



**ANALYSIS [continued]**

FY01 budget includes preparation of 75,000 acres to offer for sale in FY 02 & 03. The 75,000 acres would be offered under three programs: 50,000 acres of reoffers at a cost of \$12.90/acre; 20,000 acres remotes at \$250.00/acre; and 5,000 acres subdivisions at \$753.00/acre. The budget also includes the land disposal advisory commission at \$37,000/year. Advisory board cost assumes four two-day meetings in FY 01-03 (when larger acreages are involved), then two two-day meetings in FY 04-06. Budget includes travel, per diem, advertising, meeting preparations, etc.

FY 02 and subsequent years includes funding for preparing land for sale to replace land sold, so that 75,000 acres remain available for sale every year starting FY 04. The costs per acre are the same as above. The estimated new average needed per FY to replace land sold is listed below. There is a two-year time lag between the budget expenditure and subdivision offerings and a one-year lag for remote offerings, due to the time needed to prepare the land for offering. For example, sales funded in FY 02 are offered in FY 04.

FY	Total Replacement Acres	Remote Acres	Subdivision Acres
02	15,000	12,500	2,500
03	6,500	4,500	2,000
04	5,000	3,500	1,500
05	5,000	3,500	1,500
06	5,000	3,500	1,500

Personal services includes staff to identify land sale projects, prepare for and conduct the sales, issue and administer contracts, prepare and print disposal brochures, contract for and review appraisals, contract for and review surveys, and coordinate disposal projects.

Personal Services costs are estimated as 1/4 of the total for reoffers, 1/2 of the total for remotes, and 1/4 of the total for subdivisions.

Travel costs include the cost for travel for the advisory boards as well as travel for site inspections of parcels/areas proposed for sale (required for survey and appraisal work).

Most of the remaining costs are for contractual services (survey, appraisal, printing, and advertising). The contractual costs do not include costs to build roads that will likely be required for subdivisions in some municipalities. Note: Many additional contractual costs for remote offerings will be paid by purchasers.

Large first-year costs for equipment include computers and other office equipment for new staff.

Revenues: The following assumptions were used to generate revenue figures:

Reoffers: FY 02 and FY 03: 25,000 acres offered each year and 10% sell, average size 10 acres, value \$10,000/parcel. FY 04-06: 1,000 acres sold each year

Remotes: FY 02 and FY 03: 10,000 acres offered, 5,000 leased for two years and 2,500 sold after two years. FY 04-06: The amount offered increases, but percentage of acreage leased and sold declines.

Subdivisions: No FY 02 offerings resulting from SB 6 due to time needed to prepare sales. FY 03-06: 5,000 acres offered, 2,500 acres sold, 500 parcels at five acres per parcel, average value \$14,000.

The revenue projections assume that in any given year, only a portion of the land is sold. This is because of several factors -- quality of the land, remoteness, and lack of demand (saturation of land market).