



Trust Land Office

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To: John Morris, Chair
Finance Committee
Thru: Mary Wilson, Chief Executive Officer
From: Jusdi Warner, Executive Director
Date: 7/30/2026
Re: FY28 Agency Budget
Fiscal Year: 2028
Amount: \$7,305,400

Approval

Proposed Finance Committee Motions:

"The Finance Committee recommends that the Alaska Mental Health Trust Authority board of trustees approve the Trust Land Office agency budget for FY28 in the amount of \$5,786,900."

"The Finance Committee recommends that the Alaska Mental Health Trust Authority board of trustees approve the operations and maintenance budget in the amount of \$1,518,500."

Background:

The Trust Land Office (TLO) requests the Finance Committee's recommendation for the FY28 agency budget and the FY28 operations and maintenance (O&M) budgets for program-related real estate properties. The annual budget reflects expected operational activity and staffing requirements. Exhibit 1, provided as an attachment following this memo, provides additional detail on proposed line items.

The table below outlines the primary drivers of the year-over-year budget changes:

Personal Services (Line 1000)	\$99,500 (4%)	Merit increases/general staffing
Travel (Line 2000)	-	No Change
Services (Line 3000)	\$54,500 (4%)	Attorneys/architectural/engineering; TAB renovation contingency removed.*
Commodities	-	No change
Total	\$154,000 (3%)	

*TAB renovation contingency not include in FY28, FY27-28 change ignoring TAB is \$145,000 (10%) in Services and \$244,500 (4%) overall.

Personal services include general staffing costs with estimates for merit increases. The proposed FY28 budget does not include any estimates for changes in benefits such as PERS, health insurance, or COLA. The final amount for the aforementioned items will be calculated by OMB during the budget process. The Trust Authority will seek ratification of the final amount for both offices for FY28 similarly to what is being done for FY27.

There is no anticipated increase in travel expenditures. Expenditures in this area support the TLO's active management of Trust land that includes stewardship and revenue generation. The TLO travel budget complies with Administrative Order 358 and includes a minimal amount of out-of-state travel.

Services include costs for private-sector consultants such as appraisals, surveys, and development, as well as economic development, software, and other operating expenses. The Services category also includes costs paid by the TLO to other State of Alaska offices for services such as IT support, legal services, and financial services. The increase in FY28 is due to increases for attorneys, architectural services, and engineering.

Commodities include the costs of basic office supplies and equipment, field supplies, and other tangible goods. No increase is included for FY28.

The budget detail is included as Exhibit 1 following this memo.

Operations and Maintenance

HB 55 called for the inclusion of operations and maintenance (O&M) costs for state agencies to conform to AS 37.07.020 (e) starting in FY27. The FY27 budget request included \$895,800 to support the O&M costs for the Trust Authority Building (TAB) and the Cordova Building where the Trust Authority and TLO have their offices. Per the statute, this also includes O&M for other tenants. The FY27 request incorporated FY26 O&M cost estimates which was the most recent budget available at that time. Due to cost increases, it is necessary for the TLO to request a supplemental for the FY27 budget which is presented in a separate request. Moving forward, the TLO will include an annual 10% increase to account for rising costs over time and eliminate the need for supplemental budget requests.

The FY27 supplemental and FY28 request will also add costs for the 3710 E. 20th Avenue Building (Catholic Social Services). This is necessary to account for the possibility of the current tenant vacating the property. The costs for the Cordova Building are offset by rents. The TAB has no paying tenants and the current tenant for 3710 E. 20th is expected to vacate as early as August. AS 37.07.020 (e) requires the inclusion of these costs in the state budget regardless of the offset. The table on the following page delineates the year-over-year changes.

The August 27, 2025 trustees approved \$3,254,788 for the Trust Authority Building (TAB) mechanical equipment replacement. This total included \$835,000 for a 10-year reserve fund for related repairs and a fire alarm system upgrade. This estimate considered that \$83,500 should be available each year for these items. Due to the necessity that this project uses legislatively approved funding, the TLO is

requesting that the annual amount is included in the FY28 O&M budget request. The TLO will also include this amount in the O&M budget in subsequent years.

Operations and Maintenance Budget

	FY27 Original	FY27 w/Supplemental	FY28 Request	FY28 Increase
Cordova	\$527,100	\$561,200	\$617,300	\$56,100
TAB	\$368,700	\$428,800	\$471,700	\$42,900
3710 E. 20th	-	\$314,500	\$346,000	\$31,500
TAB Reserve	-	-	\$83,500	\$83,500
Total	\$895,800	\$1,304,500	\$1,518,500	\$214,000

Exhibit(s):

Exhibit 1 – FY27 Trust Land Office Budget Proposal