$ 300,000	Property management, snow removal, elevator maintenance and repair, janitorial, utilities, etc.
Capital Outlay	\$ 50,000	Roof repair and/or replacement, HVAC repair and/or replacement, etc.

Project Support:

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

Project Opposition:

There is no known opposition.