

Mental Health Trust Land Development

FY2009 Request: \$650,000
Reference No: 6853

AP/AL: Appropriation
Category: Development
Location: Statewide
House District: Statewide (HD 1-40)
Estimated Project Dates: 07/01/2008 - 06/30/2013

Project Type: Planning
Contact: Leta Simons
Contact Phone: (907)465-2400

Brief Summary and Statement of Need:

The Trust Land Office (TLO) supported by funds derived from Trust Income, manages and develops Alaska Mental Health Trust lands on behalf of the Alaska Mental Health Trust Authority. Our mission is to protect and enhance values of and maximize revenues from Alaska Mental Health Trust Land.

Funding:	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Total
MHTAAR	\$650,000	\$750,000	\$750,000	\$800,000	\$800,000	\$800,000	\$4,550,000
Total:	\$650,000	\$750,000	\$750,000	\$800,000	\$800,000	\$800,000	\$4,550,000

<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>	<u>0</u>	<u>0</u>
Totals:	0	0

Additional Information / Prior Funding History:

SLA07/CH30	\$ 650.0	08	Funds are 100% spent or obligated.
SLA06/CH34	\$ 550.0	07	Funds are 100% spent or obligated.
SLA05/CH5	\$ 650.0	06	Funds are 100% spent or obligated.
SLA04/CH157	\$ 650.0	05	Closed
SLA03/CH82	\$ 600.0	04	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 Trust Land Office (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 over time requires the expenditure of core operating costs to address annual costs of basic Trust land management. In addition to these costs, supplemental funds are needed to address the types of projects noted above. This request addresses the 'supplemental' costs that are incurred to comply with the intent of AS

38.05.801 and its associated regulations. Typically, these costs translate into funds used to hire private sector contractors that provide specific land management, pre-disposal or disposal services to the TLO. Requested funds will come from the Trust and not the General Fund.

Cost estimates associated with the requested funds are based on over 10 years of operating experience as well as an awareness of costs associated with comparable projects elsewhere in the state. Supplemental funding requests are minimized; to the extent it is reasonable to do so, by passing development costs (e.g. surveys, appraisals, etc.) on to the end user (e.g., buyer or lessee).

Why is this Project Needed Now?:

As noted above, the TLO was established to manage the lands of the Mental Health Trust. Our mission is two-fold; (1) to protect and enhance the value of Alaska Mental Health Trust Lands; and (2) to maximize revenues from Trust Lands over time. Funds requested for FY09 will enable the TLO to complete the projects necessary to further our mission.

Specific Spending Detail:

<u>LINE ITEM</u>	<u>DOLLAR AMOUNT</u>	<u>DESCRIPTION (text)</u>
Services	\$ 650,000	The TLO has five resource categories: 1) Land, 2) Forest Management, 3) Minerals & Materials, 4) Coal, Oil & Gas and 5) Administration. Monies are appropriated to each category based on the Trustee approved annual work plan. Monies are used to hire private sector contractors to provide specific resource management services.

Project Support:

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

Project Opposition:

There is no known opposition.