

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: 2
 Bill Version: HB 308
 (H) Publish Date: 4/7/04

Revision Date/Time (Note if correction): _____ Dept. Affected: Natural Resources
 Title EXCHANGE PUBLIC LAND FOR RDU Resource Development
STREAM BANK LAND Component Land Sales & Muni Entitlements
 Sponsor Rep. Gara
 Requester (H) CRA Component No. 2456

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services	166.0	181.0	181.0	181.0	181.0	181.0
Travel	3.0	3.0	3.0	3.0	3.0	3.0
Contractual	29.0	59.0	59.0	59.0	59.0	59.0
Supplies	3.0	4.0	4.0	4.0	4.0	4.0
Equipment	4.0	4.0	4.0	4.0	4.0	4.0
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	205.0	251.0	251.0	251.0	251.0	251.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	205.0	251.0	251.0	251.0	251.0	251.0
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	205.0	251.0	251.0	251.0	251.0	251.0

Estimate of any current year (FY2004) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

POSITIONS

Full-time	2	2	2	2	2	2
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This bill requires DNR, working with the Alaska Department of Fish and Game (ADF&G), to identify private lands along popular fishing streams for acquisition by the state through land exchanges, and then directs DNR to pursue these exchanges.

Section 1 of the bill requires ADF&G to identify undeveloped land along popular fishing streams and classify (prioritize) these parcels for possible acquisition through land exchanges. All streams with "significant numbers" and "significant size" of fish within five miles of any public highway in Alaska must be looked at. ADF&G then submits the list of parcels and their classifications to DNR to pursue possible land exchanges.

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 Approved by: Thomas Irwin, Commissioner
 Agency: Natural Resources

Phone 907-269-8625
 Date/Time 3/3/04
 Date 3/3/04

ANALYSIS CONTINUATION

This fiscal note assumes that ADF&G will provide DNR with a list of undeveloped parcels, maps of the parcels, names and addresses of property owners, and other information about the parcels. In order to classify the parcels, ADFG would need to field inspect each parcel. ADF&G will submit a separate fiscal note for these costs.

Section 2 of the bill directs DNR to "endeavor to exchange" public (state) land for the privately held land. The bill directs DNR to start by looking at the Anchor River and Deep Creek on the Kenai Peninsula, then rivers between miles 50-150 of the Parks Highway, then statewide.

DNR's fiscal note assumes that this would be a long-term project. There are hundreds of streams that meet the bill's requirements along public roads throughout Alaska. Each stream could have anywhere from zero private parcels within 5 miles of a road, to several hundred private parcels for streams such as the Matanuska, Chena or Kenai Rivers. We assume that in FY 05, ADF&G and DNR would start work on the Anchor River, and in FY 06 work would start on Deep Creek. The inventory work occur for each stream during the first year, the land exchanges for each river would take two to three years per exchange.

DNR's first task would be to identify a pool of state lands suitable for exchange that are located generally near where the private parcels being considered for exchange are located. DNR would then need to contact each property owner that ADF&G identified through its work under Section 1 of the bill to determine if the property owner was interested in an exchange. If they were interested, these are the steps DNR would follow to pursue an exchange (the statute or regulation that requires each step is listed in parenthesis):

- 1) preliminary discussions to scope out private owners interest in pursuing an exchange and to identify parcels of state and private land to be exchanged
- 2) conduct a thorough title review of state and private parcels, identify third party interests, liens, etc. (AS 38.50.030(a) and AS 38.50.070)
- 3) consult with other state agencies (AS 38.50.090)
- 4) enter into preliminary exchange agreement (11AAC 67.230)
- 5) appraise parcels (AS 38.50.130(2))
- 6) prepare land exchange report ((AS 38.50.100 and 38.50.130)
- 7) public comments on exchange, possible public hearing (AS 38.50.110 and 38.50.120)
- 8) summarize public comments, draft final report (AS 38.50.130(b))
- 9) enter into final land exchange agreement (11AAC67.260)
- 10) survey parcels of land for exchange
- 11) prepare and exchange deeds (AS 38.50.150)

These tasks would need to be performed for each individual parcel. Tasks 1-4, 6-9 and 11 would be done by DNR staff, tasks 5 (appraisals) and 10 (land surveys) would be done under contract. DNR has learned from experience that even simple, non-controversial land exchanges are very time consuming. DNR has conducted several small acreage exchanges in recent years and each exchange required about 6 months of one staff person's time, spread out over two to three years, to coordinate the exchange. Each exchange also required about two months of staff time for title reports, and an additional month to prepare and execute title documents and to track the exchange on the state's public land records. Additional staff time is required to perform map work, clerical support (mailings, distribution of reports, notices, etc.). In addition, land exchanges can be very controversial, particularly the state land that is being proposed for trade to private individuals. Because the land the state is acquiring is riverfront property on popular fishing streams, it will be relatively high value per acre, requiring DNR to exchange either other high value land or much larger tracts of lower value state lands in order to equalize values.

For staffing, DNR envisions that a project staff of two (a Natural Resource Manager 1, Natural Resource Specialist 2), with some part time support from other staff, could complete two to four exchanges per year. Because land exchanges take two to four years to complete, staff could be working on anywhere from four to sixteen exchanges at any given time.

DNR would contract for the appraisals (estimated at \$2,000 per parcel, or \$4,000 for both the state and private parcels) and survey (estimated to cost \$4,000 for each parcel, \$8,000 for both parcels).

FISCAL NOTE #2

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BILL NO. HB 308

Detailed Cost Breakdown

Personal Services: total FY 05: \$166.0 (no survey staff needed), FY 06 and following years: \$181.0

- NRM 1 – \$80.0
- NRS 2 – \$60.0
- Appraiser (to contract, review appraisals) – 3 months @ \$80/yr = \$20.0
- Land Survey Assistant II (to contract, review survey work) – 3 months @60.0 year = \$15.0 (not included in FY 05 because there would be no land survey work before FY 06)
- Cartographer 2 (to prepare maps for reports) – 1 month @73 year = \$6.0

Travel: for field inspections, public meetings, meetings with land owners: \$3.0

Contractual: Total: FY 05: \$29.0 excludes survey and public notice costs; FY 06 and following years: \$59.0. Major items include:
appraisals – 3 exchanges x 2 parcels each x \$2,000 = \$12.0

Surveys – 3 exchanges x 2 parcels x \$4,000 = \$24.0 (would not be needed until FY 06)

Public Notices – 3 exchanges @\$2,000 each = \$6.0 (would not be needed until FY 06)

Phones, air photos and other misc. contractual - \$5.0

Office space @ \$6,000/person = \$12.0