

# **State of Alaska FY2002 Governor's Operating Budget**

Department of Natural Resources

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**Commissioner: Pat Pourchot**

**Tel:** (907) 465-2400 **Fax:** (907) 465-3886 **E-mail:** pat\_pourchot@dnr.state.ak.us

**Administrative Services Director: Carol Carroll**

**Tel:** (907) 465-4730 **Fax:** (907) 465-3886 **E-mail:** carol\_carroll@dnr.state.ak.us

**Department Mission**

Develop, conserve, and enhance natural resources for present and future Alaskans.  
(Revised from Legislature's version)

**Department Goals and Strategies**

1. Encourage resource development that creates Alaska jobs and ensures economic growth in all regions of the state.
  - Convey oil and gas rights by conducting five competitive oil & gas lease sales and issuing oil and gas exploration licenses and shallow gas leases.
  - Sustain Alaska's mineral industry investments by completing geophysical/geological mineral inventory survey of 1,000 square miles of Alaska lands and publish the associated maps.
  - Identify new areas capable of hosting major oil and gas discoveries.
  - Substantially complete the Northern Southeast Area plan of ~ 1,000,000 acres for timber and other resources development as well as for recreational, habitat and settlement purposes.
  - Facilitate special project reviews through an interagency project team process for such projects as: Pogo Mine, Green's Creek, True North, and Red Dog expansions.
  - Facilitate and administer the issuance of 8,000 new mining claim permits.
  - Process, adjudicate and enter into Land Administration System 8,000 new mining claims, 10 new mining leases and 1,000 new mining prospecting sites.
  - Increase Alaska's market share of world exploration dollars and increase mining employment, by continued encouragement and facilitation of the mining industry.
  - Complete 20 trail projects associated with federally funded TRAAK.
  - Utilize local construction contractors to complete 15 park construction projects valued at \$5 million
  - Convey up to 12,000 acres of land to qualifying municipalities.
  - Generate revenues by offering up to 40.3 million board feet of timber with emphasis on value added products.
  - Increase revenues generated from Alaska Mental Health Trust Lands from \$3.7 million to \$4.9 million in a manner consistent with trust management principles.
  - Provide an expanded agriculture base by preparing 20 land disposal parcels with 3,620 acres, and 17 lease opportunities on grassland areas.
  - Process 331 permit applications, which include land use permits for commercial guides, access to mining claims and logging areas, cross-country travel, trapping cabin permits, and tideland permits.
  - Process 197 applications for material sales, shore fishery, upland and tideland leases, lease renewals, rights-of-way, and interagency land management assignments.
  - Respond to all native allotment and ANCSA conveyance decisions by the federal government to reserve access to state land.
2. "Doing it Right": Ensure resource development planning, management and new project approvals are based on 1) sound science, 2) prudent management, and 3) responsive, meaningful public involvement.
  - Oversee the construction of 3 new, and operation of 10 existing common carrier petroleum pipelines on the North Slope, and report on the oversight.
  - Collect data and information for land status, hydrology, and geological hazards along the most probable route of a gas pipeline.
  - Coordinate our oversight of TAPS with the U.S. Bureau of Land Management, so that TAPS remains available to bring North Slope crude to market.
  - Supervise the safety inspection of approximately 15 dams and test emergency action plans for 3 high-risk dams.

- Evaluate areas subject to major hazards like floods, earthquakes, volcanic eruptions, and landslides to help predict likelihood and severity of future major events.
  - Conduct 1400 produce inspections, including local field inspections, military and commercial; seed certification, and issue certificates for export products.
  - Maintain inventory of historic and archaeological sites for use by developers, land managers and planners.
  - Implement recommendations from the Spruce Bark Beetle Strategy Task Force with other landowners on the Kenai.
  - Coordinate, through the Natural Resource Conservation and Development Board, programs to obtain federal funding for agriculture related conservation and erosion control in Alaska.
3. Ensure resource sustainability and multiple use, including recreational enjoyment of the resource base.
- Operate 120 state park units and maintain park access for 3.8 million visits.
  - Revise park user fee program to cover increasing maintenance and operation costs and recent facility upgrades.
  - Provide 10 snowmobile trail grants and 5 safety and education grants to local snowmobile clubs and agencies.
  - Manage 500-600 wildfires of varying sizes.
  - Reforest 1,000 acres of forestland, survey 500 acres for regeneration, and conduct 125 of inspections of private land for compliance with Forest Resources and Practices Act reforestation requirements.
  - Adjudicate 500 water right applications.
  - Review and issue 580 permits for commercial activities on parklands.
  - Provide management oversight to 2.6 million acres of legislatively designated public use, recreation areas, trails, and 15 special use areas; and provide co-management oversight of 5.4 million acres of legislatively designated game refuges, critical habitat areas, sanctuaries, and wildlife ranges.
  - Secure maximum federal funding to implement a recreational boating safety program through the Office of Boating Safety.
4. Streamline natural resource leasing, sales, and permitting processes.
- Identify information, requirements and time frames necessary for a right-of-way and permits for a gasline from the North Slope to market.
  - Streamline and improve the Recorder's Office operations to better meet the workload and user demand by incorporating current technology, such as imaging documents.
  - Integrate appropriate modern location and communication technology, such as GPS and Internet communications, into the mining location staking, maintenance, and permit process.
  - Maintain the state's land database through the notation of 10,000 state resource transactions affecting 12,000 townships; reduce notation cycle time. Make the information available to the public.
  - Continue efforts to utilize on-line application, notice and receipt of comment for permit applications.
  - Offer business transaction service over the Internet (payments, cabin rentals, etc.).
  - Continue automation of graphic land records of remaining townships.

### **Key Department Issues for FY2001 – 2002**

- Implementation of the negotiated agreement reached in the BP-Amoco-Arco Merger.
- Implementation of the new Shallow Gas and Exploration Licensing of Oil & Gas.
- Potential for implementation of the University lands package in response to legislation.
- Pre-planning for a Natural Gas Pipeline application.
- Implementation of SB175 Mining Law, SB283 Land Sale, and HB239 Uniform Commercial Code legislation.
- Keeping current in technology - rewrite legacy database systems such as the Land Administration System
- Keeping up with demand for wood products in a market with weak pricing
- Administration and recordation of RS2477 rights-of-way.
- Parks deferred maintenance and operation.
- Renewal of the rights-of-way for TAPS and a number of North Slope common carrier pipelines.
- Strengthen our Water rights administration through proposed legislation, updating of the regulations, and adjusting staffing to workload.
- Settlement of the School Trust Lands valuation issue to determine the appropriate amount to be deposited into the School Trust Fund annually.
- Workforce development to deal with our difficulties in recruiting and retention of qualified staff.

- Erosion of the Agricultural Revolving Loan Fund through funding of non-ARLF functions in the state budget.
- Management, review, and termination of Sec. 17(b) of ANCSA easements to Alaska Native corporations.
- Expansion of Plant Material Center programs and mission with the increased federal funding provided for the Seed Lab, Post Entry Plant Quarantine Facility, and Cold Regions test sites.
- Union Contracts implementation and the corresponding budget, payroll administration workload, and management training requirements.

### Major Department Accomplishments in 2000

- Collected and accounted for \$1.0 billion in O&G royalty, settlement, rental, federal share and bonus revenues.
- Provided technical and policy support to the BP/Arco merger discussions.
- Space planning and occupancy of Anchorage Atwood Office Building.
- Y2K compliance of all DNR Mission Critical Systems.
- Issued right-of-way leases of Nuiqsut, Alpine, and Northstar pipelines.
- Sold 155 parcels of land for a total of 1,500 acres.
- Disposed of 2,467 acres of ARLF parcels.
- Passed Uniform Commercial Code Legislation in HB239
- Passed updated Mining Law - SB175
- Reduced Mining Claim backlog
- Passed a new Land Sale Law - SB283
- Made the state status plats and surveys available on-line, eliminating the need for aperture card distribution
- Collected \$2 million in park user fees and provided recreational opportunities for 3.6 million park visits.
- Generated \$323.1 from sale of forest products, offered ~53.7 million board feet of timber, offered 82 timber sales and reforested 1,274 acres.
- Managed and responded to a total of 324 wildland fire occurrences on 134 million acres.
- Increased revenues generated from Alaska Mental Health Trust Lands from \$3.5 million to \$3.7million.
- Completed a detailed airborne geophysical survey of 1,032 square miles in the Salcha River - Pogo mining area, and 605 square miles on Prince of Wales Island.
- Completed 1153 square miles of geologic mapping in prospective mineral and oil and gas terrains.
- Completed review and permitting of Anchorage Jet Fuel Pipeline project.
- Successful state operation and transfer of operations to the Bankruptcy trustee of Illinois Creek Gold Mine following operating company bankruptcy.
- Utilized the Tazlina Type 1 Crew for hazard tree removal, fire break improvement and other hazard fuel work reducing the potential of a serious wildland fire on the Hillside area in the Municipality of Anchorage.

### Key Performance Measures for FY2002

#### Measure: Number of new and assigned oil & gas rights, plans, and units.

*(Not yet addressed by Legislature.)*

#### Current Status:

In FY 00 approximately 12 major Unit/PA had activities. In FY 01 we will have approximately 22 Unit/PA activities in various stages of review. This fiscal year is not half over and we expect a lot of activity as a result of heavy activity in our last three North Slope lease sales. We are experiencing record-level numbers of applications of all kinds.

#### Benchmark:

There is no "benchmark" to measure against. The sheer number of Unit activities or assignments will give some measure of activity but it does not necessarily measure the amount of work the division will need to do. Some Units take a few months and involve relatively few complex issues (e.g. the Redoubt Unit), others involve a variety of interests (State, Federal, Native), are very complex, and can take years (e.g. Colville River Unit). Unit actions today are, in general, very complex because they involve more labyrinthine land positions as the Units "grow together". They also involve the implementation and interpretation of very sophisticated technology, such as 3D seismic and extended reach drilling.

**Background and Strategies:**

Participating Areas (PAs) are the producing parts of Units and require separate administrative actions. These actions are at least as complex as those for Units. Much of the PA activity is the result of satellite drilling in and near existing Units. This is a good thing as it helps offset our declining oil reserves, but it also generates a lot of new work for the O&G Division.

Assignment means the assignment of interest in a lease(s) from one party to another. This activity has increased dramatically as a result of the merger. The alignment at Prudhoe means that each company's interest has changed thus we must create assignments to reflect those changes. But the alignment is not complete; neither Chevron nor Texaco are aligned. Once that is accomplished new assignments will have to be made for their interests. This could go on for months or years. If there are other mergers, there will be many more assignments. This is on top of our processing "routine" assignments; those that come in every day and reflect normal business activities. It is not possible to predict how many assignments may come in at a given time, except we know that mergers and acquisitions will always generate a huge amount of additional work.

In FY 00 we received 378 assignments and processed 196; the others remain to be completed but are less urgent than the Prudhoe assignments. In FY 01, from July 1 to Nov 15, we have received 696 assignments and have processed 604 (467 assignments were from the Prudhoe Bay alignment). When (and we don't know when) Chevron and Texaco align they will each generate an additional 540 assignment applications.

Both Unit, PA and assignment activities must be completed for statutory and practical reasons. Naturally we need to comply with law, but as a practical matter these decisions impact the timing of drilling and other lease and Unit activities. Simply stated, delays cost both companies and the State money.

At our most recent lease sale we leased the most acreage in State history, about 750,000 acres. All this land must have title work done to determine the precise number of acres contained in each lease (this is a result of the new Areawide leasing program where title is done after the sale).

**Measure: The percentage of available state land offered for oil and gas leasing, or for exploration**

*(Revised from Legislature's FY2000 version.)*

**Current Status:**

On track to 100% compliance

**Benchmark:**

Offer oil and gas leasing per our published schedule.

**Background and Strategies:**

All available state land is made available through our leasing or licensing programs. The SB281 measure was modified as the division does not sell land, we lease land.

**Measure: Annual volume of timber offered, including volume of timber offered for in-state value-added processing.**

*(Developed jointly with Legislature in FY2000.)*

**Current Status:**

In FY00 53.7 million board feet were offered for sale. First quarter FY01 on track.

**Benchmark:**

There is no specific benchmark as the volume of timber offered directly corresponds to the level of funding provided.

A total of 39.3 MMBF will be offered in new sales, of which 21.3 MMBF will come from operating funds, and 18.0 MMBF from CIP funds. We estimate that 34.3 MMBF will be aimed at in-state processors, of which 15.5 MMBF will be from this operating component, and 18.8 MMBF from CIP funds.

**Background and Strategies:**

The DNR timber sale program focuses on supporting Alaskan jobs by making timber available for local processors. Competitive and negotiated sales are offered in sizes and locations needed by local processors in all regions of the state. Where feasible, the department also offers salvage sales of beetle-killed timber for either local use or export to accelerate reforestation and defray its cost, reduce wildfire hazards, and obtain value from the wood before it decays.

**Measure: Level of compliance with best management practices, as measured by implementation of a monitoring program of the Forest Practices Act**  
*(Developed jointly with Legislature in FY2000.)*

**Current Status:**

First quarter FY01 on track.

**Benchmark:**

Continued certification of the Forest Resources and Practices Act for compliance with federal Clean Water Act and Coastal Zone requirements by effectively implementing the Act.

**Background and Strategies:**

The FRPA supports the timber and fishing industries by protecting fish habitat and water quality, and providing one-stop shopping for compliance with federal clean water and coastal zone standards. Strategies include updating riparian management standards for Interior and Southcentral Alaska, expanding implementation monitoring into southcentral Alaska, reviewing and improving procedures for documenting reforestation in Interior Alaska, reviewing all Detailed Plans of Operation (DPOs) timely, increasing the ratio of inspections to DPOs received, and training operators and landowners.

**Measure: Percent of fire incidents in the full and critical categories held at less than 10 acres**  
*(Developed jointly with Legislature in FY2000.)*

**Current Status:**

First quarter FY01 on track. Since July 1, 2000 the Division responded to 51 fires, pack tested and red carded 46 local government and volunteer firefighters, and responded to 25 requests for personnel to support other agencies.

**Benchmark:**

Contain 90% of fires in full and critical protection categories at 10 acres or less.

**Background and Strategies:**

The Division of Forestry responds to an average of 430 wildland fires annually in its protection area with the exact number and location being unknowns. The most cost-effective response requires adequate preparedness and coordination with the Division's numerous cooperators. The occurrence of wildland/urban interface fires will continue to increase as the population moves to the wooded areas of the state, climatic changes result in longer fire seasons, and serious insect/disease infestations add to the hazardous fuels problem.

Strategies include providing immediate, aggressive initial attack in coordination with cooperating local government, volunteer fire departments and federal agencies. This strategy includes creating and maintaining cooperative agreements to enhance initial attack response effectiveness. Additional strategies include media coverage of fires to expand public awareness of the impact of human caused fires, support of fire prevention activities, and increased public education on how to create defensible space around private property.

**Measure: Acres of land sold and amounts of revenue generated from land sales**  
*(Revised from Legislature's FY2000 version.)*

**Current Status:**

In FY 01 our goal is to offer 2,940 acres for an estimated \$2.3 million. In October 2000 the agency received \$1,180,272.05 in high bids on parcels appraised at \$976,810.00.

**Benchmark:**

In FY02, DNR intends to offer 2,500 subdivision lots (re-offers of parcels previously surveyed) 27,650 acres and 250 remote recreation cabin sites.

**Background and Strategies:**

This program makes land available for private ownership. Tasks include offering new lands for sale; identifying and classifying additional lands for private ownership; and administering land sale contracts for lands previously offered. We hope to generate \$2.8 million from these sales.

**Measure: Acres of land conveyed to municipalities**

*(Developed jointly with Legislature in FY2000.)*

**Current Status:**

On track.

**Benchmark:**

In FY02, DNR intends to transfer at least 12,000 acres to municipalities. DNR also intends to transfer tideland parcels to at least five municipalities.

**Background and Strategies:**

This program transfers state land to municipalities for development, disposal, revenue generation and public purposes. Tasks include determining acreage of entitlements under AS 29.65, approving municipal selections, issuing deeds to municipalities, and identifying and classifying land for municipal ownership.

**Measure: Acres of ground under private-sector mineral exploration**

*(Developed jointly with Legislature in FY2000.)*

**Current Status:**

An estimated 3.1 to 3.8 million acres is now under active exploration

**Benchmark:**

Based upon the trend of claim data from 1993 to date, it is expected that by the end of calendar-year 2000 there will be about 3.8 million acres of ground subject to active private-sector exploration in Alaska. This corresponds to about 1% of the state's land area.

**Background and Strategies:**

The growth of the mining industry in Alaska has resulted from the complementary actions of the Administration, State Legislature, and the private sector. Annual funding of airborne geophysical/geological mineral inventories of prospective mineral tracts, in combination with Alaska's mine development tax incentive and outreach from the Governor's office, have been significant catalyzing factors. There are many remaining high mineral potential tracts throughout rural Alaska that offer the opportunity for successful mineral exploration and mine development if the fundamental geological and geophysical data needed to guide exploration are generated and made available. Division of Geological and Geophysical Surveys plans to concentrate its mineral appraisal resources on these highly prospective areas to generate that data.

**Measure: The number of completed airborne geophysical and geological mineral surveys**

*(Revised from Legislature's FY2000 version.)*

**Benchmark:**

The 1000 square mile benchmark is a challenging target given the staff size and funding available to the Division of Geological and Geophysical Surveys.

**Background and Strategies:**

DGGS intends to maintain this performance measure unchanged for FY2001. We are pursuing complementary federal funding and cooperative agreements with federal agencies in an attempt to acquire resources needed to increase the square miles of geologic mapping that can be completed in a fiscal year. The magnitude of the square miles of airborne geophysical surveys that can be completed in one year is a function of CIP appropriations. A tract of

1000 square miles is in good balance with historic funding, public expectations, and a level of commitment that is effective in catalyzing investment in Alaska's mineral industry.

**Measure: The number of visits by site and type of use of state park units**  
*(Revised from Legislature's FY2000 version.)*

**Current Status:**

The number of visits is expected to be in excess of 3.5 million. The weather and the price of oil have an impact on the number of visits.

**Benchmark:**

3. 8 million visits for 120 state park units

**Background and Strategies:**

The number of visitors is difficult to define as many of them are repeat customers, so we measure the number of visits by site. All of this is captured in a detailed "Cluster" booklet from which we provide the following summary:

State Area (for SFY00)	VISITS		
	Resident	Non-Resident Total	
Northern	457,738	205,497	663,235
Mat-Su	657,448	229,396	886,844
Chugach	839,966	98,824	938,790
Kenai	551,587	125,791	677,378
Kodiak	121,731	28,434	150,165
Wood-Tikchik	80,221	14,431	94,652
Southeast	217,299	259,337	476,636
<b>Total</b>	<b>2,925,990</b>	<b>961,710</b>	<b>3,887,700</b>

**Measure: The Revenue received by the development and sale of natural resources**  
*(Revised from Legislature's FY2000 version.)*

**Current Status:**

In FY00 \$1,071,738,905 was received in total revenues. In FY01 \$324,538,576 is received through October, which compares to \$236,503,670 in FY00, and \$173,857,246 in FY99 for the same period.

**Benchmark:**

The amount of revenue received depends mostly on two factors - the price of oil and the level of production. The department does not control either one. A predictor for the amount of revenue to be received is the price per barrel of oil.

**Background and Strategies:**

The department's mission is to develop, conserve, and enhance natural resources for present and future Alaskans. This means that we try to meet the demand of the resource development in a responsible way and optimize our return in today's market but also by keeping an eye out for the future.

The 2000 Legislative Session passed a Land Disposal Bill (SB283) which provides for us to sell more land to private individuals in the coming years.

**Status of FY2001 Performance Measures**

	<i>Achieved</i>	<i>On track</i>	<i>Too soon to tell</i>	<i>Not likely to achieve</i>	<i>Needs modification</i>
• New and assigned oil & gas rights, plans, and units resulting from the BP Amoco-Arco merger		X			
• Acres of state land offered for oil and gas leasing		X			

	<i>Achieved</i>	<i>On track</i>	<i>Too soon to tell</i>	<i>Not likely to achieve</i>	<i>Needs modification</i>
<ul style="list-style-type: none"> <li>• Volume of timber offered annually, including volume of timber offered for in-state value-added processing.</li> <li>• Level of compliance with best management practices, as measured by implementation of a monitoring program of the Forest Practices Act</li> <li>• Percent of fire incidents in the full and critical categories held at less than 10 acres</li> <li>• Acres of land sold and the revenue generated from land sales</li> <li>• Acres of land conveyed to Municipalities</li> <li>• Acres of ground under private-sector mineral exploration</li> <li>• The number of completed geophysical and geological mineral surveys</li> <li>• The number of visits by site and type of visitor</li> <li>• The Revenue received by the development and sale of natural resources</li> </ul>			X		
			X		
		X			
		X			
		X			
		X			
		X			
		X			

## Department Budget Summary by BRU

All dollars in thousands

	FY2000 Actuals				FY2001 Authorized				FY2002 Governor			
	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds
<b>Formula Expenditures</b>	None.											
<b>Non-Formula Expenditures</b>												
Management and Administration	2,027.5	0.0	1,687.0	3,714.5	2,050.3	270.2	2,590.9	4,911.4	2,058.1	150.4	2,575.5	4,784.0
Information/Data Management	4,424.5	270.0	491.8	5,186.3	4,574.7	60.6	603.0	5,238.3	4,720.9	30.6	854.8	5,606.3
Resource Development	0.0	0.0	1,186.4	1,186.4	0.0	0.0	1,705.9	1,705.9	0.0	0.0	1,733.2	1,733.2
Land Development	6,611.7	3.5	682.1	7,297.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Forestry Management and Develop	6,902.0	931.7	1,330.6	9,164.3	7,022.5	1,161.6	356.0	8,540.1	7,020.1	1,161.9	753.7	8,935.7
Oil and Gas Development	3,544.3	26.6	3,456.7	7,027.6	3,609.7	305.3	4,509.9	8,424.9	4,040.2	180.5	4,476.6	8,697.3
Minerals, Land, and Water Dev.	4,035.6	1,683.8	260.5	5,979.9	9,904.6	2,285.0	3,722.1	15,911.7	10,256.4	2,294.0	3,880.2	16,430.6
Parks & Recreation Mgmt	5,613.0	134.8	2,906.2	8,654.0	5,745.1	359.4	2,845.9	8,950.4	5,910.1	399.9	2,912.9	9,222.9
Agricultural Development	156.7	812.2	1,084.7	2,053.6	16.0	1,368.8	1,607.0	2,991.8	16.0	1,676.9	1,670.2	3,363.1
Agr Revolving Loan Pgm Admin	0.0	0.0	575.2	575.2	0.0	0.0	707.1	707.1	0.0	0.0	707.9	707.9
Statehood Defense Facilities	80.1	0.0	0.0	80.1	115.0	0.0	0.0	115.0	115.0	0.0	0.0	115.0
Maintenance	103.6	0.0	237.9	341.5	1,372.2	0.0	1,100.0	2,472.2	1,372.2	0.0	1,103.2	2,475.4
Language Section	595.8	0.0	0.1	595.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Appropriations												
Statewide Fire Suppression	13,993.4	3,815.4	24.1	17,832.9	3,190.2	5,321.3	3.9	8,515.4	3,545.9	5,321.0	0.0	8,866.9

	FY2000 Actuals				FY2001 Authorized				FY2002 Governor			
	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds
<b>Totals</b>	48,088.2	7,678.0	13,923.3	69,689.5	37,600.3	11,132.2	19,751.7	68,484.2	39,054.9	11,215.2	20,668.2	70,938.3

## Funding Source Summary

*All dollars in thousands*

Funding Sources	FY2000 Actuals	FY2001 Authorized	FY2002 Governor
1002 Federal Receipts	7,678.0	11,132.2	11,215.2
1003 General Fund Match	399.6	408.5	415.2
1004 General Fund Receipts	40,711.1	29,938.3	31,542.8
1005 General Fund/Program Receipts	6,977.5	6,950.0	7,096.9
1007 Inter-Agency Receipts	3,747.3	4,647.6	4,694.5
1018 Exxon Valdez Oil Spill Settlement	956.8	1,595.2	1,596.4
1021 Agricultural Loan Fund	1,468.7	1,824.0	1,846.9
1053 Investment Loss Trust Fund		303.5	
1055 Inter-agency/Oil & Hazardous Waste	82.2	65.7	95.8
1061 Capital Improvement Project Receipts	3,058.9	2,582.7	2,843.2
1066 Public School Fund	0.1		
1092 Mental Health Trust Authority Authorized Receipts	712.0	955.9	983.2
1105 Alaska Permanent Fund Corporation Receipts	1,044.3	1,065.5	1,070.2
1108 Statutory Designated Program Receipts	2,853.0	4,652.3	4,652.0
1114 Exxon Valdez Oil Spill Restoration Fund		50.0	
1153 State Land Disposal Income Fund		2,312.8	2,606.0
1155 Timber Sale Receipts			280.0
<b>Totals</b>	<b>69,689.5</b>	<b>68,484.2</b>	<b>70,938.3</b>

## Position Summary

Funding Sources	FY2001 Authorized	FY2002 Governor
Permanent Full Time	556	581
Permanent Part Time	238	257
Non Permanent	87	93
<b>Totals</b>	<b>881</b>	<b>931</b>

## FY2002 Capital Budget Request

Project Title	General Funds	Federal Funds	Other Funds	Total Funds
Gasline Development	3,276,600	0	0	3,276,600
Land Use Data Base System for Industry and Public Access	495,000	0	0	495,000
Oil and Gas Royalties Accounting-Industry Electronic Reporting	150,000	0	0	150,000
Seismic Data Acquisition and Interpretation To Promote Oil Exploration & Leasing	138,000	0	0	138,000
Emergency Title Defense-Prince William Sound	120,000	0	0	120,000
State Park Emergency Repairs	400,000	0	0	400,000
Fire Truck Engine Replacements	200,000	0	0	200,000
Fairbanks Office Facility Roof Maintenance and Repairs	200,000	0	0	200,000
Airborne Geological and Geophysical Mineral Inventory	250,000	0	0	250,000
Snowmachine Trail Development and Program Grants	200,000	0	0	200,000
Chena Pump Road Boat Launch River Access Purchase	150,000	0	0	150,000
Alaska Minerals Information At Risk Program: Mining Claims Automation	0	700,000	0	700,000
Agricultural Revolving Loan Fund Land and Assets Disposal	0	0	100,000	100,000
Kenai Borough Spruce Beetle Task Force Implementation	0	0	1,250,000	1,250,000
Alaska Post Entry Plant Quarantine Facility Establishment	0	1,350,000	0	1,350,000
Agriculture Plant Material Center Seed Lab Construction	0	3,070,000	0	3,070,000
Agricultural Land Sales for Agriculture Industry	0	0	145,000	145,000
Historic Preservation and Restoration Projects - United States Army Public Works Program	0	600,000	0	600,000
National Historic Preservation Fund Federal Grant Program	50,000	1,200,000	0	1,250,000
Mental Health Trust Land Development and Value Enhancement	0	0	950,000	950,000
Abandoned Mine Lands Reclamation Federal Program	0	1,500,000	0	1,500,000
Boating Safety-Federal Program	0	660,000	0	660,000
Land and Water Conservation Fund Federal Grants	0	1,600,000	0	1,600,000
National Recreational Trails Federal Program	0	710,000	0	710,000
<b>Department Total</b>	<b>5,629,600</b>	<b>11,390,000</b>	<b>2,445,000</b>	<b>19,464,600</b>

*This is an appropriation level summary only. For allocations and the full project details see the capital budget.*

## Overview of Departmental Budget Changes

The following are the key changes in the DNR Budget:

- The Oil & Gas Program was provided a \$400.0 increment to deal with increasing workload, staffing, and general operational needs. Over time the Division of O&G was forced to keep mission critical positions vacant, which we need to fill in order to deal with the increased exploration, leasing, and unitization issues.
- The current staff has not been able to keep up with the Water Rights adjudications, this budget requests a \$300.0 increment for additional staff. In addition we are revising the regulations and are proposing legislation to "fix" the program.
- Sustained yield is assured by reinvesting the proceeds of timber sales \$280.0 back into the program for reforestation.
- Public Safety and seasonal staffing concerns are addressed by increasing the Parks Management budget \$160.0.
- Computer Network and update of the State Status Plats workload are addressed by adding staffing and providing an additional \$130.0.
- The threat of increased wildland-urban fires is addressed by establishing a "Fire-Mobile Attack-Force" for an increase of \$350.0 in the Statewide Fire Suppression Component.
- The Agricultural Plant Material Center will be receiving an infusion of Federal Grants for construction and operation of various programs.
- The State Recorder Offices will become receipting offices for mining claim rentals, and through electronic interface with the Mining and Land Status Data Base Systems records will be updated by utilizing the Recorder's Office Data Base thus reducing the requirement for the public to go to three different offices.

## Summary of Department Budget Changes by BRU

### From FY2001 Authorized to FY2002 Governor

*All dollars shown in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b>FY2001 Authorized</b>	<b>37,600.3</b>	<b>11,132.2</b>	<b>19,751.7</b>	<b>68,484.2</b>
<b>Adjustments which will continue current level of service:</b>				
-Management and Administration	7.8	0.4	-47.5	-39.3
-Information/Data Management	16.2	0.0	1.8	18.0
-Resource Development	0.0	0.0	2.3	2.3
-Forestry Management and Develop	12.4	0.3	-17.3	-4.6
-Oil and Gas Development	30.5	0.5	4.1	35.1
-Minerals, Land, and Water Dev.	51.8	1.0	1.7	54.5
-Parks & Recreation Mgmt	5.0	0.5	-13.0	-7.5
-Agricultural Development	0.0	8.1	0.9	9.0
-Agr Revolving Loan Pgm Admin	0.0	0.0	0.8	0.8
-Statewide Fire Suppression	5.7	-0.3	-3.9	1.5
<b>Proposed budget decreases:</b>				
-Management and Administration	0.0	-120.2	0.0	-120.2
-Information/Data Management	0.0	-30.0	-80.0	-110.0
-Forestry Management and Develop	-14.8	0.0	0.0	-14.8
-Oil and Gas Development	0.0	-125.3	-37.4	-162.7
-Minerals, Land, and Water Dev.	0.0	0.0	-224.3	-224.3
<b>Proposed budget increases:</b>				
-Management and Administration	0.0	0.0	32.1	32.1
-Information/Data Management	130.0	0.0	330.0	460.0
-Resource Development	0.0	0.0	25.0	25.0
-Forestry Management and Develop	0.0	0.0	415.0	415.0
-Oil and Gas Development	400.0	0.0	0.0	400.0
-Minerals, Land, and Water Dev.	300.0	8.0	380.7	688.7
-Parks & Recreation Mgmt	160.0	40.0	80.0	280.0
-Agricultural Development	0.0	300.0	62.3	362.3
-Facilities Maintenance	0.0	0.0	3.2	3.2
-Statewide Fire Suppression	350.0	0.0	0.0	350.0
<b>FY2002 Governor</b>	<b>39,054.9</b>	<b>11,215.2</b>	<b>20,668.2</b>	<b>70,938.3</b>

## **Management and Administration Budget Request Unit**

**Contact: Nico Bus, Administrative Services Manager**

**Tel:** (907) 465-2406 **Fax:** (907) 465-3886 **E-mail:** nico\_bus@dnr.state.ak.us

### **BRU Mission**

See specific information at component level.

### **BRU Services Provided**

See specific information at component level.

### **BRU Goals and Strategies**

See specific information at component level.

### **Key BRU Issues for FY2001 – 2002**

See specific information at component level.

### **Major BRU Accomplishments for FY2000**

See specific information at component level.

**Management and Administration**  
**BRU Financial Summary by Component**

All dollars in thousands

	FY2000 Actuals				FY2001 Authorized				FY2002 Governor			
	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds
<b>Formula Expenditures</b> None.												
<b>Non-Formula Expenditures</b>												
Commissioner's Office	504.4	0.0	71.6	576.0	492.0	0.0	54.5	546.5	493.5	0.0	54.2	547.7
Administrative Services	1,523.1	0.0	658.6	2,181.7	1,558.3	0.0	574.7	2,133.0	1,564.6	0.0	576.5	2,141.1
Public Services Office	0.0	0.0	0.0	0.0	0.0	0.0	316.5	316.5	0.0	0.0	348.4	348.4
Trustee Council Projects	0.0	0.0	956.8	956.8	0.0	270.2	1,645.2	1,915.4	0.0	150.4	1,596.4	1,746.8
<b>Totals</b>	<b>2,027.5</b>	<b>0.0</b>	<b>1,687.0</b>	<b>3,714.5</b>	<b>2,050.3</b>	<b>270.2</b>	<b>2,590.9</b>	<b>4,911.4</b>	<b>2,058.1</b>	<b>150.4</b>	<b>2,575.5</b>	<b>4,784.0</b>

**Management and Administration**

**Proposed Changes in Levels of Service for FY2002**

See specific information at component level.

**Management and Administration**

**Summary of BRU Budget Changes by Component**

**From FY2001 Authorized to FY2002 Governor**

*All dollars in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b>FY2001 Authorized</b>	<b>2,050.3</b>	<b>270.2</b>	<b>2,590.9</b>	<b>4,911.4</b>
<b>Adjustments which will continue current level of service:</b>				
-Commissioner's Office	1.5	0.0	-0.3	1.2
-Administrative Services	6.3	0.0	1.8	8.1
-Public Services Office	0.0	0.0	-0.2	-0.2
-Trustee Council Projects	0.0	0.4	-48.8	-48.4
<b>Proposed budget decreases:</b>				
-Trustee Council Projects	0.0	-120.2	0.0	-120.2
<b>Proposed budget increases:</b>				
-Public Services Office	0.0	0.0	32.1	32.1
<b>FY2002 Governor</b>	<b>2,058.1</b>	<b>150.4</b>	<b>2,575.5</b>	<b>4,784.0</b>

## **Component: Commissioner's Office**

### **Contact: Pat Pourchot, Commissioner**

**Tel:** (907) 465-2400 **Fax:** (907) 465-3886 **E-mail:** Pat\_Pourchot@dnr.state.ak.us

## **Component Mission**

Develop, conserve, and enhance natural resources for present and future Alaskans.

## **Component Services Provided**

The Commissioner's Office Component provides policy and management direction to the DNR divisions, resource policy advice to the Governor and the Cabinet, and resource information to the Legislature. Line authority is exercised to oversee and facilitate the wise use, development and conservation of state owned land, water, timber, mineral, oil and gas, agricultural and recreational resources. We foster inter-divisional and interdepartmental cooperation, assist in developing and monitoring legislation, and carefully consider any citizen appeals of divisional decisions.

## **Component Goals and Strategies**

The Commissioner's Office Component ensures the priorities of DNR are in alignment with those of the Governor and the State Constitutional mandates. This philosophy is reflected in DNR's four major goals:

1. Encourage resource development that creates Alaska jobs and ensures economic growth in all regions of the state.
  2. "Doing it Right": Ensure resource development planning, management and new project approvals are based on 1) sound science, 2) prudent management, and 3) responsive, meaningful public involvement.
  3. Ensure resource sustainability and multiple use, including recreational enjoyment of the resource base.
  4. Streamline natural resource leasing, sales, and permitting processes.
1. Encourage resource development that creates Alaska jobs and ensures economic growth in all regions of the state.
    - Convey oil and gas rights by conducting five competitive oil & gas lease sales and issuing oil and gas exploration licenses and shallow gas leases.
    - Sustain Alaska's mineral industry investments by completing geophysical/geological mineral inventory survey of 1,000 square miles of Alaska lands and publish the associated maps.
    - Identify new areas capable of hosting major oil and gas discoveries.
    - Substantially complete the Northern Southeast Area plan of ~ 1,000,000 acres for timber and other resources development as well as for recreational, habitat and settlement purposes.
    - Facilitate special project reviews through an interagency project team process for such projects as: Pogo Mine, Green's Creek, True North, and Red Dog expansions.
    - Facilitate and administer the issuance of 8,000 new mining claim permits.
    - Process, adjudicate and enter into Land Administration System 8,000 new mining claims, 10 new mining leases and 1,000 new mining prospecting sites.
    - Increase Alaska's market share of world exploration dollars and increase mining employment, by continued encouragement and facilitation of the mining industry.
    - Complete 20 trail projects associated with federally funded TRAAK.
    - Utilize local construction contractors to complete 15 park construction projects valued at \$5 million
    - Convey up to 12,000 acres of land to qualifying municipalities.
    - Generate revenues by offering up to 40.3 million board feet of timber with emphasis on value added products.
    - Increase revenues generated from Alaska Mental Health Trust Lands from \$3.7 million to \$4.9 million in a manner consistent with trust management principles.

- Provide an expanded agriculture base by preparing 20 land disposal parcels with 3,620 acres, and 17 lease opportunities on grassland areas.
  - Process 331 permit applications, which include land use permits for commercial guides, access to mining claims and logging areas, cross-country travel, trapping cabin permits, and tideland permits.
  - Process 197 applications for material sales, shore fishery, upland and tideland leases, lease renewals, rights-of-way, and interagency land management assignments.
  - Respond to all native allotment and ANCSA conveyance decisions by the federal government to reserve access to state land.
2. "Doing it Right": Ensure resource development planning, management and new project approvals are based on 1) sound science, 2) prudent management, and 3) responsive, meaningful public involvement.
- Oversee the construction of 3 new, and operation of 10 existing common carrier petroleum pipelines on the North Slope, and report on the oversight.
  - Collect data and information for land status, hydrology, and geological hazards along the most probable route of a gas pipeline.
  - Coordinate our oversight of TAPS with the U.S. Bureau of Land Management, so that TAPS remains available to bring North Slope crude to market.
  - Supervise the safety inspection of approximately 15 dams and test emergency action plans for 3 high-risk dams.
  - Evaluate areas subject to major hazards like floods, earthquakes, volcanic eruptions, and landslides to help predict likelihood and severity of future major events.
  - Conduct 1400 produce inspections, including local field inspections, military and commercial; seed certification, and issue certificates for export products.
  - Maintain inventory of historic and archaeological sites for use by developers, land managers and planners.
  - Implement recommendations from the Spruce Bark Beetle Strategy Task Force with other landowners on the Kenai.
  - Coordinate, through the Natural Resource Conservation and Development Board, programs to obtain federal funding for agriculture related conservation and erosion control in Alaska.
3. Ensure resource sustainability and multiple use, including recreational enjoyment of the resource base.
- Operate 120 state park units and maintain park access for 3.8 million visits.
  - Revise park user fee program to cover increasing maintenance and operation costs and recent facility upgrades.
  - Provide 10 snowmobile trail grants and 5 safety and education grants to local snowmobile clubs and agencies.
  - Manage 500-600 wildfires of varying sizes.
  - Reforest 1,000 acres of forestland, survey 500 acres for regeneration, and conduct 125 of inspections of private land for compliance with Forest Resources and Practices Act reforestation requirements.
  - Adjudicate 500 water right applications.
  - Review and issue 580 permits for commercial activities on parklands.
  - Provide management oversight to 2.6 million acres of legislatively designated public use, recreation areas, trails, and 15 special use areas; and provide co-management oversight of 5.4 million acres of legislatively designated game refuges, critical habitat areas, sanctuaries, and wildlife ranges.
  - Secure maximum federal funding to implement a recreational boating safety program through the Office of Boating Safety.
4. Streamline natural resource leasing, sales, and permitting processes.
- Identify information, requirements and time frames necessary for a right-of-way and permits for a gasline from the North Slope to market.
  - Streamline and improve the Recorder's Office operations to better meet the workload and user demand by incorporating current technology, such as imaging documents.
  - Integrate appropriate modern location and communication technology, such as GPS and Internet communications, into the mining location staking, maintenance, and permit process.
  - Maintain the state's land database through the notation of 10,000 state resource transactions affecting 12,000 townships; reduce notation cycle time. Make the information available to the public.
  - Continue efforts to utilize on-line application, notice and receipt of comment for permit applications.
  - Offer business transaction service over the Internet (payments, cabin rentals, etc.).
  - Continue automation of graphic land records of remaining townships.

## Key Component Issues for FY2001 – 2002

- Implementation of the negotiated agreement reached in the BP-Amoco-Arco Merger.
- Implementation of the new Shallow Gas and Exploration Licensing of Oil & Gas
- Potential for implementation of the University lands package in response to legislation
- Pre-planning for a Natural Gas Pipeline application
- Implementation of SB175 Mining Law, SB283 Land Sale, and HB239 Uniform Commercial Code legislation.
- Keeping current in technology - rewrite legacy database systems such as the Land Administration System
- Keeping up with demand for wood products in a market with weak pricing
- Administration and recordation of RS2477 rights-of-way.
- Parks deferred maintenance and operation.
- Renewal of the rights-of-way for TAPS and a number of North Slope common carrier pipelines.
- Strengthen our Water rights administration through proposed legislation, updating of the regulations, and adjusting staffing to workload.
- Settlement of the School Trust Lands valuation issue to determine the appropriate amount to be deposited into the School Trust Fund annually.
- Workforce development to deal with our difficulties in recruiting and retention of qualified staff.
- Erosion of the Agriculture Revolving Loan Fund through funding of non-ARLF functions in the state budget.
- Management, review, and termination of Sec. 17(b) of ANCSA easements to Alaska Native corporations.
- Expansion of Plant Material Center programs and mission with the increased federal funding provided for the Seed Lab, Post Entry Plant Quarantine Facility, and Cold Regions test sites.
- Union Contracts implementation and the corresponding budget, payroll administration workload and management training requirements.

## Major Component Accomplishments for FY2000

- Collected and accounted for \$1.0 billion in O&G royalty, settlement, rental, federal share and bonus revenues.
- Provided technical and policy support to the BP/Arco merger discussions.
- Space planning and occupancy of Anchorage Atwood Office Building.
- Y2K compliance of all DNR Mission Critical Systems.
- Issued right-of-way leases of Nuiqsut, Alpine, and Northstar pipelines.
- Sold 155 parcels of land for a total of 1,500 acres.
- Disposed of 2,467 acres of ARLF parcels.
- Passed Uniform Commercial Code Legislation in HB239
- Passed updated Mining Law - SB175
- Reduced Mining Claim backlog
- Passed a new Land Sale Law - SB283
- Made the state status plats and surveys available on-line, eliminating the need for aperture card distribution
- Collected \$2 million in park user fees and provided recreational opportunities for 3.6 million park visits.
- Generated \$323.1 from sale of forest products, offered ~53.7 million board feet of timber, offered 82 timber sales and reforested 1,274 acres.
- Managed and responded to a total of 324 wildland fire occurrences on 134 million acres.
- Increased revenues generated from Alaska Mental Health Trust Lands from \$3.5 million to \$3.7million.
- Completed a detailed airborne geophysical survey of 1,032 square miles in the Salcha River - Pogo mining area, and 605 square miles on Prince of Wales Island.
- Completed 1153 square miles of geologic mapping in prospective mineral and oil and gas terrains.
- Completed review and permitting of Anchorage Jet Fuel Pipeline project.
- Successful state operation and transfer of operations to the Bankruptcy trustee of Illinois Creek Gold Mine following operating company bankruptcy.
- Utilized the Tazlina Type 1 Crew for hazard tree removal, fire break improvement and other hazard fuel work reducing the potential of a serious wildland fire on the Hillside area in the Municipality of Anchorage.

## Statutory and Regulatory Authority

AS 38/AS 41

### Key Performance Measures for FY2002

**Measure: The percentage of divisions that meet the assigned performance measures.**  
*(Developed jointly with Legislature in FY2000.)*

**Current Status:**

The Commissioner's Office has been collecting data for the past few years on the divisions' performance measures and adjustments are made as needed. Legislative Audit reviewed our performance against our HB169 measures and reported that we did a good job.

**Benchmark:**

Although there is no official benchmark the department attempts to meet all of its performance measures. Some of the measures are not readily available so we estimate them until a more formal study or report can be completed.

**Background and Strategies:**

The department started the Performance Measures process several years ago and has some good statistical data to report our performance. There are detailed reports available to the Commissioner to see the patterns based on funding level compared to production level. The overall outcomes is what we are most concerned with and are standing by to work with user groups, the legislature, and the Administration to further refine our Performance Measures.

**Measure: Whether new private-sector jobs are created in the natural resource fields of oil and gas, mining, forestry, and farming.**  
*(Not yet addressed by Legislature.)*

**Benchmark:**

The Department of Labor reports on employment by industry, which provides a general trend by type of resource field.

The department does not control employment in the industry so this is not the only measure of our success.

**Background and Strategies:**

The department has various programs which indirectly stimulate the creation of new private-sector jobs:

We transfer land to private citizens and municipalities so they can develop these lands.

We offer area-wide oil and gas lease sale to the oil industry to stimulate exploration, job development, and generation of revenues to the state.

We offer timber sales to the Forest industry.

We offer Agricultural land to the farming community.

We allow mining claims to be staked on State Land.

**Measure: The revenue generated by the development and sale of natural resources.**  
*(Developed jointly with Legislature in FY2000.)*

**Current Status:**

In FY00 \$1,071,738,905 was received in total revenues. In FY01 \$324,538,576 is received through October, which compares to \$236,503,670 in FY00, and \$173,857,246 in FY99 for the same period.

**Benchmark:**

There is no specific benchmark as we try to maximize the revenues to the state given the price of the commodity.

**Background and Strategies:**

The department's mission is to develop, conserve, and enhance natural resources for present and future Alaskans. This means that we try to meet the demand of the resource development in a responsible way and optimize our return in today's market but also by keeping an eye out for the future.

The 2000 Legislative Session passed a Land Disposal Bill (SB283) which provides for us to sell more land to private individuals in the coming years.

**Status of FY2001 Performance Measures**

	<i>Achieved</i>	<i>On track</i>	<i>Too soon to tell</i>	<i>Not likely to achieve</i>	<i>Needs modification</i>
<ul style="list-style-type: none"> <li>• The percentage of divisions that meet the assigned performance measures.</li> <li>• Whether new private-sector jobs are created in the natural resource fields of oil and gas, mining, forestry, and farming</li> <li>• The revenue generated by the development and sale of natural resources.</li> </ul>		X			
		X			
			X		

**Commissioner's Office**  
**Component Financial Summary**

All dollars in thousands

	FY2000 Actuals	FY2001 Authorized	FY2002 Governor
<b>Non-Formula Program:</b>			
<b>Component Expenditures:</b>			
71000 Personal Services	490.3	462.0	463.2
72000 Travel	29.7	30.0	30.0
73000 Contractual	39.6	49.3	49.3
74000 Supplies	6.1	5.2	5.2
75000 Equipment	10.3	0.0	0.0
76000 Land/Buildings	0.0	0.0	0.0
77000 Grants, Claims	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
<b>Expenditure Totals</b>	<b>576.0</b>	<b>546.5</b>	<b>547.7</b>
<b>Funding Sources:</b>			
1004 General Fund Receipts	504.4	489.5	493.5
1007 Inter-Agency Receipts	71.6	53.5	54.2
1053 Investment Loss Trust Fund	0.0	2.5	0.0
1108 Statutory Designated Program Receipts	0.0	1.0	0.0
<b>Funding Totals</b>	<b>576.0</b>	<b>546.5</b>	<b>547.7</b>

**Estimated Revenue Collections**

Description	Master Revenue Account	FY2000 Actuals	FY2001 Authorized	FY2001 Cash Estimate	FY2002 Governor	FY2003 Forecast
<b>Unrestricted Revenues</b>						
None.		0.0	0.0	0.0	0.0	0.0
<b>Unrestricted Total</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Restricted Revenues</b>						
Interagency Receipts	51015	71.6	53.5	53.5	54.2	54.2
Statutory Designated Program Receipts	51063	0.0	1.0	1.0	0.0	0.0
Investment Loss Trust Fund	51393	0.0	2.5	2.5	0.0	0.0
<b>Restricted Total</b>		<b>71.6</b>	<b>57.0</b>	<b>57.0</b>	<b>54.2</b>	<b>54.2</b>
<b>Total Estimated Revenues</b>		<b>71.6</b>	<b>57.0</b>	<b>57.0</b>	<b>54.2</b>	<b>54.2</b>

**Commissioner's Office****Proposed Changes in Levels of Service for FY2002**

No change in the services provided are anticipated although in SFY01 we had a change in the Commissioner and Special Assistant position.

**Summary of Component Budget Changes  
From FY2001 Authorized to FY2002 Governor**

*All dollars in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b>FY2001 Authorized</b>	<b>492.0</b>	<b>0.0</b>	<b>54.5</b>	<b>546.5</b>
<b>Adjustments which will continue current level of service:</b>				
-Convert Special FY2001 Labor Cost Fund Sources to GF	1.0	0.0	-1.0	0.0
-Year 2 Labor Costs - Net Change from FY2001	0.5	0.0	0.7	1.2
<b>FY2002 Governor</b>	<b>493.5</b>	<b>0.0</b>	<b>54.2</b>	<b>547.7</b>

**Commissioner's Office**  
**Personal Services Information**

Authorized Positions			Personal Services Costs	
	FY2001 Authorized	FY2002 Governor		
Full-time	6	6	Annual Salaries	351,684
Part-time	0	0	COLA	7,360
Nonpermanent	0	0	Premium Pay	0
			Annual Benefits	118,454
			<i>Less 2.99% Vacancy Factor</i>	(14,298)
			Lump Sum Premium Pay	0
<b>Totals</b>	<b>6</b>	<b>6</b>	<b>Total Personal Services</b>	<b>463,200</b>

**Position Classification Summary**

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Administrative Clerk III	1	0	0	0	1
Commissioner	0	0	1	0	1
Dep Commissioner	1	0	0	0	1
Exec Secretary II	0	0	1	0	1
Secretary	1	0	0	0	1
Spec Asst To The Comm II	1	0	0	0	1
<b>Totals</b>	<b>4</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>6</b>

## Component: Administrative Services

### Contact: Nico Bus, Administrative Services Manager

Tel: (907) 465-2406 Fax: (907) 465-3886 E-mail: nico\_bus@dnr.state.ak.us

## Component Mission

To provide effective and efficient administrative services to departmental employees and programs in order to maximize public service.

(Revised from Legislature's version.)

## Component Services Provided

This component provides administrative policy and management services to the department.

In 1996 the Department of Natural Resources and Military & Veterans Affairs agreed to a Shared Services Agreement. This Shared Services Agreement includes sharing one Director of Administrative Services for the two departments, co-location of the Juneau offices, shared legislative liaison, budget, and Human Resources support, as well as sharing support staff and equipment.

The Administrative Services Component consists of four sections, with staff located in Juneau and in Anchorage. The sections are:

1. Administrative Support
2. Financial Services
3. Human Resources and Payroll
4. Revenue and Resource Accounting

### The Administrative Support Section:

The Administrative Support Section includes the shared Director of Administrative Services and it provides general management oversight to the Support Services Division, which includes the State Recorder's Office, the Information Resources Management Section and Administrative Services Sections. The Section:

- Prepares and monitors the operating and capital budgets for the departments of Natural Resources and Military & Veterans Affairs.
- Provides legislation liaison for both DNR and DMVA.
- Tracks legislation, keeps bill analysis and fiscal notes current
- Legislative testimony on the two departments' budgets
- Manages office space, contracting services, vehicles, equipment, supplies and support services such as mail and courier service.
- Provides consolidated mailroom services for the DNR divisions. This includes sorting of all incoming mail, preparation of the daily courier pouch. These services also include maintaining the mail room supplies, postage machine, acting as the key operator for the copier machine, and distribution of mail.

### The Financial Services Section:

This section provides centralized financial management and accounting in support of DNR components. The centralized functions include payment of all invoices; program receipts, federal grant and reimbursable service agreements accounting; payroll labor cost distributions; appropriation accounting; and payment of all inter-department billings. Financial Services establishes and implements departmental financial policies and procedures in accordance with law, statutes, regulations, and Generally Accepted Accounting Principals (GAAP). This Section also provides departmental training in financial policies and procedures, grant accounting and AKSAS.

The staff ensures that:

- Accounting support for all federal grants and program receipts is provided. Annually over 157 different federal grants and program receipts are managed totaling in excess of \$26.5 million. In addition, Financial Services processes monthly billings on 312 reimbursable service agreements with a total budget of over \$24.6 million.
- Fire Suppression accounting support is provided to this unique program which involves accounting for a cooperative agreement with the federal government for payment of fire suppression expenses on State and Federal land. Billings to the U.S. Forest Service (USFS) and the Bureau of Land Management (BLM) range from \$2.4 to \$22.0 million. Track suppression expenditures in AKSAS for over 1,000 fire incidents annually.
- The department's Budget Analyst and Administrative Services Manager are supported in the preparation of the annual Operating and Capital budgets through all stages, posting of the Operating and Capital authorization to the correct appropriations in AKSAS, submission of Fiscal Notes, Supplementals and Revised Programs.
- The department's budget projection reports are prepared, which are reviewed and distributed by the department's budget analyst.
- The distribution of accurate hardcopy AKSAS financial management reports and Geneva audit trails to the operating divisions. These reports are used to verify expenditures, bill federal grants and project expenditures. Financial Services also completes various reports and responses to DOA Division of Finance, Office of Management & Budget, Legislative Finance and Federal Agencies. Reports include: DOA's Annual Financial Reports, Federal Schedule, 1099 verification, OMB Federal Pass-through grants and Payment in-lieu of taxes.
- Training is provided to administrative staff on the use of the Alaska State Accounting System (AKSAS). This includes hands-on AKSAS classes, on-line management reporting and instruction in AKSAS payment certification. Training is also given on Accounts Payable policies, Federal Grant & Program receipt accounting, and training on the preparation of the state operating and capital budgets.

#### The Human Resources Section:

The Human Resources section handles internal personnel functions for some 552 permanent full-time, 238 permanent part time and 2000 seasonal employees. DMVA's payroll staff and numbers are addressed in DMVA budget but the staff is under the general guidance and supervision of this Section.

The Human Resource Management/Payroll Section provides essential support for all DNR and DMVA employees and managers in the broad area of human resources including: recruitment, examining, classification, labor contract interpretation and enforcement, implementation and compliance with federal and state requirements such as the Fair Labor Standards Act, Americans with Disabilities Act, Family Leave etc.

#### The staff ensures that:

- DNR's mission is carried out in the most professional manner possible by recruiting the best qualified work force, including special recruitment for local residents in rural areas, women and minorities, and for individuals with unique qualifications when required.
- Error free payroll services are provided to the department's employees.
- Ensures that all positions in the Department are properly classified and paid in accordance with the State Personnel Act and collective bargaining agreements.
- Ensures that DNR is in compliance with the Americans with Disabilities Act (ADA).
- Employment opportunities are provided for Alaskan residents.
- Department managers are advised on provisions of the collective bargaining unit agreements, Fair Labor Standards Act, Americans with Disabilities Act, Family Medical Leave Act, Alaska Family Leave Act, and other state and federal laws pertaining to employee rights and protection.
- The occurrence of employee relations and labor disputes are minimized by ensuring that all personnel transactions comply with AS 39, labor agreements, FLSA, state and federal law, and that all are in accordance with good personnel principles.
- Management is represented in labor disputes by investigating union grievances and complaints, human rights, EEO, and ombudsman complaints, and processing these complaints through resolution.
- Training needs of all employees are considered.
- Managers and employees are assisted in all aspects of down-sizing activities; i.e., layoffs, reorganizations, out-placement services and retirement incentive programs.

#### The Revenue & Resource Accounting Section:

This section is responsible for the revenue accounting for all DNR programs. In FY00 ~\$1.0 billion in revenues were collected and accurately distributed to over 480 accounts within the DNR revenue structure.

The staff:

- Collects, controls and accounts for all annual revenues generated by the use, sale, or lease of the natural resources under the control of DNR.
- Provides timely and accurate billing, defaulting, maintenance of on-line information, and customer service for a portfolio composed of 18 contract types and 35,000 subsidiary lease and sale agreements.
- Provides training to DNR personnel on the use of the DNR Revenue and Billing computer system to track financial information for agreement management.
- Provides timely and accurate processing of department-wide travel and fire suppression subsistence expenditures to vendors and personnel within the Department.
- Distributes revenues accurately and as required by legislation. All statutory requirements are met for proper distribution of DNR revenues to the general fund, permanent fund, school fund, school escrow fund, mental health trust fund, budget reserve fund, land disposal income fund, and administrative settlement funds.
- Provides revenue activity reports in a timely manner to meet the needs of the DNR managers.
- Provides an annual report via magnetic media to the IRS of interest paid on sale contracts, as required by federal law.
- Provides a Statement of Account to each sale contract customer summarizing the yearly account activity.
- Accurately maintains the 950 subsidiary trust deposits in agency trust accounts.
- Reviews, reconciles, and reports to Dept. of Administration each fiscal year on the status of DNR receivables in the general fund, school fund, school escrow trust fund, mental health trust fund, and the land disposal income fund.
- Responds to annual legislative audits conducted to ensure timely and accurate revenue processing.

### **Component Goals and Strategies**

The Administrative Services Component's primary goal is to provide the most effective and efficient support service to those divisions that are directly serving the public.

The business of this component is to provide consolidated support to the Commissioner's Office, the operating programs of DNR, the Fire Suppression Emergencies and to the various boards and commissions that rely on us for administrative support. This includes providing the best possible budgeting, finance and accounting support; timely and accurate payroll processing; recruitment of qualified, trained and motivated personnel; responsive procurement and facilities management; and the most efficient revenue collection and accounting.

This Component also has a shared services agreement with the Department of Military & Veterans Affairs, which includes sharing legislative liaison, budgeting, personnel and courier functions.

The Administrative Services goals are to:

- Provide quality, timely contracting services for the operating programs.
- Maintain DNR's property records and supervise the annual physical inventory.
- Coordinate the preparation, presentation, and justification of DNR's and DMVA's Operating and Capital budgets in a thorough and timely manner.
- Provide an effective and efficient accounting system to collect, control and account for annual revenues generated by the use, sale, or lease of the natural resources under the control of the Department of Natural Resources and distribute these revenues as defined by statute, regulation and policy.
- Pay all obligations in a timely manner taking advantage of the investment potential of the return on cash to the state.
- Ensure that all employees of DNR are paid correctly and on time.

- Provide a hassle-free environment for customers and employees while abiding by the personnel standards to ensure fair and equitable treatment for all.
- Track expenditures and receipts in a manner that provides accuracy, timeliness, and maximizes the usefulness of revenue information.

### **Key Component Issues for FY2001 – 2002**

Maintaining the quality level of services as part of the Shared Services Agreement between DNR and DMVA in times of declining resources is a concern. With increased delegations from the Department of Administration in the areas of Human Resources, Procurements, and Accounting; coupled with the implementation of the Automated Budget System, and the transfer of administrative functions from within the departments the staff is getting stretched rather thin and is challenged to keep meeting all the deliverables.

Increased pressure to improve services to the public through the use of procurement cards, credit cards, and on-line services also increase the administrative workload and the requirement to establish proper checks and balances.

### **Major Component Accomplishments for FY2000**

Planned, coordinated, and executed the office moves in Anchorage from the Frontier Building to the Atwood Building.

Provided administrative and budget support to implement the last phase of the RIP plan, which allowed divisions to downsize their budgets without having to layoff staff.

Facilitated improvements in the DOA DP Chargeback process by completing department-wide IP inventories and setting-up allocation methods.

Assisted the Division of Parks and Recreation Access program in bringing the ISTEAs billings more current as there was a significant backlog in their accounts receivables.

Continued the level of procurement support by processing of 150 purchase requests resulting in approximately \$5.9 million in awards, 42 construction contracts for \$2.4 million, 11 cooperative agreements for \$415.0, \$617.0 in 41 grants, and \$2.1 million in 55 professional services contracts.

Accurately managed over \$10 million in controlled equipment.

Coordinated the preparation, presentation, and justification of DNR's and DMVA's Operating and Capital budgets in a thorough and timely manner.

Accurately receipted for 26,000 payments annually and coordinated the receipting and depositing activities for an additional 117,441 receipts handled by 125 receiptors in 39 area offices. Audited and maintained nearly 35,000 subsidiary ledgers. Provided quality customer service for over 33,000 lease and sale contracts. Provided on time, accurate reports to the IRS on over 1,100 land sale contracts including a Statement of Account on all payment activity by each contract holder.

Continued the customer focus that resulted in ~30,000 invoices, totaling more than \$44 million being paid in an average turnaround of 22 days.

Emphasized service to the internal customer by eliminating errors or delays in paying personnel. This was accomplished in processing over 5,000 personnel actions and 22,000 time sheets.

Followed the requirements of AS 39, Fair Labor Standards Act, and contract requirements to minimize grounds for complaints and ensured positive employee morale. Investigated complaints fairly and in a timely manner. Fully complied with the spirit and letter of the Americans with Disabilities Act.

Accurately tracked approximately 157 different federal grant and program receipt sources. Correctly processed over 312 Servicing and Requesting Reimbursable Service Agreements. Maintained the Fire Suppression Account to fully support this critical and complex joint federal and state multi-agency incident based program.

### **Statutory and Regulatory Authority**

AS23, AS38, AS36.30, AS39, and AS43.05

### **Key Performance Measures for FY2002**

#### **Measure: The average time taken to pay vendors**

*(Developed jointly with Legislature in FY2000.)*

##### **Current Status:**

In FY00 the average vendor payment time was 22 days.

##### **Benchmark:**

The standard for average vendor payment time is 30 days, before late charges and penalties are assessed.

##### **Background and Strategies:**

The strategy is for the department to pay the vendor community within 30 days, this helps both the State and the vendor community with their cash flow. Our goal is to not incur any penalty or late payment interest charges.

#### **Measure: The number of late penalties for payroll**

*(Developed jointly with Legislature in FY2000.)*

##### **Current Status:**

We currently do not have any penalties for late payroll payments.

##### **Benchmark:**

The goal is to have NO penalties for late payroll payments.

##### **Background and Strategies:**

The most important issue for employees is to receive their paychecks on time and in the correct amount. We strive very hard to make sure all paychecks are mailed timely and that they are calculated correctly as this is good for morale and productivity.

#### **Measure: The number of audit exceptions**

*(Developed jointly with Legislature in FY2000.)*

##### **Current Status:**

The Department just received a "clean" Legislative Audit Report for the department's financial audit for the general fund activity for FY00. (report #10-10000-00)

##### **Benchmark:**

The ideal is NO audit exceptions!

##### **Background and Strategies:**

An independent measure of the Administrative Services functions' success is a "clean" audit by Legislative Audit. Our strategy is to have all accounting, payroll, and procurement actions comply with state rules and regulations and generally acceptable accounting and business practices.

**Status of FY2001 Performance Measures**

	<i>Achieved</i>	<i>On track</i>	<i>Too soon to tell</i>	<i>Not likely to achieve</i>	<i>Needs modification</i>
• The average time taken to pay vendors		X			
• The number of late penalties for payroll		X			
• The number of audit exceptions	X				

**Administrative Services**  
**Component Financial Summary**

All dollars in thousands

	FY2000 Actuals	FY2001 Authorized	FY2002 Governor
<b>Non-Formula Program:</b>			
<b>Component Expenditures:</b>			
71000 Personal Services	1,974.2	2,012.5	2,020.6
72000 Travel	8.7	10.5	10.5
73000 Contractual	111.0	92.4	92.4
74000 Supplies	53.4	17.6	17.6
75000 Equipment	34.4	0.0	0.0
76000 Land/Buildings	0.0	0.0	0.0
77000 Grants, Claims	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
<b>Expenditure Totals</b>	<b>2,181.7</b>	<b>2,133.0</b>	<b>2,141.1</b>
<b>Funding Sources:</b>			
1004 General Fund Receipts	1,523.1	1,549.7	1,564.6
1007 Inter-Agency Receipts	658.6	571.3	576.5
1053 Investment Loss Trust Fund	0.0	8.6	0.0
1108 Statutory Designated Program Receipts	0.0	3.4	0.0
<b>Funding Totals</b>	<b>2,181.7</b>	<b>2,133.0</b>	<b>2,141.1</b>

**Estimated Revenue Collections**

Description	Master Revenue Account	FY2000 Actuals	FY2001 Authorized	FY2001 Cash Estimate	FY2002 Governor	FY2003 Forecast
<b>Unrestricted Revenues</b>						
Unrestricted Fund	68515	47.6	0.0	47.6	47.6	47.6
<b>Unrestricted Total</b>		<b>47.6</b>	<b>0.0</b>	<b>47.6</b>	<b>47.6</b>	<b>47.6</b>
<b>Restricted Revenues</b>						
Interagency Receipts	51015	658.6	571.3	486.7	576.5	576.5
Statutory Designated Program Receipts	51063	0.0	3.4	3.4	0.0	0.0
Investment Loss Trust Fund	51393	0.0	8.6	8.6	0.0	0.0
<b>Restricted Total</b>		<b>658.6</b>	<b>583.3</b>	<b>498.7</b>	<b>576.5</b>	<b>576.5</b>
<b>Total Estimated Revenues</b>		<b>706.2</b>	<b>583.3</b>	<b>546.3</b>	<b>624.1</b>	<b>624.1</b>

**Administrative Services****Proposed Changes in Levels of Service for FY2002**

The only change in services provided is in our Shared Service Agreement with DMVA as there was an increase in the Human Resources staff level for DMVA in FY01 which allows DNR to focus more on its own Human Resource Management issues.

**Summary of Component Budget Changes****From FY2001 Authorized to FY2002 Governor***All dollars in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b>FY2001 Authorized</b>	<b>1,558.3</b>	<b>0.0</b>	<b>574.7</b>	<b>2,133.0</b>
<b>Adjustments which will continue current level of service:</b>				
-Convert Special FY2001 Labor Cost Fund Sources to GF	3.4	0.0	-3.4	0.0
-Year 2 Labor Costs - Net Change from FY2001	2.9	0.0	5.2	8.1
<b>FY2002 Governor</b>	<b>1,564.6</b>	<b>0.0</b>	<b>576.5</b>	<b>2,141.1</b>

**Administrative Services****Personal Services Information**

Authorized Positions			Personal Services Costs	
	FY2001 Authorized	FY2002 Governor		
Full-time	37	37	Annual Salaries	1,515,885
Part-time	2	1	COLA	26,511
Nonpermanent	0	0	Premium Pay	0
			Annual Benefits	583,407
			<i>Less 4.95% Vacancy Factor</i>	<i>(105,203)</i>
			Lump Sum Premium Pay	0
<b>Totals</b>	<b>39</b>	<b>38</b>	<b>Total Personal Services</b>	<b>2,020,600</b>

**Position Classification Summary**

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Accountant II	1	0	0	0	1
Accountant III	0	0	1	0	1
Accountant IV	1	0	1	0	2
Accounting Clerk I	0	0	1	0	1
Accounting Clerk II	3	0	2	0	5
Accounting Spvr I	0	0	1	0	1
Accounting Tech I	3	0	2	0	5
Accounting Tech II	2	0	1	0	3
Accounting Tech III	0	0	1	0	1
Administrative Clerk II	1	0	1	0	2
Administrative Clerk III	2	0	0	0	2
Administrative Svcs Mgr	0	0	1	0	1
Division Director	0	0	1	0	1
Human Resources Mgr III	0	0	1	0	1
Mail Clerk Carrier II	1	0	0	0	1
Personnel Asst I	2	0	2	0	4
Personnel Officer I	1	0	1	0	2
Personnel Specialist I	0	0	1	0	1
Procurement Spec I	1	0	0	0	1
Procurement Spec IV	1	0	0	0	1
Program Budget Analyst IV	0	0	1	0	1
<b>Totals</b>	<b>19</b>	<b>0</b>	<b>19</b>	<b>0</b>	<b>38</b>

## **Component: Public Services Office**

**Contact: Wyn Menefee, Public Information Officer**  
**Tel:** (907) 269-8412 **Fax:** (907) 269-8901 **E-mail:** wynm@dnr.state.ak.us

### **Component Mission**

The Department of Natural Resources Public Information Centers (PICs) provide one stop shopping for the public to interface with DNR by keeping the public informed and providing easy access to this complex agency. The outcome is to improve the public's ability to use and enjoy the State land and resources.

### **Component Services Provided**

The two Public Information Centers (PICs) provide a place for the public to go to ask questions, pay bills, get forms, and complete research. The PICs are the difference between a complex agency understandable only to experts, and a public-friendly agency where forms, permits, and answers to questions are easily available to everyone.

The services provided under this component allow the department to efficiently conduct business with the public. These centers provide basic essential business functions and services that insure timely processing of applications and payments. They also provide the time consuming public interface to allow other DNR employees to more efficiently conduct their assigned duties without interruption. The PICs make sure the public is able to find and obtain what they need from DNR while at the same time making the public aware of the need, purpose, and value of the State's land and resource assets and their appropriate management.

The Public Information Center's services provide two primary outputs.

- Provide essential services to the public.
- Keep the public informed of DNR programs, policies, regulations, and activities.

Output 1. Provide essential services to the public. The PIC operates two Public Information Centers. The main center is in Anchorage. A smaller center operates in Fairbanks.

The public information centers receive payments from the public for sales, rents, leases, bond pools, royalties, and other activities. They have full receipting capability for any payments made to the divisions. Last fiscal year the PIC staff receipted over 4.6 million dollars in individual transactions. The PICs receive and process applications for land and resource use. In order to alleviate public frustration and lower application processing cycle times, it is essential that the PIC staff is knowledgeable enough to get the correct application for whatever the desired use and to insure that the applicant correctly fills out the application and attaches necessary documentation. Last fiscal year over 230 applications were processed through the PICs. The PICs reserve public use cabins throughout the state for individuals. Annual park passes and decals are sold in these centers. PIC staff provide land research assistance to the public. Not only do they sell land status plats, interpret area plans, and pull case file abstracts, but they provide the personalized assistance required to help the public understand the information given. The public can obtain and purchase maps and publications that help people to understand the resources and management of Alaska's lands. The PICs also provide the primary public contact for department land sales. In all, the PICs provided assistance to well over 15,000 customers during FY00.

Output 2. Keep the public informed of DNR programs, policies, regulations, and activities.

The PIC staff maintain and improve brochures and fact sheets about State land programs and activities requiring authorizations. These fact sheets must be kept current and accurate as programs and regulations change. Through verbal interaction, the PICs provide personal assistance to public to insure that they submit the correct applications necessary for their situation. The public also must be informed of the regulations to facilitate appropriate use of State land and facilities. The PICs utilize current technology to better disseminate DNR information including maintaining the DNR front door web pages. This requires daily upkeep of the web pages to insure accurate and timely information is provided. Through media releases, public service announcements, and interviews the PICs insure effective media coverage on current DNR actions and issues. Through coordination with other agencies and information centers the PICs help the public to understand DNR's interagency relationships and to insure accurate and current DNR information is disseminated. The PICs also provide feedback to DNR employees about public concerns, requests,

desires, or misunderstandings. Essentially the PICs act as two-way information brokers and often as interpreters to "governmentese" or visa versa.

### **Component Goals and Strategies**

Outcome: Public and private use and enjoyment of State land, and resources.

Goals:

1. Provide essential services to the public.

Accurately receipt all payments received in the PIC from the public for sales, rents, leases, bond pools, royalties, and other activities.

Receive and process applications for land and resource use within a two day cycle time and insure that applicants submit the correct applications necessary for their situation.

Provide as many business functions as possible on the internet.

2. Keep the public informed of DNR programs, policies, regulations and activities.

Provide personal assistance and dispense information to the public to insure that they obtain necessary understanding for that which they are seeking.

Utilize current technology to better disseminate DNR information including maintaining the DNR front door web pages.

Insure effective media coverage on current DNR actions and issues.

### **Key Component Issues for FY2001 – 2002**

As much of the public is becoming computer literate, DNR is attempting to shift some of its business practices to be available by internet. The PIC will maximize the use of the internet where possible to disseminate information and to conduct business. Of course the PIC will be integrally involved in maintaining internet sites to keep them current and accurate. But the human component will not be overlooked as this is what most people want. Most people still want that personalized service to help them through the government maze that seems so overwhelming. That is where the PIC will continue to be crucial in maintaining the business traffic over the bridge into the millennium.

The PIC will continue to assist in any projects that streamline government processes for the public and utilize current and future technology to increase efficiencies. We will continue to work with other divisions and sections on a web based application process, GIS utilization, imaging data for easy storage and retrieval, mining claim submission improvements and a restructuring of the DNR web pages. Then we will move to other e-commerce functions such as making public use cabin reservations via the internet.

The PIC will also be closely involved in the expanded land sales program. The PIC will assist in marketing, sales, and implementation of the program.

### **Major Component Accomplishments for FY2000**

The PICs have produced multitudes of satisfied DNR customers, even when they were paying us money. That is because the PIC staff emphasizes customer service. Regardless of the issue or the nature of the contact, the staff endeavors to see customers leaving satisfied knowing they were treated well, professionally, and with respect. This helps improve the overall image of state government that we are here to serve the people of this state.

The majority of the Alaska State Park public use cabins were rented by the PICs. The knowledgeable PIC staff spent the time necessary to make sure people rented the cabins best suiting their needs and abilities. People want so much

more than just a fact sheet on the cabins, they want local knowledge of conditions, when the fish run, how's the hike, is the beach nice for kids, and much more. From the comments the PIC receives, it is obvious that they help make those recreational visits special.

Many people came to the PICs not knowing exactly what they wanted or not understanding how to get something from DNR. The PIC worked with the customers to provide the information needed and helped people through the permitting and regulatory process as needed. The PIC staff have spent the hours necessary to assist people researching land status or teaching customers how to conduct their own research. If customers had to speak with others beyond the PIC, the PIC staff refined the questions to focus the time spent with other DNR staff. This has prevented numerous hours of interrupted DNR staff time. This in turn helped produce efficiency in DNR by improving cycle times.

The PICs assisted over 15,000 customers in person, processed over 230 applications, and receipted over \$4.6 million in revenues in FY00. In addition, the PIC produced over 150 media releases and 7 internal DNR newsletters. The PIC staff assisted in three land sales during FY00. The PIC assisted in developing and maintaining the new DNR web pages that more efficiently relay information to the public. The PIC web page alone receives over 4,000 hits per month whereas the DNR site as a whole is receiving over 49,000 visits per month. The PIC was able install appropriate technology hardware to utilize the new computerized land records system.

### **Statutory and Regulatory Authority**

The PIC provides the public, contact and outreach required by the statutory authority of other components. It has no specific statutory authority.

### **Key Performance Measures for FY2002**

**Measure: Number of customers assisted in person.**  
*(Not yet addressed by Legislature.)*

**Benchmark:**

Historical data indicates an average of 15,000 customers are served in person on an annual basis.

**Background and Strategies:**

The Public Information Center was created several years ago by combining all the service counters from each division into one central location. This makes the public interface much more efficient for the customer and creates efficiencies for other DNR employees. The Public Information Centers take in payments, process applications, assist the customers with research, and refer people to the proper DNR contacts or other agencies.

**Measure: Number of customers assisted by the PIC web pages.**  
*(Not yet addressed by Legislature.)*

**Benchmark:**

Approximately 40,000 customers are served by the PIC web pages annually.

**Background and Strategies:**

As the public becomes more literate with computers and the internet, DNR seeks to utilize this tool to disseminate information and to conduct business processes. With Alaska residents as disperse as they are in this big state, we must utilize current technologies to better serve our remote clientele. The Public Information Center still plays a key role in this internet interface with the public as people still need assistance in finding what they seek. The PIC staff will continue to make the front door pages of DNR's web pages as user friendly, informative and efficient as possible.

DNR offers many services on the internet. Land records, plats, geologic reports, and other research tools are available. Customers can make bill payments on line for many contractual services and mining claims. Our land sale programs utilize the internet to distribute brochures and other pertinent information. Many applications, fact sheets

and other program information is available for customers. We are currently developing ways to accept applications on line to reduce paper handling and to provide a better service to customers.

### Status of FY2001 Performance Measures

	<i>Achieved</i>	<i>On track</i>	<i>Too soon to tell</i>	<i>Not likely to achieve</i>	<i>Needs modification</i>
• Number of customers assisted.					X

**Public Services Office**  
**Component Financial Summary**

*All dollars in thousands*

	FY2000 Actuals	FY2001 Authorized	FY2002 Governor
<b>Non-Formula Program:</b>			
<b>Component Expenditures:</b>			
71000 Personal Services	0.0	304.5	309.9
72000 Travel	0.0	1.0	3.0
73000 Contractual	0.0	9.0	25.5
74000 Supplies	0.0	2.0	7.0
75000 Equipment	0.0	0.0	3.0
76000 Land/Buildings	0.0	0.0	0.0
77000 Grants, Claims	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
<b>Expenditure Totals</b>	<b>0.0</b>	<b>316.5</b>	<b>348.4</b>
<b>Funding Sources:</b>			
1007 Inter-Agency Receipts	0.0	316.5	348.4
<b>Funding Totals</b>	<b>0.0</b>	<b>316.5</b>	<b>348.4</b>

**Estimated Revenue Collections**

Description	Master Revenue Account	FY2000 Actuals	FY2001 Authorized	FY2001 Cash Estimate	FY2002 Governor	FY2003 Forecast
<b>Unrestricted Revenues</b>						
None.		0.0	0.0	0.0	0.0	0.0
<b>Unrestricted Total</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Restricted Revenues</b>						
Interagency Receipts	51015	0.0	316.5	316.5	348.4	348.4
<b>Restricted Total</b>		<b>0.0</b>	<b>316.5</b>	<b>316.5</b>	<b>348.4</b>	<b>348.4</b>
<b>Total Estimated Revenues</b>		<b>0.0</b>	<b>316.5</b>	<b>316.5</b>	<b>348.4</b>	<b>348.4</b>

**Public Services Office**

**Proposed Changes in Levels of Service for FY2002**

The only change in services is in the way we budget for DGGs's receipts. Rather than pay for Public Service Offices expenditures out of the DGGs budget we are requesting an increment of \$29.8 in I/A receipts to show these expenditures in this component.

**Summary of Component Budget Changes**

**From FY2001 Authorized to FY2002 Governor**

*All dollars in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b>FY2001 Authorized</b>	<b>0.0</b>	<b>0.0</b>	<b>316.5</b>	<b>316.5</b>
<b>Adjustments which will continue current level of service:</b>				
-Year 2 Labor Costs - Net Change from FY2001	0.0	0.0	-0.2	-0.2
<b>Proposed budget increases:</b>				
-Interagency Receipts Support for the Public Services Office Component	0.0	0.0	32.1	32.1
<b>FY2002 Governor</b>	<b>0.0</b>	<b>0.0</b>	<b>348.4</b>	<b>348.4</b>

## Public Services Office

## Personal Services Information

Authorized Positions			Personal Services Costs	
	FY2001 Authorized	FY2002 Governor		
Full-time	6	6	Annual Salaries	225,617
Part-time	0	0	COLA	3,422
Nonpermanent	0	0	Premium Pay	0
			Annual Benefits	90,368
			<i>Less 2.98% Vacancy Factor</i>	<i>(9,507)</i>
			Lump Sum Premium Pay	0
<b>Totals</b>	<b>6</b>	<b>6</b>	<b>Total Personal Services</b>	<b>309,900</b>

## Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Information Officer III	1	0	0	0	1
Natural Resource Off I	1	1	0	0	2
Natural Resource Tech II	2	1	0	0	3
<b>Totals</b>	<b>4</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>6</b>

## **Component: Trustee Council Projects**

**Contact: Carol Fries, Natural Resource Manager**

**Tel:** (907) 269-8425 **Fax:** (907) 269-8918 **E-mail:** carol\_fries@dnr.state.ak.us

### **Component Mission**

The Mission of the DNR Exxon Valdez Oil Spill Restoration Project Office is to support restoration of resources and services injured by the Exxon Valdez Oil Spill including state land, archaeological resources, recreational resources, and intertidal resources.

### **Component Services Provided**

DNR provides significant contractual services to the Restoration Office. These services include managing the contract that provides for scientific support by the chief scientist and extensive peer review in a variety of scientific and technical disciplines. In addition, DNR contracts for appraisals, timber cruises, verification of cruise and appraisal work, title research, hazardous materials assessments, surveys, mapping, and other professional services as necessary for the Trustee Council to reach closure on negotiated agreements for rights to facilitate habitat protection on lands nominated by willing participants. DNR also manages contracts and cooperative agreements with other state and federal agencies, divisions, and municipalities to facilitate restoration of habitat, identification of and access to disparate information and data sources, and enhancement of recreational opportunities particularly in the areas of Homer, Kenai, and Valdez.

### **Component Goals and Strategies**

DNR Exxon Valdez Oil Spill Restoration Project Office will provide project management, project implementation and support services to the Restoration Office and Trustee Council in the following project areas: Archaeology, Habitat Protection, Direct Restoration, Recreational Enhancement, Mapping, Data and Information Management, Policy and Planning.

### **Key Component Issues for FY2001 – 2002**

Pursuant to the Memorandum of Agreement (MOA) restoration funds must be used "...for the purposes of restoring, replacing, enhancing, or acquiring the equivalent of natural resources injured as a result of the Oil Spill and the reduced or lost services provided by such resources...." In addition, the MOA requires that all decisions shall be made by the unanimous agreement of the Trustees. This budget assumes that the projects approved by the Trustee Council for FFY 2000 will continue into FY00. The Trustee Council will reassess funding needs based on each project's progress, information gained during the year and an assessment of restoration needs. It is anticipated that the Trustee Council will meet late in August or early September to approve the FFY 01 Work Plan.

### **Major Component Accomplishments for FY2000**

DNR has completed title work, appraisals, appraisal reviews, surveys, and hazardous materials surveys required to enable the Trustee Council to reach closure in negotiations with land owners of identified priority parcels.

DNR has produced database and mapping products analyzing and illustrating land status, timber harvest, habitat, geographic features, and natural resources in support of habitat protection negotiations and restoration projects. The results of this effort are captured in an atlas designed for the recreational user, identifying the location of major EVOS acquisitions and describing the terms and conditions associated with acquisitions as well as unique characteristics of parcels.

DNR has monitored damage to archaeological sites or sites of historic significance impacted by the Exxon Valdez Oil Spill. Impacted sites were visited as scheduled and current status was documented in order to assess further impacts

and prevent additional degradation of archaeological sites. Monitoring of Archaeological Sites impacted by the Exxon Valdez Oil Spill has been completed and a final report is available at the Alaska Resources Library and Information Center.

DNR in cooperation with DEC, EPA, USGS, USFS has developed a prototype Cook Inlet Information Management and Monitoring web site designed to facilitate identification of and access to data and information about the Kenai River Watershed(FY 99). In FY00, the web site expanded to include the entire Cook Inlet watershed, In FY01, additional tools will be added to facilitate retrieval of data and information. The project is being implemented in a manner which will allow for extensibility to other areas of the state. This project was developed in response to Cook Inlet Area Wide Lease Sale Stakeholder concerns regarding access and availability of data for analysis in evaluating areas for proposed oil and gas lease sales. This project has made resource information more accessible to agencies and the public via the internet thereby improving public outreach and streamlining the gathering of information associated with permitting, planning and regulatory functions.

Impacted shorelines along the Kenai River have been restored at Slikok Creek through the use of a variety of shoreline revegetation techniques. Recreational access for sportfishers has been enhanced through the installation of elevated gratewalks which protect the riparian habitat and proactively manage human access to the river. Interpretive displays educate the public on less destructive ways to access the river. A final report on this project will document restoration activities as well as recreational enhancements for the public at Bings Landing, Slikok Creek, Kenai Dunes, Big Eddy, Ciechanski, and Funny River.

### **Statutory and Regulatory Authority**

AS 37.14.400  
AS 31.14.415  
AS 37.14.450

### **Key Performance Measures for FY2002**

**Measure: Complete Kenai River Restoration and Recreation Enhancement Project including final report writing.**

*(Not yet addressed by Legislature.)*

**Current Status:**

Major construction associated with this restoration effort has been completed during the summer of FY2000. Additional planting of revegetation stock will take place in spring 2001.

**Background and Strategies:**

Continued popularity of sportfishing in Alaska will continue to impact streambanks. Documentation of this project's accomplishments will provide information useful to similar restoration and enhancement efforts on other rivers.

**Measure: Expand Cook Inlet Information Management and Monitoring Project to include Prince William Sound.**

*(Not yet addressed by Legislature.)*

**Current Status:**

Prototype system is complete (FY 2000) for the Kenai River watershed. System specifications for full scale implementation focusing on the entire Cook Inlet Watershed are complete. Additional tools are being developed and extensibility of the system will allow for use statewide.

**Background and Strategies:**

This project was proposed in response to Cook Inlet Area Wide Lease Sale Stakeholder concerns regarding access to and availability of data for analysis in evaluating areas for proposed lease sales. Expanding this project to include Prince William Sound will make information regarding natural resources and scientific studies conducted as a result of the Exxon Valdez Oil Spill Restoration effort more readily available to the agencies and the public.

**Status of FY2001 Performance Measures**

	<i>Achieved</i>	<i>On track</i>	<i>Too soon to tell</i>	<i>Not likely to achieve</i>	<i>Needs modification</i>
<ul style="list-style-type: none"> <li>• Complete Kenai River Restoration and Recreation Enhancement Project including final report writing.</li> <li>• Expand Cook Inlet Information Management and Monitoring Project to include Prince William Sound.</li> </ul>		X	X		

**Trustee Council Projects**  
**Component Financial Summary**

All dollars in thousands

	FY2000 Actuals	FY2001 Authorized	FY2002 Governor
<b>Non-Formula Program:</b>			
<b>Component Expenditures:</b>			
71000 Personal Services	160.4	275.0	252.6
72000 Travel	2.8	18.8	18.3
73000 Contractual	785.9	1,564.6	1,468.9
74000 Supplies	6.2	7.0	7.0
75000 Equipment	1.5	50.0	0.0
76000 Land/Buildings	0.0	0.0	0.0
77000 Grants, Claims	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
<b>Expenditure Totals</b>	<b>956.8</b>	<b>1,915.4</b>	<b>1,746.8</b>
<b>Funding Sources:</b>			
1002 Federal Receipts	0.0	270.2	150.4
1018 Exxon Valdez Oil Spill Settlement	956.8	1,595.2	1,596.4
1114 Exxon Valdez Oil Spill Restoration Fund	0.0	50.0	0.0
<b>Funding Totals</b>	<b>956.8</b>	<b>1,915.4</b>	<b>1,746.8</b>

**Estimated Revenue Collections**

Description	Master Revenue Account	FY2000 Actuals	FY2001 Authorized	FY2001 Cash Estimate	FY2002 Governor	FY2003 Forecast
<b>Unrestricted Revenues</b>						
None.		0.0	0.0	0.0	0.0	0.0
<b>Unrestricted Total</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Restricted Revenues</b>						
Federal Receipts	51010	0.0	270.2	150.0	150.4	150.0
Exxon Valdez Oil Spill Restoration Fund	51413	0.0	50.0	50.0	0.0	0.0
<b>Restricted Total</b>		<b>0.0</b>	<b>320.2</b>	<b>200.0</b>	<b>150.4</b>	<b>150.0</b>
<b>Total Estimated Revenues</b>		<b>0.0</b>	<b>320.2</b>	<b>200.0</b>	<b>150.4</b>	<b>150.0</b>

## Trustee Council Projects

### Proposed Changes in Levels of Service for FY2002

In FY02 emphasis will be placed on the enhancement and transfer of the Cook Inlet Information Management and Monitoring project to other areas of the state. This project involves a variety of state, federal, municipal agencies as well as private organizations and members of the public. CIIMMS provides an interactive website for the Cook Inlet community to efficiently and effectively contribute, identify, and access relevant information from a distributed network of information providers. This project was developed in response to Cook Inlet Area Wide Lease Sale Stakeholder concerns regarding access and availability of data for analysis in evaluating areas for proposed oil and gas lease sales. The EVOS Trustee Council has funded the development of a prototype with a focus on EVOS injured resources and services. Federal receipt authorization is included in the budget in order to secure grant funding and financial contributions from participating agencies such as EPA, MMS, and DOI. Federal funding will allow the prototype to include access to additional data types and enhance the agencies' abilities to identify, access and make available to the public valuable data and information. The SFY01 authorized level of federal receipt authority of \$270.2 exceeded our anticipated level by \$120.2 which we decremented.

### Summary of Component Budget Changes

#### From FY2001 Authorized to FY2002 Governor

*All dollars in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b>FY2001 Authorized</b>	<b>0.0</b>	<b>270.2</b>	<b>1,645.2</b>	<b>1,915.4</b>
<b>Adjustments which will continue current level of service:</b>				
-Delete one-time item funding for Kenai Parcel Purchase (SLA00/CH135/Sec70b)	0.0	0.0	-50.0	-50.0
-Year 2 Labor Costs - Net Change from FY2001	0.0	0.4	1.2	1.6
<b>Proposed budget decreases:</b>				
-Reduce federal funding for Cook Inlet Information Management and Monitoring Grant	0.0	-120.2	0.0	-120.2
<b>FY2002 Governor</b>	<b>0.0</b>	<b>150.4</b>	<b>1,596.4</b>	<b>1,746.8</b>

**Trustee Council Projects**  
**Personal Services Information**

Authorized Positions			Personal Services Costs	
	FY2001 Authorized	FY2002 Governor		
Full-time	4	4	Annual Salaries	191,230
Part-time	0	0	COLA	4,642
Nonpermanent	0	0	Premium Pay	0
			Annual Benefits	64,426
			<i>Less 2.96% Vacancy Factor</i>	<i>(7,698)</i>
			Lump Sum Premium Pay	0
<b>Totals</b>	<b>4</b>	<b>4</b>	<b>Total Personal Services</b>	<b>252,600</b>

**Position Classification Summary**

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Division Director	1	0	0	0	1
Natural Resource Manager I	1	0	0	0	1
Natural Resource Manager II	2	0	0	0	2
<b>Totals</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4</b>

**Component: Unallocated Reduction**

**Contact: Nico Bus, Administrative Services Manager**

**Tel:** (907) 465-2406 **Fax:** (907) 465-3886 **E-mail:** nico\_bus@dnr.state.ak.us

**Component Mission**

Not applicable.

**Component Services Provided**

Not applicable.

**Component Goals and Strategies**

Not applicable.

**Key Component Issues for FY2001 – 2002**

Not applicable.

**Major Component Accomplishments for FY2000**

Not applicable.

**Statutory and Regulatory Authority**

Not applicable.

**Unallocated Reduction**  
**Component Financial Summary**

*All dollars in thousands*

	FY2000 Actuals	FY2001 Authorized	FY2002 Governor
<b>Non-Formula Program:</b>			
<b>Component Expenditures:</b>			
71000 Personal Services	0.0	0.0	0.0
72000 Travel	0.0	0.0	0.0
73000 Contractual	0.0	0.0	0.0
74000 Supplies	0.0	0.0	0.0
75000 Equipment	0.0	0.0	0.0
76000 Land/Buildings	0.0	0.0	0.0
77000 Grants, Claims	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
<b>Expenditure Totals</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Funding Sources:</b>			
None.			
<b>Funding Totals</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Unallocated Reduction**

**Proposed Changes in Levels of Service for FY2002**

Not applicable.

**Summary of Component Budget Changes**

**From FY2001 Authorized to FY2002 Governor**

*All dollars in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b>FY2001 Authorized</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>FY2002 Governor</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Unallocated Reduction**

**Personal Services Information**

Authorized Positions			Personal Services Costs	
	FY2001 Authorized	FY2002 Governor		
Full-time	0	0	Annual Salaries	0
Part-time	0	0	Premium Pay	0
Nonpermanent	0	0	Annual Benefits	0
			<i>Less % Vacancy Factor</i>	( )
			Lump Sum Premium Pay	0
<b>Totals</b>	<b>0</b>	<b>0</b>	<b>Total Personal Services</b>	

**Position Classification Summary**

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
No personal services.					
<b>Totals</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## **Information/Data Management Budget Request Unit**

**Contact: Nico Bus, Administrative Services Manager**

**Tel:** (907) 465-2406 **Fax:** (907) 465-3886 **E-mail:** nico\_bus@dnr.state.ak.us

### **BRU Mission**

See specific information at component levels.

### **BRU Services Provided**

See specific information at component levels.

### **BRU Goals and Strategies**

See specific information at component levels.

### **Key BRU Issues for FY2001 – 2002**

See specific information at component levels.

### **Major BRU Accomplishments for FY2000**

See specific information at component levels.

**Information/Data Management  
BRU Financial Summary by Component**

*All dollars in thousands*

	FY2000 Actuals				FY2001 Authorized				FY2002 Governor			
	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds
<b>Formula Expenditures</b> None.												
<b>Non-Formula Expenditures</b>												
Recorder's Office/UCC	2,295.9	0.0	0.0	2,295.9	2,390.9	0.0	0.0	2,390.9	2,392.2	0.0	0.0	2,392.2
Information Resource Mgmt.	1,775.5	270.0	348.7	2,394.2	1,644.2	60.6	338.3	2,043.1	1,729.9	30.6	589.9	2,350.4
Interdept. DP Chargeback	353.1	0.0	143.1	496.2	539.6	0.0	264.7	804.3	598.8	0.0	264.9	863.7
<b>Totals</b>	<b>4,424.5</b>	<b>270.0</b>	<b>491.8</b>	<b>5,186.3</b>	<b>4,574.7</b>	<b>60.6</b>	<b>603.0</b>	<b>5,238.3</b>	<b>4,720.9</b>	<b>30.6</b>	<b>854.8</b>	<b>5,606.3</b>

## Information/Data Management

### Proposed Changes in Levels of Service for FY2002

See specific information at component levels.

## Information/Data Management

### Summary of BRU Budget Changes by Component

#### From FY2001 Authorized to FY2002 Governor

*All dollars in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b>FY2001 Authorized</b>	<b>4,574.7</b>	<b>60.6</b>	<b>603.0</b>	<b>5,238.3</b>
<b>Adjustments which will continue current level of service:</b>				
-Recorder's Office/UCC	1.3	0.0	0.0	1.3
-Information Resource Mgmt.	13.2	0.0	1.6	14.8
-Interdept. DP Chargeback	1.7	0.0	0.2	1.9
<b>Proposed budget decreases:</b>				
-Information Resource Mgmt.	0.0	-30.0	-30.0	-60.0
-Interdept. DP Chargeback	0.0	0.0	-50.0	-50.0
<b>Proposed budget increases:</b>				
-Information Resource Mgmt.	72.5	0.0	280.0	352.5
-Interdept. DP Chargeback	57.5	0.0	50.0	107.5
<b>FY2002 Governor</b>	<b>4,720.9</b>	<b>30.6</b>	<b>854.8</b>	<b>5,606.3</b>

## **Component: Recorder's Office/Uniform Commercial Code**

**Contact: Sharon Young, State Recorder**

**Tel:** (907) 269-8882 **Fax:** (907) 269-8912 **E-mail:** sharony@dnr.state.ak.us

### **Component Mission**

To provide and maintain a secure and impartial place of record for legal documents affecting real and personal property in the manner prescribed by Alaska law and to protect, preserve and enhance the permanent public record for the benefit of present and future generations.

### **Component Services Provided**

The primary public services provided by the Recorder's/UCC component is mandated by statute and includes the following:

- (1) examination, recording/filing, processing and return of original documents in the manner prescribed by law;
- (2) provide secure storage and preservation of all recorded/filed documents as the official public record of the State;
- (3) maintenance and updating of accurate and current grantor/grantee and location indices to facilitate ready retrieval of documents from the public record;
- (4) providing record searches and copies of recorded and filed Uniform Commercial Code documents upon user's written request; and
- (5) administration of recording/filing services and maintenance of public libraries of recorded and filed documents in fourteen rural and urban locations, serving 34 recording districts throughout Alaska.

### **Component Goals and Strategies**

Maintenance of an accurate and sound recording system is an essential part of meeting the departmental missions and the Governor's priorities. The component's principal operational goal for FY02 is to provide excellent public service to the fourteen rural and urban communities it serves in the reception, recordation and permanent storage of documents affecting real property in the State of Alaska and in the operation of the Uniform Commercial Code (UCC) central file system for Alaska. The component is fully funded by program receipts and the component routinely generates more than \$1 million in excess of its requisite operating funding annually. The component processes more than 200,000 documents annually. Its workload is volume driven by external factors completely beyond its ability to control. The component's principal goals for FY02 include expansion of an imaging system to all recording offices statewide, and implementation of the revised Uniform Commercial Code legislation affecting secured transactions.

### **Key Component Issues for FY2001 – 2002**

- 1) Implementation of Uniform Commercial Code Revised Article 9 - HB239
- 2) Continue expansion of imaging applications in all recording offices
- 3) Revamp classification structure to address technological changes affecting staff functions
- 4) Implement acceptance of mining claim rental payments in recording offices so as to expedite updating of department's status plats.
- 5) Filming/preservation issues as addressed in Ombudsman's 1992 investigation -including space management and efficiencies for the public. Continue filming of original historic books so that they can be accessioned to State Archives for permanent storage.
- 6) Full compliance with stated performance measures
- 7) Streamline processes and improve services to the public
- 8) Absorb frontline processing for remaining court facilities
- 9) Electronic recording and filing
- 10) Conversion of most recent 3-5 years of film to digital format to facilitate customer research and undertake back indexing of documents recorded prior to 1971
- 11) Web access to index and documents
- 12) Continue addressing stakeholder concerns

13) Address national recording standards and improve quality of data

### **Major Component Accomplishments for FY2000**

The most significant accomplishment of FY00 was the passage of HB239 which revises the Uniform Commercial Code relative to secured transactions. This legislation will serve to streamline and simplify the UCC filing process in Alaska for filing officers as well as secured lenders.

The component also initiated the first phase of an imaging prototype system in its Fairbanks office. This enabled the state's second largest recording office to begin scanning incoming recorded documents and utilize the scanned images to facilitate customer research. Another aspect of this prototype module included the conversion of all of the plat records in that office to digital format. This was achieved at no cost to the state via an agreement with a private sector contractor. The successful implementation of the prototype project paved the way for the component to begin extending this technology to other offices during FY01.

During FY00, the component recorded 190,661 documents and processed 21,471 UCC central filings, for a total volume of 212,132. While this total was lower than the near record volume processed during FY99, it reflects a return to the more stable volume levels that existed prior to 1999. Additionally, FY00 revenues generated by the component again exceeded the \$4.1 million mark, nearly double its operating budget.

In an effort to improve customer service, the component also continued the conversion of its offices to the state's wide area network. During FY00, all but one office (Nome) had been converted to the network, and this conversion process was scheduled to continue into FY01 until all offices are completed.

Another major accomplishment during FY00 was the completion of a conversion process for the rapidly deteriorating aperture card record series. This process resulted in the creation of a permanent archive media and preserved the only remaining record of documents from an approximate seven-year period at the height of the oil boom in the 1970s.

### **Statutory and Regulatory Authority**

#### **STATUTORY/REGULATORY CITATIONS**

(and various other statutes under 19 titles that affect recording and filing)

AS 37.05  
AS 40.17  
AS 44.37  
AS 45.09  
11 AAC 05, 06

### **Key Performance Measures for FY2002**

**Measure: Maintain daily completion of the on-line grantor/grantee and location indexing process for all documents accepted.**

*(Revised from Legislature's FY2000 version.)*

#### **Current Status:**

Current status: During the fourth quarter of FY00, the objective of daily indexing completion was performed as follows: Bethel 98%; Nome 97%; Sitka 100%; Fairbanks 77%; Juneau 66%; Ketchikan 95%; Anchorage 9%; Palmer 62%; Kenai 44%; Homer 98%; and Kodiak 91%.

#### **Benchmark:**

In order to provide the greatest service to the public, indexing of the public record information needs to be fully complete at the end of each business day. Many recording facilities in other jurisdictions are able to meet this daily indexing goal as a result of implementing imaging technology.

**Background and Strategies:**

Following a near record high volume level in FY99, recording volumes stabilized during FY00 to more traditional levels. Most offices were able to achieve improvements in this performance measure, although the component continued to suffer setbacks as a result of staff shortages and cyclical fluctuations in volumes. A new indexing system implemented in 1999 enabled the component to resolve the massive indexing backlogs that had accrued under the prior system while still processing incoming work at peak levels. Throughout FY00, significant improvement occurred in meeting this performance objective. Factors preventing 100 percent compliance in all locations included near record recording volumes, staff shortages, late day recordings, lengthy legal descriptions, communication line problems, heavy customer traffic, and late mail deliveries. While the component has no control over the volume of incoming work, it will continue to strive for improvements in this area.

**Measure: Maintain return of original documents to the public within 30 days of recording.**

*(Not yet addressed by Legislature.)*

**Current Status:**

During the fourth quarter of FY00, this performance objective was met 100% of the time in Kenai, Homer, Kodiak, Nome, Bethel and Sitka. Fairbanks was in compliance 61% of the time; Juneau 84%; Ketchikan 83%; Anchorage 33% and Palmer 97%. Severe staff shortages in various locations have severely hampered the component's ability to maintain currency in this function.

**Benchmark:**

With turnaround times frequently exceeding 2 to 3 months, the component's recording offices have one of the worst delays in the nation in returning original documents. While much of this can be attributed to mail delays and to the logistics of operating remote facilities in the largest state in the nation, the fact is that even a 30 day turnaround time is one of the worst delays in the nation.

**Background and Strategies:**

Up to a quarter million documents are returned by the component to its customers each year. A document recording transaction cannot be considered complete until the document has been returned from the recording office. Return of the document is positive proof that the recording has occurred, and serves as the source of information that is required in the case of mortgages and deeds of trust for assignment and release of the security interest in the future. More and more loans are being sold on the secondary market, and the numbers of out of state lenders are increasing. Delays in returning original documents to them can cause them considerable expense and delays in their own operations.

Technology holds the key to making improvements in meeting this performance measure. With imaging technology, the original documents could frequently be returned immediately to the customer upon recording. Absent improvements in technology, or additional staffing to handle these backlogs, the component will likely continue to accrue unmanageable backlogs in this function.

**Measure: Maintain record search completion time of 24 to 48 hours from the time of receipt of request.**

*(Not yet addressed by Legislature.)*

**Current Status:**

By the end of the fourth quarter of FY00, this objective was being met 38% of the time by Anchorage; 100% by Palmer; 100% by Kenai; 100% by Kodiak; 100% by Homer; 55% by Fairbanks; 100% by Bethel; 100% by Nome; 100% by Juneau; 89% by Ketchikan; 100% by Sitka; and 36% by UCC Central.

**Benchmark:**

Completion and certification of Uniform Commercial Code search results is a statutorily required function. Searches cannot be prepared and certified until prior day indexing has been completed. A 48-hour turnaround on searches is the national standard utilized in most recording/filing offices throughout the country.

**Background and Strategies:**

Searches fall into a backlog status after 48 hours. Whenever indexing delays exceed that time frame, the component is unable to prepare and certify search results. With the implementation of the new indexing system in January, 1999, the component was able to report considerable improvement in meeting this objective. Since searches are tied to the

indexing function, failure to complete daily indexing automatically results in delays of search products. While the component has no control over the volume of incoming work, it will continue to work toward improvements in meeting this performance measure.

**Status of FY2001 Performance Measures**

	<i>Achieved</i>	<i>On track</i>	<i>Too soon to tell</i>	<i>Not likely to achieve</i>	<i>Needs modification</i>
<ul style="list-style-type: none"> <li>Maintain daily completion of the on-line grantor/grantee and indexing process for all documents accepted.</li> <li>Maintain return of original documents to the public within 30 days of recording.</li> <li>Maintain record search completion time of 24 to 48 hours from the time of receipt of request.</li> </ul>			X		
			X		
			X		

## Recorder's Office/Uniform Commercial Code

## Component Financial Summary

All dollars in thousands

	FY2000 Actuals	FY2001 Authorized	FY2002 Governor
<b>Non-Formula Program:</b>			
<b>Component Expenditures:</b>			
71000 Personal Services	1,952.8	2,062.4	2,065.7
72000 Travel	12.2	13.3	11.8
73000 Contractual	255.8	219.8	227.3
74000 Supplies	54.6	49.4	47.4
75000 Equipment	20.5	46.0	40.0
76000 Land/Buildings	0.0	0.0	0.0
77000 Grants, Claims	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
<b>Expenditure Totals</b>	<b>2,295.9</b>	<b>2,390.9</b>	<b>2,392.2</b>
<b>Funding Sources:</b>			
1005 General Fund/Program Receipts	2,295.9	2,323.5	2,392.2
1053 Investment Loss Trust Fund	0.0	67.4	0.0
<b>Funding Totals</b>	<b>2,295.9</b>	<b>2,390.9</b>	<b>2,392.2</b>

## Estimated Revenue Collections

Description	Master Revenue Account	FY2000 Actuals	FY2001 Authorized	FY2001 Cash Estimate	FY2002 Governor	FY2003 Forecast
<b>Unrestricted Revenues</b>						
General Fund Program Receipts	51060	1,830.9	1,079.1	1,079.1	1,081.1	1,081.1
<b>Unrestricted Total</b>		<b>1,830.9</b>	<b>1,079.1</b>	<b>1,079.1</b>	<b>1,081.1</b>	<b>1,081.1</b>
<b>Restricted Revenues</b>						
General Fund Program Receipts	51060	2,295.9	2,323.5	2,323.5	2,392.2	2,392.2
Investment Loss Trust Fund	51393	0.0	67.4	67.4	0.0	0.0
<b>Restricted Total</b>		<b>2,295.9</b>	<b>2,390.9</b>	<b>2,390.9</b>	<b>2,392.2</b>	<b>2,392.2</b>
<b>Total Estimated Revenues</b>		<b>4,126.8</b>	<b>3,470.0</b>	<b>3,470.0</b>	<b>3,473.3</b>	<b>3,473.3</b>

**Recorder's Office/Uniform Commercial Code****Proposed Changes in Levels of Service for FY2002**

There are no budget related changes to our service level. There are some developments which will be beneficial for both the Recorder's Office operations and the public.

The implementation of the revised UCC legislation in July 2001 will afford many benefits to UCC customers in Alaska and in other states. Among other benefits, the new law will eliminate the confusion regarding place of filing by doing away with all local district filings other than fixtures. This will significantly streamline UCC operations and will pave the way for implementation of electronic filings in the future.

Another development will be the acceptance of mining claim rental payments in recording offices. This allows mining customers to complete their payments in a single location and will serve to expedite the updating of the department's status plats by moving the information through the system much faster than it has done in the past.

Finally, the component is continuing efforts to expand an imaging system for ease of research and retrieval of documents to all offices throughout the state. Once completed before or during FY02, the result will be that Alaska will be the only state in the nation to have both a statewide indexing system and a statewide image retrieval system.

**Summary of Component Budget Changes****From FY2001 Authorized to FY2002 Governor***All dollars in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b>FY2001 Authorized</b>	<b>2,390.9</b>	<b>0.0</b>	<b>0.0</b>	<b>2,390.9</b>
<b>Adjustments which will continue current level of service:</b>				
-Reduction of One-Time Costs for Second Year of Fiscal Note HB239 (SLA00/CH113)	-2.0	0.0	0.0	-2.0
-Year 2 Labor Costs - Net Change from FY2001	3.3	0.0	0.0	3.3
<b>FY2002 Governor</b>	<b>2,392.2</b>	<b>0.0</b>	<b>0.0</b>	<b>2,392.2</b>

## Recorder's Office/Uniform Commercial Code

## Personal Services Information

Authorized Positions			Personal Services Costs	
	FY2001 Authorized	FY2002 Governor		
Full-time	43	43	Annual Salaries	1,513,709
Part-time	5	5	COLA	22,795
Nonpermanent	0	0	Premium Pay	0
			Annual Benefits	640,590
			<i>Less 5.12% Vacancy Factor</i>	(111,394)
			Lump Sum Premium Pay	0
<b>Totals</b>	<b>48</b>	<b>48</b>	<b>Total Personal Services</b>	<b>2,065,700</b>

## Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Administrative Assistant	1	0	0	0	1
Recorder I	1	1	1	1	4
Recorder II	16	5	2	10	33
Recorder III	1	1	0	3	5
Recorder IV	1	0	0	0	1
Recorder Mgr	2	0	1	0	3
State Recorder	1	0	0	0	1
<b>Totals</b>	<b>23</b>	<b>7</b>	<b>4</b>	<b>14</b>	<b>48</b>

**Component: Information Resource Management**

**Contact: Richard McMahon, Data Processing Manager**

Tel: (907) 269-8833 Fax: (907) 269-8920 E-mail: Richard\_McMahon@dnr.state.ak.us

**Component Mission**

To serve as the central data processing unit for the Department of Natural Resources, ensuring the creation and updates of essential land status maps; and raising the productivity of DNR staff by programming innovative business and mapping systems.

**Component Services Provided**

The Information Resource Management (IRM) component provides several primary services for the public, the department, other government agencies, and the private sector:

- 1) This component creates and maintains the state graphic land record, the Status Plat. There about 20,000 plats that depict the state's land ownership, and the history of actions taken that affect that ownership position. The public can now easily access these land records via the Internet at <http://dnr.state.ak.us/landrecords>. Land records constantly change as the department does business with the public and makes decisions effecting land management activity. These changes are captured on the state Status Plats. About 15,000 changes need to be made each year. To maintain accurate maps of state land ownership, classification, disposals, and disposition of property rights. The majority of annual changes relate to mineral properties, especially mining claims.
  
- 2) The IRM Component creates and maintains the department's resource transaction and revenue receipting system; the Land Administration System (LAS). This legacy, mainframe computer system is the primary means for DNR to track the status of an individual case-file through the adjudication process, and for assuring timely management of billing, receipting, and distribution of DNR revenues. Business activity for over 28,000 active customers is summarized in the following table. Customers include major industry groups for Oil and Gas and Mining, as well thousands of Alaskans working with DNR to help develop the state and its resources. This Unit also designed and supports the computer system used by the State Recorder's Office to index property records. About 200,000 legal documents are recorded each year in this statewide system.

Land Administration System Activity Type:	Case Summary As of November 2000	
	Active Cases	Total
Land Title	8,567	12,898
Classifications	3,264	3,297
Surveys	1,097	10,001
Land & Ag Sales	4,993	21,511
Leases	2,601	8,732
Home Sites	1,026	2,272
Easements, Right-of-Way	2,934	4,202
Mun. Entitlement	360	1,051
Mining & Coal	61,566	164,050
Oil and Gas	1,536	8,062
Water	17,007	24,837
All Other Cases	10,106	20,318
<b>TOTALS</b>	<b>115,057</b>	<b>281,231</b>

- 3) The IRM Component provides computer programming, resource analysis, inventory mapping, and database management through Geographic Information Systems, or GIS. Alaska's vast geographic expanse requires the application of mapping systems to inventory and monitor key resources. GIS applications support strategic decision making by combining a wide variety of information sources and presenting scenarios to policy makers and land managers. The GIS Unit provides support and training to several department wide GIS user projects, especially those located in Mining, Land and Water; Geological Survey; and Forestry. The GIS Unit is

responsible for the computer system that operates the automated Status Plat System used by Status Graphics Staff. The public receives an important service through the GIS Public Access program which assures data and maps are available. A useful Internet site is <http://asgdc.state.ak.us> .

- 4) The IRM component provides the management environment for the staff of department's statewide telecommunications and computer network. These staff provide computer and networking support to all DNR offices. Computer and network services costs are now consolidated under the Data Processing Chargeback Component where Local Area Network costs are now combined with the Dept. of Administration Wide Area Network costs.

### **Component Goals and Strategies**

IRM projects make a direct difference with the public, whether they are major industry groups, such as the Mining Industry, or individual Alaskans who need to work with DNR. Public transactions are kept in the information systems supported by IRM. IRM is a 'foundation layer' for the department's business.

#### **Business Programming:**

1. Re-program the DNR Land Administration System (LAS) to meet customer needs for data input and reporting.  
Outcomes: Automated data processing systems for all DNR to efficiently manage financial and business transactions. Timely and efficient transfer of receipts to the general fund, Permanent Fund, and other funds as required by law.
2. Expand e-commerce, expand web forms and payment options; support DNR division's to make on-line permitting faster & easier.  
Outcomes: Reduced DNR processing costs, improve service level for the customer, lower cycle times for record system updates.
3. Introduce Document Imaging System - start with State Recorder's Office.  
Outcomes: Improved customer satisfaction, more efficient internal operations, and elimination of duplicate key entry strokes between related systems - eg. mining records and recorder's office.
4. Expand Electronic Data Interface(EDI) filings by the industry of Royalty and Operator Reports for Oil & Gas Leases - with Div. Of Oil & Gas.  
Outcomes: Raise quality of state records by eliminating thousands of redundant keystrokes, speed analysis of royalty reporting, and strengthen support for state oil and gas auditors.

#### **Status Graphics:**

1. Establish a 45 day turn around time for mining claim updates from recording date to plat update.  
Outcomes: Mining property records must be reliable to support the growth of Alaska's \$1billion industry. Eliminates redundant work between recorder's office and mining staff.
2. Maintain four month turn around time for all other pending actions against Arc Townships.  
Outcomes: Satisfied customers, current records save everyone time and effort, public record is more reliable.
3. Convert older legacy data formats to GIS database as possible.  
Outcome: Ability to maintain public land records. Mylar base maps deteriorating, too expensive to maintain. Digital format saves money.

#### **Geo-Info Systems:**

1. Integrate the department's tabular databases with DNR's spatial systems - build Oracle GIS system.  
Outcome: Information becomes more accessible via Internet, records are more consistent, and customers' applications for permits and leases can be processed faster.
2. Collaborate with federal agencies. to build statewide digital basemap of digital orthophoto quads with major mapping effort.

Outcomes: New and detailed maps can be made from high quality data that other states have, but Alaska lacks. Cost savings from fire management, agricultural management, land management, mining permitting, etc. all benefit from new and detailed basemaps.

3. Expand use of federal GIS basemaps work to meet DNR and State needs.
4. Expand use and knowledge of GIS and remote sensing within the department.

Computer Information Center:

1. Manage Information Technology resources as a department asset - control costs, maximize sharing on over 950 devices.

Outcome: The physical plant of computers, networks, and software remains current and fully operational.

2. Minimize network costs to Dept. of Administration with efficient design and deployment.

Outcome: Strong network architecture and minimized components reduces operating costs for DNR and DOA.

### **Key Component Issues for FY2001 – 2002**

Today's society demands that we bring DNR's data base records, maps, and documents to the desktops of resource managers and staff; and to make our systems generally more open and available to the public. These rising expectations require using technology in a way that is cost effective, secure, and reliable. Declining revenues and budgets have forced DNR to reduce staffing, and thus increase average workloads. Productivity per staff has risen because of streamlined procedures and better technologies such as email. Further gains in productivity for DNR staff are possible by raising the quality of technology used to deliver essential services, and decreasing the amount of time staff need to answer basic questions about land use regarding applications, permits, leases, land sales, water rights and so on. DNR staff require high volumes of information from a wide range of sources to successfully process applications and plan land management activities. The IRM component is a strategic partner with all DNR staff as we try to offer the highest quality information systems in support of our mission.

Our major issue for FY02 is with the central data processing system, the Land Administration System(LAS). A rewrite (through CIP funding) of the Land Administration Legacy System is essential and long overdue. LAS is the primary means for entering and accessing land and resource information related to case files for all of the DNR employees. The System was written in the seventies and is in desperate need of updating and streamlining.

A second issue is the integration of recording, mining, and land records data bases addressed in FY2001 and FY2002. Driven by the need to greatly improve the manner in which mining property rights are managed and tracked, this issue brings federal funds to a solution that benefits the public who rely upon state and federal land records to determine land status. This project puts the customer's perspective ahead of any specific agency agenda, and works to deliver information that bridges historically isolated information systems.

A third key issue is regarding the maintenance of our land status plats. Cutbacks and rising costs have reduced staffing to point we cannot maintain the public graphic land to the standards expected of us. A key increment request is included to address this problem.

A more detailed view of the issues comes from taking a more technical view. The key technical challenges for the IRM Component are in three main areas:

#### Transaction Processing

- Moving DNR toward a "paperless office" - introduce operational efficiencies with document systems.
- Re-designing business processes, especially those that cross organizational boundaries.
- Linking Mainframe ADABAS systems to the INTERNET - a common problem for many departments.
- Expanding business transaction services over the Internet (payments, applications, cabin rentals, etc.)
- Using automation to improve public notice, review, and comment process, reduce processing time.
- Putting DNR permit information on line, including applications and status information.

#### Land Records / Geographic Information Systems

- Reducing the time required to update status plats.
- Integrating state and federal land records via web programming, use a customer-centric design.
- Building a common database for the land record system; finish plat conversion effort.
- Moving GIS to relational database and introduce parcel management system.
- Acquiring statewide digital orthophoto image basemap for state, and local use.
- Building on-line access to USGS topographic maps with ability to add-in DNR specific information.

#### Data Management

- Offering on-line search capability for staff and the public to find information.
- Alaska Framework databases from USGS needs to be made available to DNR.

### Major Component Accomplishments for FY2000

1. Provided free public web site for on-line access to our State Status Plats & Surveys, which allowed us to discontinue the aperture card distribution system. See <http://www.dnr.state.ak.us/landrecords>
2. Gained operational efficiencies in the Recorder's Office System, which is highly successful. (1/4/99 start).
3. New Mining Claims system greatly streamlines old methods - Links DNR Land Administration System to use input from Recorder's Office System for Mining Claims. Eliminated backlog of over 6000 mining claims.
4. Credit Card processing available on the Web for DNR issued leases and rental payments, establishes e-commerce foundation. See <https://nutmeg.state.ak.us/ixpress/dnr/case/lasmenu.dml>
5. Completed conversion of all DNR to Enterprise Email System.
6. Successful move from mid-town to downtown, created fast network system for Anchorage DNR working with DOA Information Technology Group.
7. Oil & Gas Royalty Reports are now received electronically, creating efficiencies in the industry and improving accuracy. (OGRA-EDI Project)
8. Oil and Gas Royalty-In-Kind Project moved into full production, old system shut off. Monthly billings completed in faster and more efficient operating environment.
9. Major update to DNR Ownership Priority List to help manage 20+ million acres of selections.
10. Public Access program has major advances via Web Site development, & user training, see <http://www.asgdc.state.ak.us>
11. Successful DNR Y2K Rollover for mainframe, Unix, and PC systems - no staff downtime.
12. Developed Status Plat Interpretation Class and LAS Internet Training; curriculums and classes are underway.
13. Strengthened the Technical Workforce: successfully recruited and hired a GIS Manager, LAS Administrator, Network Manager, Network Specialist and Technicians, Web Master, Analyst Programmer to extend DNR technical capabilities.
14. Updated and maintained ownership maps and status plats on over 106 million acres of state entitlement lands, processed 19,154 updates to the status plat.
15. Provided systems for billing, accounting, and receipting of department generated revenue, ~\$1.0 Billion in FY00 distributed to public funds.

### Statutory and Regulatory Authority

This component operates under Alaska Statutes, 38.05.020; 38.05.035; 38.04.065; 41.08.030; 38.05.030; 09.25.115; 41.08.020; 40.21.060; 37.14.425; 09.25.120; 41.08.035; and Alaska Administrative Codes, 6AAC Chapter 96; 11AAC 05.010.

### Key Performance Measures for FY2002

**Measure: Maintain computer systems to support annual volume of transactions on LAS and Recorder's Office index.**

*(Revised from Legislature's FY2000 version.)*

#### Current Status:

Systems are being maintained.

**Benchmark:**

The benchmark represents a three year average for transactions for both LAS and the Recorders Office.

Revenue and Billing transactions are ~ 220,000

Land Administration System transactions - 100,000, of which 15,000 require status plat updates.

Transactions can be for:

Land Titles, classifications, Surveys, Land sales, leases, homesites, easements, Rights-of-Way, Municipal Entitlements, Mining Claims & leases, Oil & Gas Leases, Timber Sales, Water Rights, RS2477, receipts for a variety of programs, etc.

**Background and Strategies:**

Automation in high transaction environments is highly cost effective. Information Resource Management (IRM's) strategy is to reduce update cycle time by sharing information between historically isolated systems and to continue to reduce operating costs.

**Measure: Complete at least 80% of computer system deliveries on schedule and within budget.**

*(Developed jointly with Legislature in FY2000.)*

**Current Status:**

This goal was met. Phase One of the Mining Transaction System was effectively rolled out and a 3 month backlog was eliminated in about 2 weeks time. Records of new mining claims and prospecting sites are now current in LAS.

**Benchmark:**

Benchmark is provided by the annual LRIS detailed project plan and schedule.

**Background and Strategies:**

Information systems are planned, scheduled, and budgeted. This measure accesses the accuracy of that planning and budgeting effort. This strategy assures customers know the cost of their service request and programmers are accountable for their work estimates.

**Measure: Reduce Data entry cycle time for status plat updates by 30% (12 month maximum age).**

*(Not yet addressed by Legislature.)*

**Current Status:**

The average backlog for land status plats updates now is 9 months.

Results: Exceeded the goal for Arc/Info automated townships, 12 months reduced to six months. These are the majority of our townships (~60%). Reduced total backlog on older automation (Synercom) by 30%, but oldest actions are still 36 months. Reduced total backlog on mylar townships by about 15%, but oldest actions are 36 months. Clearly, automated townships are the key to successful record keeping.

**Benchmark:**

IRM must maintain three media for status plats: GIS format, CAD format, and ink on mylar. The update benchmark for GIS format is twelve months (oldest request); the update benchmark for legacy CAD format is three+ years; and the ink on mylar benchmark is two+ years. Distribution of plats by media is 61% GIS, 33% Legacy CAD, and 6% Ink on Mylar. Mylar and CAD formats are being converted to GIS.

**Background and Strategies:**

Status plats need to be 're-invented' to take better advantage of the investments made in automation. The strategy is to move our mapping system to a parcel based foundation, where 'parcels' represent land areas under similar management profiles. Land records must also be current to meet user needs. Reduced staff has lengthened update cycle time for the plats. CIP automation has shortened update cycle times. Legacy data formats must be converted to GIS format. Automation is the key to meeting update goals.

**Measure: 10% increase of public use of Department home pages on the Internet.**  
*(Not yet addressed by Legislature.)*

**Current Status:**

Results: This goal was exceeded - growth in total web site usage jumped 40% in the past fiscal year.

**Benchmark:**

FY00-01 DNR Internet Web Statistics show 1.8 million visits between 7/29/98 and 3/31/99.

**Background and Strategies:**

As Internet information systems expand we expect increased ability by the public to fulfill their information and business transaction needs by interacting directly with DNR information systems and not DNR staff. This approach will save the Department time and effort and provide convenience to our customers.

**Measure: Maintain 75% of Public Information Center customers using DNR computing systems.**  
*(Not yet addressed by Legislature.)*

**Current Status:**

Results: This goal was met. Most customers are using the new land records web site, the revenue and billing system, or using the cabin system.

**Benchmark:**

Three quarters of the customers serviced by the Public Information Center utilize some aspect of the DNR electronic information systems. 75% is a two year average as monitored by staff in the DNR Public Information Center.

**Background and Strategies:**

The PIC is the focal point for public contact. Meeting customer needs depends upon DNR information systems. The basic strategy is to provide efficient service and satisfied customers.

**Status of FY2001 Performance Measures**

	<i>Achieved</i>	<i>On track</i>	<i>Too soon to tell</i>	<i>Not likely to achieve</i>	<i>Needs modification</i>
<ul style="list-style-type: none"> <li>Reduce Data entry cycle time for status plat updates by 30% (12 month maximum age).</li> </ul>				X	
<ul style="list-style-type: none"> <li>Maintain computer systems to support annual volume of transactions on LAS at 320,000+ and recorded transactions at 200,000+.</li> </ul>	X				
<ul style="list-style-type: none"> <li>10% increase of public use of Department home pages on the Internet.</li> </ul>	X				
<ul style="list-style-type: none"> <li>Maintain 75% of Public Information Center customers using DNR computing systems.</li> </ul>			X		
<ul style="list-style-type: none"> <li>80% system delivery on schedule and within budget.</li> </ul>			X		

**Information Resource Management**  
**Component Financial Summary**

All dollars in thousands

	FY2000 Actuals	FY2001 Authorized	FY2002 Governor
<b>Non-Formula Program:</b>			
<b>Component Expenditures:</b>			
71000 Personal Services	1,923.5	1,708.7	2,007.6
72000 Travel	27.4	7.0	7.0
73000 Contractual	219.5	204.3	207.7
74000 Supplies	223.8	123.1	128.1
75000 Equipment	0.0	0.0	0.0
76000 Land/Buildings	0.0	0.0	0.0
77000 Grants, Claims	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
<b>Expenditure Totals</b>	<b>2,394.2</b>	<b>2,043.1</b>	<b>2,350.4</b>
<b>Funding Sources:</b>			
1002 Federal Receipts	270.0	60.6	30.6
1004 General Fund Receipts	1,749.6	1,586.5	1,678.7
1005 General Fund/Program Receipts	25.9	49.7	51.2
1007 Inter-Agency Receipts	207.0	183.7	153.7
1053 Investment Loss Trust Fund	0.0	8.0	0.0
1055 Inter-agency/Oil & Hazardous Waste	0.0	0.0	30.3
1061 Capital Improvement Project Receipts	141.7	151.9	405.9
1108 Statutory Designated Program Receipts	0.0	2.7	0.0
<b>Funding Totals</b>	<b>2,394.2</b>	<b>2,043.1</b>	<b>2,350.4</b>

**Estimated Revenue Collections**

Description	Master Revenue Account	FY2000 Actuals	FY2001 Authorized	FY2001 Cash Estimate	FY2002 Governor	FY2003 Forecast
<b>Unrestricted Revenues</b>						
None.		0.0	0.0	0.0	0.0	0.0
<b>Unrestricted Total</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Restricted Revenues</b>						
Federal Receipts	51010	270.0	60.6	60.6	30.6	30.6
Interagency Receipts	51015	207.0	183.7	164.9	153.7	153.7
General Fund Program Receipts	51060	25.9	49.7	49.7	51.2	51.2
Statutory Designated Program Receipts	51063	0.0	2.7	2.7	0.0	0.0
Capital Improvement Project Receipts	51200	141.7	151.9	340.0	405.9	401.9
Investment Loss Trust Fund	51393	0.0	8.0	8.0	0.0	0.0
Interagency Recs./Oil & Hazardous Waste	51395	0.0	0.0	0.0	30.3	30.0

Description	Master Revenue Account	FY2000 Actuals	FY2001 Authorized	FY2001 Cash Estimate	FY2002 Governor	FY2003 Forecast
Restricted Total		644.6	456.6	625.9	671.7	667.4
Total Estimated Revenues		644.6	456.6	625.9	671.7	667.4

## Information Resource Management

### Proposed Changes in Levels of Service for FY2002

Several important changes to the Information Resource Management Component are proposed for Fiscal Year 2002.

- More timely updates are planned for the Land Administration System transactions with the addition of one cartographer through our operating increment request. We now face an average backlog of updates of 9-months or more. This position will allow us to reduce the turn around time to 30-45 days in the next four years for our automated status plats. Our user groups demand that the land record be current and relevant to their field and office work. Problems with the land title maps means delays for adjudicators working on applications for resource development, and potential problems for the public looking to stake mining claims or apply for state land offerings.
- A capital project will fund essential programming of the DNR legacy mainframe transaction system. The legacy system was designed before personal computers were even invented. This means that we face several large scale challenges to create an enterprise system that is good for the public and our employees. The system no longer meets the business needs of the department, and is increasingly expensive to maintain from both user and programmer perspectives. Data entry costs are higher than necessary due to limited function screens and obsolete labor intensive data collection procedures. Interactive COBOL programs need to be replaced with code that is less costly to update and maintain and that meets the current business needs of the department. Public service needs to be raised by building Internet applications that support on-line applications, information collection, status reporting and payment options. Divisions need new business reporting systems to ascertain their goals set by their missions and measures. FY02 is the first year of a two year project.
- The Minerals-Information-At-Risk Project is a federally funded project designed to assure minerals databases and mining related record systems are brought forward using modern technologies. The IRM Component has teamed with the Bureau of Land Management to deliver a Mining Claim Information System that will provide the mining public with a combined view of land status regarding both state and federal mining claims, mineral surveys, prospecting sites, and other land status records that effect mining. There are four primary project areas: on-line land plats, reducing the cycle time for mining records updates between related systems; providing document imaging systems for recorded mining documents; and building a mapping system to show land status information with geological information. This is a multi-year project and the FY02 emphasis will be on the imaging and mapping systems. The Division of Geological and Geophysical Survey is a partner under this program.
- IRM provides the technical management support for the programming resources needed to build and maintain the Oil and Gas Royalty Accounting System. An increment of one programmer for the Division of Oil and Gas will assure that this critical system retains the programming depth needed to advance the goals of the Oil and Gas managers. The system has a key CIP project for FY02 which will automate the handling of the many support documents that are filed with monthly summary reports, monthly operator reports, and monthly royalty reports from lessees. Roughly half of the state's oil and gas revenues come from royalties.
- Conversion efforts on manual status plats (ink-on-mylar) will slow down as we are 98% completed and will have exhausted our last CIP funding. We plan to convert the remaining manual townships as time allow and resources allow. Over 7,600 townships are now digital, by FY02 less than 100 townships will remain manual.

### Summary of Component Budget Changes

#### From FY2001 Authorized to FY2002 Governor

*All dollars in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b>FY2001 Authorized</b>	<b>1,644.2</b>	<b>60.6</b>	<b>338.3</b>	<b>2,043.1</b>

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b>Adjustments which will continue current level of service:</b>				
-Convert Special FY2001 Labor Cost Fund Sources to GF	2.7	0.0	-2.7	0.0
-Year 2 Labor Costs - Net Change from FY2001	10.5	0.0	4.3	14.8
<b>Proposed budget decreases:</b>				
-Reduction of Interagency Receipt Authorization to Level Anticipated for FY2002	0.0	0.0	-30.0	-30.0
-Reduction of Federal Grant Funding to Level Anticipated for FY2002	0.0	-30.0	0.0	-30.0
<b>Proposed budget increases:</b>				
-Improve Timeliness of Land Record Updates	72.5	0.0	0.0	72.5
-Authorization for CIP projects Mineral Information at Risk and Land Use Database System	0.0	0.0	250.0	250.0
-State and Regional Contingency Plan Agreement with Dept. of Environmental Conservation	0.0	0.0	30.0	30.0
<b>FY2002 Governor</b>	<b>1,729.9</b>	<b>30.6</b>	<b>589.9</b>	<b>2,350.4</b>

## Information Resource Management

### Personal Services Information

Authorized Positions			Personal Services Costs	
	FY2001 Authorized	FY2002 Governor		
Full-time	28	31	Annual Salaries	1,536,335
Part-time	0	0	COLA	21,910
Nonpermanent	0	0	Premium Pay	0
			Annual Benefits	546,044
			<i>Less 4.59% Vacancy Factor</i>	<i>(96,689)</i>
			Lump Sum Premium Pay	0
<b>Totals</b>	<b>28</b>	<b>31</b>	<b>Total Personal Services</b>	<b>2,007,600</b>

### Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Administrative Clerk II	1	0	0	0	1
Administrative Manager I	1	0	0	0	1
Analyst Programmer IV	1	0	0	0	1
Analyst/Programmer I	1	0	0	0	1
Analyst/Programmer II	2	0	0	0	2
Analyst/Programmer III	4	0	0	0	4
Analyst/Programmer IV	5	0	0	0	5
Analyst/Programmer V	3	0	0	0	3
Cartographer II	9	0	0	0	9
Data Processing Mgr III	1	0	0	0	1
Natural Resource Mgr I	1	0	0	0	1
Natural Resource Mgr II	1	0	0	0	1
Natural Resource Tech I	1	0	0	0	1
<b>Totals</b>	<b>31</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>31</b>

## **Component: Interdepartmental Data Processing Chargeback**

**Contact: Richard McMahon, Data Processing Manager**

**Tel:** (907) 269-8833 **Fax:** (907) 269-8920 **E-mail:** Richard\_McMahon@dnr.state.ak.us

### **Component Mission**

To increase staff productivity by providing DNR's connections to essential computing and data communications infrastructure; including the State mainframe systems, the State wide-area-network (WAN), and all of the DNR local area networking, servers, and desktop support systems; and to assure public access to information.

### **Component Services Provided**

Funding from this component is used to secure essential computing and network services for the department. These services enable DNR to:

- Process DNR's land, resource, and revenue tracking activities with automated systems.
- Support electronic public access to DNR on-line databases.
- Access DNR servers that provide status plats, royalty accounting computations, GIS maps, database service, Internet web servers, DNR Intranet service.
- Support 949 network devices including PC's, Unix workstations, printers, plotters, switches, routers all sharing the transmission control protocol, internet protocol (TCP/IP) network foundation.
- Transfer information electronically between DNR's statewide operations.
- Access Internet and Intranet web sites to support DNR job requirements.
- Access the state's electronic mail, accounting, and payroll/personnel systems.
- Transfer information electronically between DNR's statewide operations.
- Deliver public commerce solutions with electronic credit card system.

This project funds usage of the following DNR data processing systems:

**Land Administration System (LAS)** - The Land Administration System is used to manage 115,000 active resource cases covering more than 106,000,000 acres of uplands and 65,000,000 acres of tide and submerged lands.

**Recorder's Office System** required to process over 600,000 pages in 200,000+ documents.

**Revenue and Billing System** - This system automates the receipting, accounting, and billing of resource revenues collected by DNR, over \$1 billion in FY00. Support mainframe and web components.

**Royalty Accounting System** - provides computing resources to process monthly royalty and operator reports, send RIK Invoices, and provide Division of Oil & Gas staff with essential computational and record keeping capability.

**Customer Information System** - This system tracks present and past ownership of all state resources that are being sold or leased.

**Status Plat System** - This Unix system produces the State Status Plat. The mainframe tracking system identifies the pending actions affecting state land on more than 9,900 geographic townships. A web server is used to distribute plats and their updates to DNR staff and the public. About 20,000 plat updates were processed last year.

**Geographic Information System** - provides maps, data, and analysis of issues that are used to support DNR decision-making. GIS products of land ownership and mineral resources are also popular with the public.

**Title Subsystem** - tracks the status of land conveyances from the Bureau of Land Management (BLM), and provides automated support to the Title Unit for adjudicating ownership of state lands. Accelerated land conveyance is now a goal of the BLM.

Fire Reporting System - tracks status and resource assignments on forest fires. Provides input to management decision making on fire control.

DNR Internet Services - provides the web pages and database connectivity to deliver services to the public via the Internet. Today the public can make on-line credit card payments for bills DNR sends (excluding land sales); can research land records and view maps on-line accessing major databases; can access forms for applications; view regulations, assess available land for sale, download data files using file transfer protocol (ftp), and several other functions.

## **Component Goals and Strategies**

### **Strategies**

To maximize use of cost effective technology to meet DNR mission and expand services to the public; to pay DOA-Information Services Fund our contractual obligation for wide area network services; to deliver local area network services and help desk to all DNR staff in over 30 offices.

### **Goals**

To procure DOA's computing services. Department information system staff provides chargeback usage analyses to assure accuracy, detect impacts, project future use, and report mainframe usage to DNR divisions.

Outcome: Staff and the public have ability to run statewide DNR mainframe applications to support business goals.

To procure DOA network services. This is the largest cost center of this component. Emphasis is placed on managing this cost center.

Outcome: DNR staff have access to the Wide Area Network, Enterprise Email, Internet, and state mainframe.

To procure DNR System Administration; to keep DNR servers operational and updated at minimal total cost. Servers are located in Fairbanks, Juneau, Palmer, and Anchorage.

Outcome: Computing services from DNR supported servers are provided to all staff at least cost.

To support DNR Staff at the Computer Desktop Assure local area network aligns with wide area network, assure DNR staff have fully functional desktop and mobile computers with access to DNR information systems. To help DNR staff better understand how to put the technology to work for themselves.

Outcome: DNR computer users receive technical support via standards and procedures.

To assure public access to DNR Internet based systems by providing 7\*24 access to web services via the DNR home page.

## **Key Component Issues for FY2001 – 2002**

The rapidly expanding role of technology within the department has put major demands on the network support staff. DNR supports 949 network device in more than 30 offices, with only 4 (four) full-time people to service 766 of these devices. Staff workloads greatly exceed industry averages. This means staff are not able to always provide timely solutions to either system administration issues or desktop networking support issues. The result is a cut to DNR staff productivity, and reduced services to the public, because staff do not have properly working computers or access to the networks necessary for their jobs.

Increment for Palmer, Mat-Su Technician: This problem of short staffing is most acute in the Palmer Mat-Su area. An increment is needed to staff one technician in the Valley. Palmer Mat-Su now has ~100 DNR network devices with the majority of these located in the new Forestry facility. Agriculture, Parks, Plant Material Center, and the State Recorder also have offices in Palmer that require support. A technical support position in the valley will bring these offices to the standards necessary to become fully operational. Lack of support transfers work to the Anchorage staff who are often unable to allocate the time. Local support that is closely coordinated with the Anchorage Office will assure DNR Palmer Mat-Su staff with the ability to maintain their service levels to the public.

Some Summary Facts:

Computer Information Center Network & Desktop support: Four Positions

Ratio of Devices to Support: 192 Devices Per PERSON

Industry Average: 75 Devices Per support person

DNR computer network staff have about 2.5 times the industry average workload for support.

System Administration: This includes work on DNR servers that house our software and data - mission critical applications like email connectivity, Internet, mapping, status plats, user file systems, Geographic Info Systems, data warehouse, and imaging. We are more than Four Times BELOW the Industry Average in this category. Taken together, the short staffing in network services and system administration translates into bottlenecks elsewhere in the organization. Projects are often held up because they cannot receive essential network support. In some cases, mission critical systems such as fire management are unnecessarily over-exposed. Staff turn-over has been higher than normal, due to the imbalance between work load and support levels. The increment for a Palmer Position will free resources to address department wide system administration issues such as backups, software updates, new software applications, web development, and server maintenance.

Manage rising ITG wide area networking costs. DNR staff are required to use the state network, but the cost is expensive. Before the Internet, \$160. / month paid for a single controller that handled about 40 users on dumb terminals, an average cost of \$4.00 / user / month. Now each user has a bill of \$29.00 per month for their personal computer, and about \$16.00 per month for their portion of shared devices like networked printers, plotters, and scanners, a total of \$45.00 / user / month. This is a jump of over 10 times the cost - during a time when budget support for wide area networking for departments has declined. This forces divisions to pay the difference out of normal operating budgets that were used to support land sales, timber sales, parks management, and all the other DNR business functions. This compromises the department's ability to meet its goals and serve the public.

Expanding WAN connections to remote offices. Network access for remote offices continues to be an expensive but required application. Without access to the state network, staff ability to participate in enterprise business applications is compromised because they are logically located outside the state firewall. WAN connections are expensive to create and maintain. Lower cost network system solutions, especially for remote areas of Alaska, needs better support. In FY02, the challenge will be to consolidate the Division of Parks outlying offices onto the state network.

### **Major Component Accomplishments for FY2000**

- Maintained DNR mainframe systems costs within budget
- Minimized network costs across department budget structures
- Supported over 600 network users with enterprise systems and 949 IP addressable devices.
- Upgraded servers and software in DNR core server environment
- Completed successful move of Frontier Building users to Atwood Building - no network downtime.
- Installed and setup new Web Server for the Department.
- Installed and setup help-desk software system for tracking user help requests and managing workload
- Established network connectivity to Forestry's new Palmer office.
- Inventoried and documented DNR network devices for ITG rate assessments

Retired majority of old SNA (mainframe controller) network devices

### **Statutory and Regulatory Authority**

This component operated under AS 44.21.160; AS 09.25.110,115; and 6 AAC Chapter 96.

## Key Performance Measures for FY2002

**Measure: To account for the annual chargeback allocations against system usage to ensure expenditures match system usage.**

*(Not yet addressed by Legislature.)*

**Benchmark:**

Benchmark is FY01 \$536.6 of GF funding and \$213.3 of I/A funding, and \$50.0 of Statutory Designated Program Receipts.

**Background and Strategies:**

Contractual chargeback network costs have continued to rise. Mainframe costs appear to be holding steady. The DNR strategy is to reduce or contain cost for FY02 by limiting network devices and maximizing mainframe program efficiency. Statutory Designated Program Receipts is being discontinued.

**Measure: To assure that DNR servers provide core services on a 7X24\*365 basis with a 99% availability, excluding scheduled outages.**

*(Not yet addressed by Legislature.)*

**Benchmark:**

For FY00 DNR servers obtained a 98% availability status for uptime, but struggled with implementation new server hardware and software updates.

**Background and Strategies:**

DNR staff rely on information systems throughout an entire day, seven days a week. DNR server strategy utilizes Sun Enterprise servers to consolidate functions and assure dependability. Limited system administration staff produced bottlenecks for implementing software updates and hardware updates. This limits staff productivity, including the productivity of the programming staff in the IRM component. The increment for one position will free some resources to address the short-comings in this benchmark.

**Measure: To assure timely response to DNR customer requests for PC support, and thereby maintain staff productivity. Goal is to resolve 95% of user service requests within 4 hours.**

*(Not yet addressed by Legislature.)*

**Benchmark:**

No DNR statistics are available at this time. A new help desk software system called Helpstar is starting to accumulate statistics.

**Background and Strategies:**

Industry standards for desktop support require prompt resolution of customer computer problems. With limited staffing at DNR the goal is to satisfy the majority of user requests within four hours. The DNR strategy is to utilize the new Helpstar system where users enter problems and search a database for solutions. A technician to support DNR computer needs is being requested through a GF increment. Customer feedback on the new system has been very positive, and has help track issues to full resolution.

## Status of FY2001 Performance Measures

	<i>Achieved</i>	<i>On track</i>	<i>Too soon to tell</i>	<i>Not likely to achieve</i>	<i>Needs modification</i>
<ul style="list-style-type: none"> <li>To account for the annual chargeback allocations against system usage to ensure expenditures match system usage.</li> </ul>		X			
<ul style="list-style-type: none"> <li>To assure that DNR servers provide core services on a 7X24*365 basis with a 99% availability, excluding scheduled outages.</li> </ul>		X			

Component — Interdepartmental Data Processing Chargeback

	<i>Achieved</i>	<i>On track</i>	<i>Too soon to tell</i>	<i>Not likely to achieve</i>	<i>Needs modification</i>
<ul style="list-style-type: none"> <li>To assure timely response to DNR customer requests for PC support, and thereby maintain staff productivity. Goal is to resolve 95% of user service requests within 4 hours.</li> </ul>			X		

## Interdepartmental Data Processing Chargeback

## Component Financial Summary

All dollars in thousands

	FY2000 Actuals	FY2001 Authorized	FY2002 Governor
<b>Non-Formula Program:</b>			
<b>Component Expenditures:</b>			
71000 Personal Services	0.0	269.4	327.3
72000 Travel	0.0	3.5	5.0
73000 Contractual	496.2	531.4	531.4
74000 Supplies	0.0	0.0	0.0
75000 Equipment	0.0	0.0	0.0
76000 Land/Buildings	0.0	0.0	0.0
77000 Grants, Claims	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
<b>Expenditure Totals</b>	<b>496.2</b>	<b>804.3</b>	<b>863.7</b>
<b>Funding Sources:</b>			
1004 General Fund Receipts	353.1	538.8	598.8
1007 Inter-Agency Receipts	143.1	214.4	264.9
1053 Investment Loss Trust Fund	0.0	0.8	0.0
1108 Statutory Designated Program Receipts	0.0	50.3	0.0
<b>Funding Totals</b>	<b>496.2</b>	<b>804.3</b>	<b>863.7</b>

## Estimated Revenue Collections

Description	Master Revenue Account	FY2000 Actuals	FY2001 Authorized	FY2001 Cash Estimate	FY2002 Governor	FY2003 Forecast
<b>Unrestricted Revenues</b>						
None.		0.0	0.0	0.0	0.0	0.0
<b>Unrestricted Total</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Restricted Revenues</b>						
Interagency Receipts	51015	143.1	214.4	225.4	264.9	264.4
Statutory Designated Program Receipts	51063	0.0	50.3	0.3	0.0	0.0
Investment Loss Trust Fund	51393	0.0	0.8	0.8	0.0	0.0
<b>Restricted Total</b>		<b>143.1</b>	<b>265.5</b>	<b>226.5</b>	<b>264.9</b>	<b>264.4</b>
<b>Total Estimated Revenues</b>		<b>143.1</b>	<b>265.5</b>	<b>226.5</b>	<b>264.9</b>	<b>264.4</b>

**Interdepartmental Data Processing Chargeback**

**Proposed Changes in Levels of Service for FY2002**

**Palmer, Mat-Su Position Network Technician Position**

A general fund increment of \$57.5 is budgeted to meet the computer network service needs of DNR staff in the Palmer, Mat-Su area. This funding will cover the cost of a full time Micro-Computer Network Technician. DNR operations have grown in the Palmer area, particularly with the construction of the new Forestry Fire Facility. The limited Anchorage staff are over-loaded with assignments and cannot properly meet the needs of the Palmer Mat-Su workers. This is especially a key issue for forestry during the fire season when communication systems become mission critical. This increment is essential for maintaining a basic service level for staff located in Agriculture, Recorder's Office, Parks, Plant Material Center, and Forestry.

**\$50.0 Decrement, Statutory Designated Program Receipts**

This authorization was originally intended to allow the state to charge customers for access to the Recorder's Office indexing system. The public wants access to this public record system through the internet and we are exploring the possibilities.

**\$50.0 Increment for Interagency Receipts**

An increment of \$50.0 is needed to offset the rising wide area network costs charged by the Information Technology Group, and for potential increases in the total number of department network devices. This increase provides the authority for DNR to meet its obligation to DOA-ITG within budget. The I/A costs are assumed by the respective divisions who are forced to forgo other essential services to assure their access to email, mainframe applications, Internet, and DNR databases.

**Summary of Component Budget Changes**

**From FY2001 Authorized to FY2002 Governor**

*All dollars in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b>FY2001 Authorized</b>	<b>539.6</b>	<b>0.0</b>	<b>264.7</b>	<b>804.3</b>
<b>Adjustments which will continue current level of service:</b>				
-Convert Special FY2001 Labor Cost Fund Sources to GF	0.3	0.0	-0.3	0.0
-Year 2 Labor Costs - Net Change from FY2001	1.4	0.0	0.5	1.9
<b>Proposed budget decreases:</b>				
-Reduce the Level of Anticipated Designated Program Receipts	0.0	0.0	-50.0	-50.0
<b>Proposed budget increases:</b>				
-Palmer/MatSu Area Computer and Network Support	57.5	0.0	0.0	57.5
-Increase Interagency Receipt Authority for DOA DP Chargeback	0.0	0.0	50.0	50.0
<b>FY2002 Governor</b>	<b>598.8</b>	<b>0.0</b>	<b>264.9</b>	<b>863.7</b>

**Interdepartmental Data Processing Chargeback**

**Personal Services Information**

Authorized Positions			Personal Services Costs	
	FY2001 Authorized	FY2002 Governor		
Full-time	4	5	Annual Salaries	248,715
Part-time	0	0	COLA	3,970
Nonpermanent	0	2	Premium Pay	0
			Annual Benefits	86,204
			<i>Less 3.42% Vacancy Factor</i>	(11,589)
			Lump Sum Premium Pay	0
<b>Totals</b>	<b>4</b>	<b>7</b>	<b>Total Personal Services</b>	<b>327,300</b>

**Position Classification Summary**

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
College Intern II	2	0	0	0	2
Data Processing Mgr I	1	0	0	0	1
Micro/Network Spec I	2	0	0	0	2
Micro/Network Tech II	1	0	0	1	2
<b>Totals</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>7</b>

## **Resource Development Budget Request Unit**

**Contact: Nico Bus, Administrative Services Manager**

**Tel:** (907) 465-2406 **Fax:** (907) 465-3886 **E-mail:** nico\_bus@dnr.state.ak.us

### **BRU Mission**

See specific information at component level.

### **BRU Services Provided**

This BRU contains many disparate functions and each is defined at the component level. See specific information at component level.

### **BRU Goals and Strategies**

See specific information at component level.

### **Key BRU Issues for FY2001 – 2002**

See specific information at component level.

### **Major BRU Accomplishments for FY2000**

See specific information at component level.

**Resource Development**  
**BRU Financial Summary by Component**

*All dollars in thousands*

	FY2000 Actuals				FY2001 Authorized				FY2002 Governor			
	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds
<b>Formula Expenditures</b> None.												
<b>Non-Formula Expenditures</b>												
Oil & Hazardous Waste Spill Rs	0.0	0.0	85.4	85.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Mental Health Lands Admin	0.0	0.0	712.0	712.0	0.0	0.0	955.9	955.9	0.0	0.0	983.2	983.2
Development - Special Projects	0.0	0.0	266.9	266.9	0.0	0.0	500.0	500.0	0.0	0.0	500.0	500.0
EFF Non-Emergency Projects	0.0	0.0	122.1	122.1	0.0	0.0	250.0	250.0	0.0	0.0	250.0	250.0
<b>Totals</b>	<b>0.0</b>	<b>0.0</b>	<b>1,186.4</b>	<b>1,186.4</b>	<b>0.0</b>	<b>0.0</b>	<b>1,705.9</b>	<b>1,705.9</b>	<b>0.0</b>	<b>0.0</b>	<b>1,733.2</b>	<b>1,733.2</b>

**Resource Development**

**Proposed Changes in Levels of Service for FY2002**

See specific information at component level.

**Resource Development**

**Summary of BRU Budget Changes by Component**

**From FY2001 Authorized to FY2002 Governor**

*All dollars in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b>FY2001 Authorized</b>	<b>0.0</b>	<b>0.0</b>	<b>1,705.9</b>	<b>1,705.9</b>
<b>Adjustments which will continue current level of service:</b>				
-Mental Health Lands Admin	0.0	0.0	2.3	2.3
<b>Proposed budget increases:</b>				
-Mental Health Lands Admin	0.0	0.0	25.0	25.0
<b>FY2002 Governor</b>	<b>0.0</b>	<b>0.0</b>	<b>1,733.2</b>	<b>1,733.2</b>

## **Component: Mental Health Trust Lands Administration**

**Contact: Stephen C. Planchon, Executive Director**

**Tel:** (907) 269-8656 **Fax:** (907) 269-8905 **E-mail:** Steve\_Planchon@DNR.state.ak.us

### **Component Mission**

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 to help improve the lives and circumstances of Trust beneficiaries. Annual income earned is available for distribution by the Trust Authority in the following year; principal earned contributes to income distributed in subsequent years.

### **Component Services Provided**

- Administer existing transactions on Trust lands (e.g., contracts, leases, permits, rights-of-way and other encumbrances affecting Trust lands).
- Initiate new and diverse revenue-generating activities on Trust land.
- Fully account for Trust Land Office revenues, costs, and actions.

### **Component Goals and Strategies**

- Maximize revenue generated from Trust lands over time through prudent administration of existing transactions, and generating new activity on Trust lands. The revenue objective for FY02 is \$4.9 million.
- Protect and enhance the long-term productivity of the Trust land portfolio. The FY02 objective is to inspect key activity areas on Trust land, e.g. Fort Knox Mine, Subport Leases, Icy Cape Timber Sale Area, Thorne Bay Timber Sale Area, etc. Additionally, TLO staff will inspect unencumbered Trust land whenever reasonable to do so. Finally, the TLO will continue efforts to rezone parcels, remove problematic encumbrances and plan for future development of key parcels.
- Ensure the maximum revenue is available for Trust Authority allocation by maintaining cost-effective Trust Land Office operations. The FY02 objective is that Trust Land Office costs will not exceed 25% of gross revenues.
- Maintain full accountability and positive reputation for Trust Land Office operations. The FY02 objective is to complete one annual report, four quarterly reports and 12 monthly reports.

### **Key Component Issues for FY2001 – 2002**

- Increased diversity of Trust land transactions.
- Conversion of sensitive Trust lands (e.g. environmentally unique lands) to cash or other less sensitive assets.
- Volatile resource values over time.

### **Major Component Accomplishments for FY2000**

- Exceeded \$3.5 million dollar revenue goal by about 6%, with FY00 gross revenues of about \$3.7 million.
- Maintained core operating costs at about 18% of gross revenues (goal was less than 25%).
- Completed monthly, quarterly and annual reports to the Trust Authority.

- Consulted regularly with the Trust Authority on significant issues affecting Trust lands.
- Completed inspections in eight areas of the state.

### Statutory and Regulatory Authority

AS 37.13.300

### Key Performance Measures for FY2002

**Measure: Exceed the FY02 revenue goal of \$4.9 million dollars, comprised of \$2.0 million in income and \$2.9 million in principal.**  
*(Not yet addressed by Legislature.)*

**Benchmark:**

Comparable public and private sector transactions. e.g. oil and gas royalty rates of 12.5% or better, land lease rates of 8% or better, land sales at or exceeding appraised value, and mineral leases at 2.5% net smelter or better.

**Background and Strategies:**

Revenue increase strategy assumes increased revenues from mineral transactions, land sales and leases.

**Measure: Maintain core-operating costs at less than 25% of gross revenues.**  
*(Not yet addressed by Legislature.)*

**Benchmark:**

This measure is comparable to operating costs experienced by other western state trust land managers.

**Background and Strategies:**

The Trust Land Office will continue to strive to limit its operating costs through effective use of Trust Land Office resources and cost effective use of public and private sector contractors.

**Measure: Complete required monthly, quarterly and annual reports to the Trust Authority.**  
*(Not yet addressed by Legislature.)*

**Benchmark:**

This measure is comparable to reporting expectations associated with school trust land managers in the Western States.

**Background and Strategies:**

Key strategy associated with this measure will be to continue to streamline the reporting process, thereby freeing up more time for revenue generating activities.

### Status of FY2001 Performance Measures

	<i>Achieved</i>	<i>On track</i>	<i>Too soon to tell</i>	<i>Not likely to achieve</i>	<i>Needs modification</i>
• Exceed the FY01 revenue goal of \$4.1 million dollars, comprised of \$1.8 million in income and \$2.3 million in principal.		X			
• Maintain core-operating costs at less than 25% of gross revenues.		X			
• Complete required quarterly and annual reports to the Trust Authority.		X			



**Mental Health Trust Lands Administration**  
**Component Financial Summary**

All dollars in thousands

	<b>FY2000 Actuals</b>	<b>FY2001 Authorized</b>	<b>FY2002 Governor</b>
<b>Non-Formula Program:</b>			
<b>Component Expenditures:</b>			
71000 Personal Services	505.1	611.0	638.3
72000 Travel	24.1	30.0	30.0
73000 Contractual	153.1	288.9	288.9
74000 Supplies	13.7	11.0	11.0
75000 Equipment	16.0	15.0	15.0
76000 Land/Buildings	0.0	0.0	0.0
77000 Grants, Claims	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
<b>Expenditure Totals</b>	<b>712.0</b>	<b>955.9</b>	<b>983.2</b>
<b>Funding Sources:</b>			
1092 Mental Health Trust Authority Authorized Receipts	712.0	955.9	983.2
<b>Funding Totals</b>	<b>712.0</b>	<b>955.9</b>	<b>983.2</b>

**Estimated Revenue Collections**

<b>Description</b>	<b>Master Revenue Account</b>	<b>FY2000 Actuals</b>	<b>FY2001 Authorized</b>	<b>FY2001 Cash Estimate</b>	<b>FY2002 Governor</b>	<b>FY2003 Forecast</b>
<b>Unrestricted Revenues</b>						
Unrestricted Fund	68515	3,630.1	4,116.0	4,116.0	4,900.0	5,900.0
<b>Unrestricted Total</b>		<b>3,630.1</b>	<b>4,116.0</b>	<b>4,116.0</b>	<b>4,900.0</b>	<b>5,900.0</b>
<b>Restricted Revenues</b>						
None.		0.0	0.0	0.0	0.0	0.0
<b>Restricted Total</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Total Estimated Revenues</b>		<b>3,630.1</b>	<b>4,116.0</b>	<b>4,116.0</b>	<b>4,900.0</b>	<b>5,900.0</b>

**Mental Health Trust Lands Administration**

**Proposed Changes in Levels of Service for FY2002**

Increasing the part-time, non-permanent Trust Resource Technician position to a permanent, full-time position will provide year-round technical support to the Trust Land Office, allowing for increased productivity of Trust staff.

**Summary of Component Budget Changes**

**From FY2001 Authorized to FY2002 Governor**

*All dollars in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b>FY2001 Authorized</b>	<b>0.0</b>	<b>0.0</b>	<b>955.9</b>	<b>955.9</b>
<b>Adjustments which will continue current level of service:</b>				
-Year 2 Labor Costs - Net Change from FY2001	0.0	0.0	2.3	2.3
<b>Proposed budget increases:</b>				
-Provide Full-Time Technical Support for the Mental Health Trust Land Office	0.0	0.0	25.0	25.0
<b>FY2002 Governor</b>	<b>0.0</b>	<b>0.0</b>	<b>983.2</b>	<b>983.2</b>

**Mental Health Trust Lands Administration**

**Personal Services Information**

Authorized Positions			Personal Services Costs	
	FY2001 Authorized	FY2002 Governor		
Full-time	8	9	Annual Salaries	484,127
Part-time	0	0	COLA	11,566
Nonpermanent	4	3	Premium Pay	0
			Annual Benefits	173,250
			<i>Less 4.58% Vacancy Factor</i>	(30,643)
			Lump Sum Premium Pay	0
<b>Totals</b>	<b>12</b>	<b>12</b>	<b>Total Personal Services</b>	<b>638,300</b>

**Position Classification Summary**

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Ex Dir Mental Hlth Land Trust	1	0	0	0	1
Natural Resource Mgr I	1	0	0	0	1
Natural Resource Tech II	1	0	0	0	1
Student Intern I	1	0	0	0	1
Trust Resources Manager	6	0	0	0	6
Trust Resources Technician	2	0	0	0	2
<b>Totals</b>	<b>12</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>12</b>

## **Component: Development - Special Projects**

**Contact: Richard LeFebvre, Large Mine Project Manager**  
Tel: (907) 269-8600 Fax: (907) 269-8904 E-mail: dickl@dnr.state.ak.us

### **Component Mission**

Manage the permit process so that complex, multi-agency projects are reviewed in a manner that is efficient for the applicant and the public, and that decisions protect public resources and involve the public in decisions that affect them.

### **Component Services Provided**

The Department of Natural Resources will serve as lead agency for special project reviews, mining projects, and other projects as determined appropriate. Through negotiated reimbursement agreements, the department, as authorized, will receive and allocate funds to divisions within DNR and other agencies to facilitate expeditious project review using a project team approach. DNR will designate a project manager to facilitate, coordinate and oversee review needs and activities. Examples of current projects are the True North, Green's Creek, Pogo Mine Project, GVEA Project, and Ft. Knox.

### **Component Goals and Strategies**

The goal of the Development Special Projects Component is to facilitate special project reviews through an interagency project team process. Project teams are established at the request of the applicant and funded through a reimbursement agreement between the Department of Natural Resources and the requesting party.

Objective: To provide specific project review services for development projects.

This project allows the Department of Natural Resources to receive funds through reimbursement agreements and to distribute those funds to the various participating project review agencies by individual reimbursable services agreements consistent with an agreed upon work plan and schedule for each project undertaken. This process allows the project team to focus on the individual project and work with the company and others to evaluate the proposal and determine what, if any, alternatives should be considered. It is an interactive interagency process to evaluate project feasibility.

Project involvement anticipated for FY 02:

- \* Pogo Mine Project - will continue activities necessary for authorization and development including participation in preparation of EIS and public process for state authorizations.
  - \* Green's Creek Project - Technical review and processing for authorizations or amendments, and follow-up work on Phase I and Phase II activities. Technical environmental review findings. Implement and participate in the preparation of an EIS for a new tailing disposal site.
  - \* Anchorage Cross Town Pipeline Project may require limited field work and reclamation in FY02.
  - \* True North Project - near Fairbanks - continue exploration, project review and authorization process. Monitor construction and development, should project be authorized.
  - \* Ft. Knox - Review use of processing of ore from True North, if authorized. Provide project oversight and concurrent reclamation. Review as necessary.
  - \* Red Dog - Anticipate additional project development and reclamation review. May initiate interagency review process at company's request.
- \* Other projects that are in the exploration stage and may involve DNR include:

Illinois Creek. This multi-agency project may undergo further permitting if exploration and gold prices show that further mining is warranted.

Note: Project lead agency requests are initiated by applicants, so it is difficult to anticipate who will initiate requests, when such requests will be received, or what projects may become high priorities, as this is controlled by industry. A considerable amount of exploration is underway by a number of major companies. We anticipate project activity to increase during FY 02. Companies will seek development authorizations if the price of gold reaches a point where such projects are economically feasible. Other projects, in addition to mining projects, may be included in this component.

**Key Component Issues for FY2001 – 2002**

Not applicable.

**Major Component Accomplishments for FY2000**

1. Pogo Exploration Project received permits from DNR and DEC to begin a tunnel into the ore body. The permits included authorization by DEC and EPA to discharge water from the mine tunnel.
2. The state took over operation and maintenance at the Illinois Creek Gold Mine project after the bankrupt company walked away from the site. The bankruptcy trustee paid the state's reimbursement expenses through June 30, 1999. Current operations at Illinois Creek are to facilitate reclamation.
3. The Division is coordination the permitting of the True North deposit that is proposed to be trucked to Fort Knox, near Fairbanks. The permitting is expected to be completed in FY 2001.
4. At the invitation of the US Forest Service and Green's Creek Silver Mine, the Division coordinated a federal-state environmental review of operations at the site near Juneau.

**Statutory and Regulatory Authority**

AS 38/ 11 AAC/ AS 27

**Key Performance Measures for FY2002**

**Measure: Organize project review team for each project agreement.**

*(Not yet addressed by Legislature.)*

**Status of FY2001 Performance Measures**

	<i>Achieved</i>	<i>On track</i>	<i>Too soon to tell</i>	<i>Not likely to achieve</i>	<i>Needs modification</i>
• Organize project review team for each project agreement.		X			

**Development - Special Projects**  
**Component Financial Summary**

All dollars in thousands

	FY2000 Actuals	FY2001 Authorized	FY2002 Governor
<b>Non-Formula Program:</b>			
<b>Component Expenditures:</b>			
71000 Personal Services	0.0	0.0	0.0
72000 Travel	0.0	0.0	0.0
73000 Contractual	266.9	500.0	500.0
74000 Supplies	0.0	0.0	0.0
75000 Equipment	0.0	0.0	0.0
76000 Land/Buildings	0.0	0.0	0.0
77000 Grants, Claims	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
<b>Expenditure Totals</b>	<b>266.9</b>	<b>500.0</b>	<b>500.0</b>
<b>Funding Sources:</b>			
1108 Statutory Designated Program Receipts	266.9	500.0	500.0
<b>Funding Totals</b>	<b>266.9</b>	<b>500.0</b>	<b>500.0</b>

**Estimated Revenue Collections**

Description	Master Revenue Account	FY2000 Actuals	FY2001 Authorized	FY2001 Cash Estimate	FY2002 Governor	FY2003 Forecast
<b>Unrestricted Revenues</b>						
None.		0.0	0.0	0.0	0.0	0.0
<b>Unrestricted Total</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Restricted Revenues</b>						
Statutory Designated Program Receipts	51063	266.9	500.0	416.4	500.0	500.0
<b>Restricted Total</b>		<b>266.9</b>	<b>500.0</b>	<b>416.4</b>	<b>500.0</b>	<b>500.0</b>
<b>Total Estimated Revenues</b>		<b>266.9</b>	<b>500.0</b>	<b>416.4</b>	<b>500.0</b>	<b>500.0</b>

**Development - Special Projects**

**Proposed Changes in Levels of Service for FY2002**

There are no changes from the FY01 request for the statutory designated program receipt funded projects, although actual projects may vary depending upon requests received by the department and agreements negotiated with applicants. If applicant requests for development project activities exceed the \$500.0 authorization for the Development Special Projects component, DNR may have to seek increased authorization through LB&A.

**Summary of Component Budget Changes**

**From FY2001 Authorized to FY2002 Governor**

*All dollars in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b>FY2001 Authorized</b>	0.0	0.0	500.0	500.0
<b>FY2002 Governor</b>	0.0	0.0	500.0	500.0

## **Component: Emergency Firefighters Non-Emergency Projects**

**Contact: Jeff J. Jahnke, State Forester**

**Tel:** (907) 269-8474 **Fax:** (907) 269-8931 **E-mail:** JJahnke@dnr.state.ak.us

### **Component Mission**

Hire emergency firefighters (EFF) for fire management and hazard fuels reduction work, fire prevention, habitat restoration or improvement and other related activities in non-emergency circumstances under AS 41.15.030.

### **Component Services Provided**

This component enables the Division to hire trained and experienced village EFF crews and individual EFF for use by cooperating state, municipal and federal land management agencies on pre-planned, non-emergency prescribed fire and other non-fire projects. Cooperating land management agencies have identified numerous prescribed burning projects across the state. These planned projects have identified approximately 250 crew work-days that will require the use of trained fire fighting crews. Prescribed fire projects require the use of highly trained and organized crews to conduct the burns in a safe and effective manner. Agencies utilizing the village EFF crews and individual EFF will provide the funding to pay for the costs associated with their use. These projects have the potential to reduce wildland fire threat to villages and communities in Alaska through the reduction of hazardous fuels and will improve wildlife habitat.

### **Component Goals and Strategies**

The goal of this component is to utilize trained EFF village crews and individual EFF on non-emergency prescribed fire and hazard fuels reduction projects to meet the resource management objectives of various state, municipal and federal land management agencies in Alaska. This goal supports the Governor's jobs for Alaskans initiative.

The strategy is to market trained and experienced EFF crews and individual EFF for hire for various projects to cooperating state, municipal and federal agencies. The strategy includes providing services that make hiring EFF crews more desirable than other alternatives for short-term employment. The strategy is to keep EFF crews working together as a team so they will gain additional experience and be ready to fight wildland fires.

### **Key Component Issues for FY2001 – 2002**

None

### **Major Component Accomplishments for FY2000**

During FY00, two projects were accomplished utilizing EFF crews:

- **Hillside Hazard Fuel Reduction:** The Tazlina Type 1 EFF Crew was employed for six weeks to accomplish hazard tree removal, fire break improvement and other hazard fuel work to reduce the potential of a serious wildland fire on the Hillside area in the Municipality of Anchorage. The Municipality of Anchorage utilized Project Impact Grant funding received from FEMA for Wildland Fire Mitigation work.
- **Kenai Borough Hazard Fuel Reduction:** The Kenai Type 2 EFF Crew worked for the Kenai Peninsula Borough for four weeks to reduce hazardous fuel adjacent to public facilities to reduce the potential of a serious wildland fire. The crew worked in State Parks, various school sites and on City of Kenai property. The Kenai Peninsula Borough utilized Federal Spruce Bark Beetle Funding to accomplish the hazard fuels projects.

### **Statutory and Regulatory Authority**

Alaska Statute 41.15.030

**Key Performance Measures for FY2002**

**Measure: Use of emergency firefighter personnel for non-emergency hazard fuel reduction and habitat improvement projects.**  
*(Not yet addressed by Legislature.)*

**Current Status:**

EFF crews and individual EFF were utilized twice during the FY00 year by cooperating municipal, federal and state agencies. There is interest by the Municipality of Anchorage and the Kenai Peninsula Borough in using them again in FY02.

**Benchmark:**

Ensure that EFF crews and individual EFF are trained and available for use on non-emergency hazard fuel reduction, prescribed fire and other resource management projects.

**Background and Strategies:**

Use of trained and experienced village EFF crews and individual EFF for hazard fuel reduction, prescribed fire and other resource management projects supports the Governor's goal of increasing employment opportunities for Alaskans and also improves wildlife habitat and reduces potential wildland fire threats to the citizens of Alaska, structures and other high value resources.

Utilizing EFF crews for non-emergency hazard fuel reduction and other prescribed fire projects provides opportunities for crews to work together enhancing their skills for wildland fire assignments and provides needed revenue into the rural communities of Alaska.

**Status of FY2001 Performance Measures**

	<i>Achieved</i>	<i>On track</i>	<i>Too soon to tell</i>	<i>Not likely to achieve</i>	<i>Needs modification</i>
• Use of emergency firefighter personnel for non-emergency hazard fuel reduction and habitat improvement projects.		X			

**Emergency Firefighters Non-Emergency Projects  
Component Financial Summary**

*All dollars in thousands*

	FY2000 Actuals	FY2001 Authorized	FY2002 Governor
<b>Non-Formula Program:</b>			
<b>Component Expenditures:</b>			
71000 Personal Services	122.1	175.0	175.0
72000 Travel	0.0	2.0	2.0
73000 Contractual	0.0	53.0	53.0
74000 Supplies	0.0	20.0	20.0
75000 Equipment	0.0	0.0	0.0
76000 Land/Buildings	0.0	0.0	0.0
77000 Grants, Claims	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
<b>Expenditure Totals</b>	<b>122.1</b>	<b>250.0</b>	<b>250.0</b>
<b>Funding Sources:</b>			
1061 Capital Improvement Project Receipts	122.1	250.0	250.0
<b>Funding Totals</b>	<b>122.1</b>	<b>250.0</b>	<b>250.0</b>

**Estimated Revenue Collections**

Description	Master Revenue Account	FY2000 Actuals	FY2001 Authorized	FY2001 Cash Estimate	FY2002 Governor	FY2003 Forecast
<b>Unrestricted Revenues</b>						
None.		0.0	0.0	0.0	0.0	0.0
<b>Unrestricted Total</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Restricted Revenues</b>						
Capital Improvement Project Receipts	51200	122.1	250.0	250.0	250.0	250.0
<b>Restricted Total</b>		<b>122.1</b>	<b>250.0</b>	<b>250.0</b>	<b>250.0</b>	<b>250.0</b>
<b>Total Estimated Revenues</b>		<b>122.1</b>	<b>250.0</b>	<b>250.0</b>	<b>250.0</b>	<b>250.0</b>

**Emergency Firefighters Non-Emergency Projects**

**Proposed Changes in Levels of Service for FY2002**

No proposed changes assuming a continuation level budget.

**Summary of Component Budget Changes**

**From FY2001 Authorized to FY2002 Governor**

*All dollars in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b>FY2001 Authorized</b>	<b>0.0</b>	<b>0.0</b>	<b>250.0</b>	<b>250.0</b>
<b>FY2002 Governor</b>	<b>0.0</b>	<b>0.0</b>	<b>250.0</b>	<b>250.0</b>

## **BRU/Component: Forest Management and Development**

(There is only one component in this BRU. To reduce duplicate information, we did not print a separate BRU section.)

### **Contact: Jeff J. Jahnke, State Forester**

**Tel:** (907) 269-8474 **Fax:** (907) 269-8931 **E-mail:** JJahnke@dnr.state.ak.us

## **Component Mission**

Develop, conserve, enhance, and manage the state's forests to provide a sustainable supply of forest resources for Alaska and to manage the wildland fire suppression program.

## **Component Services Provided**

This component provides for delivery of services in the wildland fire preparedness, forest resource management, forest practices, and federal cooperative forestry programs.

The wildland fire preparedness program provides personnel, fire training, equipment, facilities and support activities to prepare for Alaska's wildland fire season.

The forest resource management program provides a sustained yield of forest resources and uses on legislatively designated State Forests and other forested state land. This program sells timber to the private sector and creates jobs through value-added processing, harvesting, transportation, and replanting. It inspects harvest operations for compliance with state laws and contracts and involves the public and other agencies in forest management decisions. This program also maintains and enhances wildlife habitat that supports personal and guided hunting, and provides sites for commercial tourism and private recreation.

The forest practices program administers the Forest Resources and Practices Act (FRPA) on state, municipal, trust, and private lands. The Act and program are designed to protect fish habitat and water quality, ensure prompt reforestation, and provide for a healthy timber industry. The FRPA sustains the fish and forest resources that support jobs in the timber and commercial fishing industries. The program implements, monitors, and enforces best management practices for forest operations. The program focuses on private and trust lands where extensive harvesting is occurring.

The federal cooperative forestry program uses USFS funds to provide forestry assistance to private landowners, Native corporations, and communities. DOF delivers these services through its urban and community forestry, insect and disease suppression, fire conservation education, and forest stewardship staff. These funds do not supplant general funds nor duplicate state projects, but provide specialized professional expertise and public outreach.

## **Component Goals and Strategies**

The goals are to deliver the individual program services efficiently and effectively; and to support the Governor's goal of jobs for Alaskans through responsible management and development of the state's renewable resources. Strategies are tailored to each specific program as follows:

The wildland fire preparedness program supports the Governor's emphasis on public health and safety by providing for wildland fire preparedness and fire prevention services. The Division maintains 57 cooperative agreements with local government and volunteer fire departments to augment its initial attack capabilities in the populated areas of the state. Joint training and exercises with cooperators in wildland/urban interface response are critical to ensure rapid coordinated responses. This program also supports municipal and local initiatives such as Project Impact (emergency preparedness and wildland fire), FIREWISE and the Kenai Peninsula Spruce Bark Beetle Project providing pre-planning for evacuation, fire "safe" zones, hazard fuels mitigation and defensible space homeowner education.

The forest resource management program supports the Governor's long term goals of a sustainable, renewable forest, jobs for Alaskans, and the value-added initiative for secondary processing of wood fiber. The FY 02 goal is to

offer 40.3 million board feet (MMBF) of timber, comprised of 21.8 MMBF from this component and the remainder from CIP funding. Strategies will vary by geographic area and market demand. The market for forest products directly affects the demand for timber sales. In Southeast Alaska, timber sales from about 10 thousand board feet to 3 million board feet will be offered for local, value-added processing. This strategy allows the state to play an important role in the local economy, despite having a limited land base. In Interior Alaska, a 6 million board foot timber sale will be offered in Tok as the first phase of a longer term timber supply to support local manufacturing of wood products. This sale and subsequent phases build on the Tanana Valley State Forest Plan update which will be completed in FY 01. The updated plan provides a sound basis for management decisions based upon public input and resource sustainability. We will also continue to offer other sales to support local processors and enhance wildlife habitat in the Tanana Valley. In Southcentral Alaska, the department will offer sales to support local processors, enhance wildlife habitat, and where feasible to salvage beetle-killed timber to accelerate reforestation and defray reforestation costs, to reduce wildfire hazards, and to obtain economic benefits from the wood.

The forest practices program supports the Governor's goal of sustaining, renewable industries such as forestry and fishing by protecting water quality and fish habitat, and ensuring prompt reforestation. It also improves efficiency for the forest industry by providing one-stop shopping with federal Clean Water Act and coastal zone management requirements. This program reviews detailed plans of operation, works with operators during on-site inspections, provides training for operators and landowners, conducts implementation monitoring, and when necessary, enforces the Act's provisions to ensure protection of water quality and fish habitat. Implementation actions focus on private and trust lands. A primary goal for FY 01-02 is to update the riparian standards and best management practices (BMPs) for Interior and Southcentral Alaska. The revision process for Interior Alaska is underway, and the Southcentral process will start this year. This program will provide training for operators and landowners when the new provisions take effect. Scientific monitoring of BMP implementation will identify practices for which training is needed, or where revision is appropriate. Review of riparian standards and BMPs for Southcentral Alaska will begin in FY 02.

Federal cooperative forestry programs support the Governor's initiative in the spruce bark beetle program, health, public safety, and jobs for Alaskans. Urban and Community Forestry, Forest Stewardship, Rural Community Fire Protection, RFPC grants, and Insect/Disease support provide direct assistance to individual Alaskans, Native corporations, and communities. The programs anticipate increases in federal funding for these programs in Alaska; additional funding will be directed toward state and municipal goals.

### **Key Component Issues for FY2001 – 2002**

In Southeast Alaska, demand for wood from state land continues to be strong. Continued decreases in the wood supply from the Tongass National Forest create additional pressure for sales from the small area of southeast forest land in state ownership. Supplying wood for small to mid-size wood processors is a high priority. The information base for active management of these lands is weak. There is no timber inventory for most state timberland in southeast Alaska, and inventory is the cornerstone of sound, sustainable forest management.

In Southcentral and Interior Alaska, weak markets limited demand for state timber in FY 01. The major purchaser of beetle-killed timber in southcentral went bankrupt, undercutting salvage opportunities. In the Interior, demand is primarily from small, local processors. The Division is a major supplier for these operations, and is also working to provide opportunities for new processors through preparation of larger sales for value-added processing.

Reforestation costs in this area further reduce timber demand in Southcentral and Interior Alaska, especially for timber salvage. However, reforestation is essential to maintaining forest resources in these regions. The department reduces reforestation costs to the state by relying on natural regeneration where feasible, and requiring operators to provide site preparation and replanting on some sales. However, small operators rarely have the capital or expertise for effective reforestation. Without state support, reforestation costs can be a barrier to timber purchases for value-added processors. Reforestation funding is essential to stability in the state timber sale program and in local value-added processing operations.

Throughout the state, limited transportation infrastructure also hampers forest operations. The state incorporates the cost of road construction and maintenance into timber sale purchases whenever possible. However, costs of bridges and roads that provide long-term access to large forest management areas are often greater than individual sales, especially small sales to local operators, can bear. Funding for key bridges and road segments could expand the area available for forest management, and provide secondary benefits for other forest users.

Alaska's population continues to move into the urban interface areas of the state increasing the potential for more human-caused wildland fires. Wildland fires in the populated areas are the most costly and difficult to suppress. An aggressive wildland fire prevention program with continued focus on the defensible space and FIREWISE concepts is essential to reducing the human-caused wildland fire problem.

The threat of a catastrophic wildland fire exacerbated by the buildup of bark beetle killed timber will be an issue for years to come. The state has several areas with large stands of dead and down timber that has the potential to impact private property in the urban interface. Local government fire departments and volunteer fire departments need to be adequately trained in wildland fire suppression. Continued cooperation and coordination in initial attack will help in dealing with the potential from the buildup of hazard fuels.

Climatic change creating an earlier fire season and increased urban interface wildland fire occurrence has decreased the amount of time available for preseason training of the Divisions firefighters. Firefighters are being pulled from training each year to fight fires, creating a cumulative problem. A critical level has been reached that affects our ability to maintain a core readiness.

The Division's Wildland Fire Management Program consists of two components. This component funds wildland fire preparedness and the Fire Suppression Component funds actual fire suppression actions. The annual cost of wildland fire suppression over the last ten years has consistently exceeded budget funding. This has been recognized by both the administration and legislature and additional funding has been received through the use of supplemental appropriations. Until FY99 intent language to this effect was included in the budget act. The issue of making funding available through either supplemental or reappropriation for wildland fire management needs to be resolved.

### **Major Component Accomplishments for FY2000**

- 82 sales were offered; all were aimed at local processors except for 5 salvage sales.
- 53.7 million board feet of timber were offered for sale.
- 411,000 seedlings were planted on 1,274 acres (CY 1999).
- Forest Resources and Practices Act riparian management standards for coastal Alaska were revised and regulations implementing the legislative changes were adopted. Changes were based on recommendations from a Science/Technical Committee and the Board of Forestry.
- Training was provided to landowners and operators for implementation of the FRPA changes.
- An interdisciplinary Science and Technical Committee was convened for review and revision of the riparian standards in Interior Alaska.
- A second round of implementation monitoring was conducted to measure compliance with BMPs. Overall, BMPs were adequately implemented 92% of the time. (CY 1999).
- Research on the dynamics of the Tanana River was initiated to help assess effects of forest cover on erosion and fish habitat along large glacial rivers.
- Gave physical fitness test to 1594 forestry, EFF, VFD, and local government firefighters.
- Issued red cards to 1137 forestry, EFF, VFD, and local government firefighters.
- Gave fireline refresher training to 1351 forestry, EFF, VFD, and local government firefighters.
- Trained 575 EFF firefighters to be utilized on village EFF crews.
- Maintained 57 cooperative agreements with local government and volunteer fire departments.
- Gave 101 school wildland fire prevention programs.
- Conducted fire readiness inspections on Division initial attack facilities statewide.
- Protected 134 million acres of land from wildland fire.
- Contained 95% of all wildland fires within 10 acres.

### **Statutory and Regulatory Authority**

Forest Resource Management  
AS 38.04.060-065  
AS 38.05.035, .110-.123, .945

AS 41.15.300-.330  
AS 41.17.020-.030, .060, .200-.400  
AS 45.50.210-.325  
11 AAC 05  
11 AAC 71

Forest Practices  
AS 41.17  
11 AAC 95

Cooperative Forestry Programs  
AS 41.15.020-.030  
AS 41.17.030-.055

Preparedness  
AS 41.15.010-.170  
11 AAC 95.410-.495

## Key Performance Measures for FY2002

**Measure: Per Sec. 113(b)(1) SB0281e (2000) Compliance with AS 41.17 (Forest Resources and Practices Act)**  
*(Developed jointly with Legislature in FY2000.)*

**Current Status:**

First quarter FY01 on track.

**Benchmark:**

Continued certification of the FRPA for compliance with federal Clean Water Act and Coastal Zone requirements by effectively implementing the Act.

**Background and Strategies:**

The FRPA supports the timber and fishing industries by protecting fish habitat and water quality, and providing one-stop shopping for compliance with federal clean water and coastal zone standards. Strategies include updating riparian management standards for Interior and Southcentral Alaska, expanding implementation monitoring into southcentral Alaska, reviewing and improving procedures for documenting reforestation in Interior Alaska, reviewing all Detailed Plans of Operation (DPOs) timely, increasing the ratio of inspections to DPOs received, and training operators and landowners.

**Measure: Per Sec 113(b)(2) and (3) SB0281e (2000) Annual volume of timber offered for sale and annual volume of state timber offered for in-state companies and converting to value-added products.**

*(Developed jointly with Legislature in FY2000.)*

**Current Status:**

First quarter FY01 on track.

**Benchmark:**

A total of 39.3 MMBF will be offered in new sales, of which 21.3 MMBF will come from this component, and 18.0 MMBF from CIP funds. We estimate that 34.3 MMBF will be aimed at in-state processors, of which 15.5 MMBF will be from this operating component, and 18.8 MMBF from CIP funds.

**Background and Strategies:**

The DNR timber sale program focuses on supporting Alaskan jobs by making timber available for local processors. Competitive and negotiated sales are offered in sizes and locations needed by local processors in all regions of the state. Where feasible, the department also offers salvage sales of beetle-killed timber for either local use or export to accelerate reforestation and defray its cost, reduce wildfire hazards, and obtain value from the wood before it decays.

**Measure: Per Sec 113(b)(4) SB0281e (2000) Total costs to the division per board foot sold.**  
*(Developed jointly with Legislature in FY2000.)*

**Current Status:**

First quarter FY01 on track.

**Benchmark:**

DNR is currently developing a benchmark for this new measure that will reflect costs of sale preparation, public review, sale offering, and administration. Because this is a new requirement, DNR is developing a new reporting system to track these costs.

**Background and Strategies:**

DNR strives for an efficient timber sale program. For example, fire and forest management staff are cross-trained for efficient use of personnel, and use of GPS and GIS technology has greatly reduced field and data processing time. However, there are conflicts between offering sales for in-state value-added processing, and reducing costs of the sale program. Value-added sales have higher costs per unit offered, since many are small sales that are less efficient to lay out and administer. Small sales often can't bear the cost of infrastructure development, and local processors lack the expertise and capital to complete reforestation on harvest areas.

**Measure: Per Sec 113(b)(5) SB0281e (2000) Percentage of fires that result from human actions, whether as a function of population growth or other causes.**  
*(Developed jointly with Legislature in FY2000.)*

**Current Status:**

Too soon to tell.

**Benchmark:**

Reduce the overall percentage of human-caused fires in the Division's protection area.

**Background and Strategies:**

Humans cause approximately 83 percent of the wildland fires occurring each season in the Division's protection area. Strategies include maintaining an aggressive wildland fire prevention program and continued support of the defensible space and FIREWISE concepts in an effort to reduce the overall percentage of human-caused fires.

**Measure: Per Sec 113(b)(6) SB0281e (2000) Percentage of fires in full and critical protection categories that are held to less than 10 acres.**  
*(Developed jointly with Legislature in FY2000.)*

**Current Status:**

First quarter FY01 on track. Since July 1, 2000 the Division responded to 51 fires, pack tested and red carded 46 local government and volunteer firefighters, and responded to 25 requests for personnel to support other agencies.

**Benchmark:**

Contain 90% of fires in full and critical protection categories at 10 acres or less.

**Background and Strategies:**

The Division of Forestry responds to an average of 430 wildland fires annually in its protection area with the exact number and location being unknowns. The most cost-effective response requires adequate preparedness and coordination with the Division's numerous cooperators. The occurrence of wildland/urban interface fires will continue to increase as the population moves to the wooded areas of the state, climatic changes result in longer fire seasons, and serious insect/disease infestations add to the hazardous fuels problem.

Strategies include providing immediate, aggressive initial attack in coordination with cooperating local government, volunteer fire departments and federal agencies. This strategy includes creating and maintaining cooperative agreements to enhance initial attack response effectiveness. Additional strategies include media coverage of fires to expand public awareness of the impact of human caused fires, support of fire prevention activities, and increased public education on how to create defensible space around private property.

**Status of FY2001 Performance Measures**

	<i>Achieved</i>	<i>On track</i>	<i>Too soon to tell</i>	<i>Not likely to achieve</i>	<i>Needs modification</i>
<ul style="list-style-type: none"> <li>Per Sec. 113(b)(1) SB0281e (2000): Compliance with AS 41.17 (Forest Resources and Practices Act)(Developed jointly with Legislature in FY2000.)</li> </ul>		X			
<ul style="list-style-type: none"> <li>Per Sec 113(b)(2) and (3) SB0281e (2000): Annual volume of timber offered for sale.</li> </ul>		X			
<ul style="list-style-type: none"> <li>Per Sec 113(b)(4) SB0281e (2000): Total costs to the division per board foot sold.</li> </ul>			X		
<ul style="list-style-type: none"> <li>Per Sec 113(b)(5) SB0281e (2000): Percentage of fires that result from human actions, whether as a function of population growth or other causes.</li> </ul>			X		
<ul style="list-style-type: none"> <li>Per Sec 113(b)(6) SB0281e (2000): Percentage of fires in full and critical protection categories that are held to less than 10 acres.</li> </ul>		X			
<ul style="list-style-type: none"> <li>Per sec 113, SB 0281e (2000): Annual volume of state timber offered for in-state companies and converted to value-added products.</li> </ul>		X			

## Forest Management and Development

### Component Financial Summary

*All dollars in thousands*

	FY2000 Actuals	FY2001 Authorized	FY2002 Governor
<b>Non-Formula Program:</b>			
<b>Component Expenditures:</b>			
71000 Personal Services	7,045.1	6,536.7	6,670.6
72000 Travel	319.7	217.0	219.7
73000 Contractual	1,055.7	1,219.1	1,445.3
74000 Supplies	487.8	520.3	549.6
75000 Equipment	231.8	47.0	50.5
76000 Land/Buildings	0.0	0.0	0.0
77000 Grants, Claims	24.2	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
<b>Expenditure Totals</b>	<b>9,164.3</b>	<b>8,540.1</b>	<b>8,935.7</b>
<b>Funding Sources:</b>			
1002 Federal Receipts	931.7	1,161.6	1,161.9
1004 General Fund Receipts	6,893.7	6,962.0	7,020.1
1005 General Fund/Program Receipts	8.3	14.8	0.0
1007 Inter-Agency Receipts	1,147.4	50.5	155.6
1053 Investment Loss Trust Fund	0.0	45.7	0.0
1061 Capital Improvement Project Receipts	168.3	287.7	288.1
1108 Statutory Designated Program Receipts	14.9	17.8	30.0
1155 Timber Sale Receipts	0.0	0.0	280.0
<b>Funding Totals</b>	<b>9,164.3</b>	<b>8,540.1</b>	<b>8,935.7</b>

### Estimated Revenue Collections

Description	Master Revenue Account	FY2000 Actuals	FY2001 Authorized	FY2001 Cash Estimate	FY2002 Governor	FY2003 Forecast
<b>Unrestricted Revenues</b>						
Unrestricted Fund	68515	336.0	311.0	317.6	12.0	32.0
<b>Unrestricted Total</b>		<b>336.0</b>	<b>311.0</b>	<b>317.6</b>	<b>12.0</b>	<b>32.0</b>
<b>Restricted Revenues</b>						
Federal Receipts	51010	931.7	1,161.6	1,161.6	1,161.9	1,161.6
Interagency Receipts	51015	1,147.4	50.5	595.1	155.6	155.6
General Fund Program Receipts	51060	8.3	14.8	14.8	0.0	0.0
Statutory Designated Program Receipts	51063	14.9	17.8	17.8	30.0	30.0
Timber Sale Receipts	51076	0.0	0.0	0.0	280.0	280.0
Capital Improvement Project Receipts	51200	168.3	287.7	246.5	288.1	70.0
Investment Loss Trust Fund	51393	0.0	45.7	45.7	0.0	0.0
<b>Restricted Total</b>		<b>2,270.6</b>	<b>1,578.1</b>	<b>2,081.5</b>	<b>1,915.6</b>	<b>1,697.2</b>

Description	Master Revenue Account	FY2000 Actuals	FY2001 Authorized	FY2001 Cash Estimate	FY2002 Governor	FY2003 Forecast
<b>Total Estimated Revenues</b>		<b>2,606.6</b>	<b>1,889.1</b>	<b>2,399.1</b>	<b>1,927.6</b>	<b>1,729.2</b>

## Forest Management and Development

### Proposed Changes in Levels of Service for FY2002

Component service changes are proposed with the following increment and fund source shift:

"Overcoming Limits to Value-Added Timber Sales" - This increment would pay for a mix of reforestation, thinning, timber sale preparation, and access work. A typical mix of annual accomplishments would include reforestation of about 600 acres in southcentral and interior Alaska, and 20-25 acres of pre-commercial thinning (also called timber stand improvement) in dense, productive forests in southeast Alaska. It would also construct river and railroad crossings, and establish central haul roads. This effort would open or maintain areas for multiple timber sales where individual sales cannot pay the capital costs for regional access. Reforestation tasks include site preparation, seedling purchases, and planting. The increment is less than the total reforestation cost. DNR will continue to use natural regeneration to keep down reforestation costs where feasible, and will continue to include costs of reforestation in timber sale contracts where the sale can bear the cost and the purchasers have the expertise to replant successfully.

The decrement "Delete Program Receipt Authorization for Miscellaneous Forestry Projects" and the increment "Miscellaneous Forestry Projects funding from Statutory Designated Program Receipts" performs a fund source switch. \$14.8 GF/PR authority is eliminated and \$30.0 SDPR would be established for receipts from associations and non-profit groups for clearing, habitat improvement, and resource education.

### Summary of Component Budget Changes

#### From FY2001 Authorized to FY2002 Governor

*All dollars in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b>FY2001 Authorized</b>	<b>7,022.5</b>	<b>1,161.6</b>	<b>356.0</b>	<b>8,540.1</b>
<b>Adjustments which will continue current level of service:</b>				
-Convert Special FY2001 Labor Cost Fund Sources to GF	17.8	0.0	-17.8	0.0
-Year 2 Labor Costs - Net Change from FY2001	-5.4	0.3	0.5	-4.6
<b>Proposed budget decreases:</b>				
-Delete Program Receipt Authorization for Miscellaneous Forestry Projects	-14.8	0.0	0.0	-14.8
<b>Proposed budget increases:</b>				
-Overcoming Limits to Value-Added Timber Sales	0.0	0.0	280.0	280.0
-Miscellaneous Forestry Projects funding from Statutory Designated Program Receipts	0.0	0.0	30.0	30.0
-Increase IA Receipts to Reflect Spending Plan	0.0	0.0	105.0	105.0
<b>FY2002 Governor</b>	<b>7,020.1</b>	<b>1,161.9</b>	<b>753.7</b>	<b>8,935.7</b>

## Forest Management and Development

### Personal Services Information

Authorized Positions			Personal Services Costs	
	FY2001 Authorized	FY2002 Governor		
Full-time	60	60	Annual Salaries	5,183,464
Part-time	117	117	COLA	68,774
Nonpermanent	12	12	Premium Pay	0
			Annual Benefits	1,916,953
			<i>Less 6.95% Vacancy Factor</i>	(498,591)
			Lump Sum Premium Pay	0
<b>Totals</b>	<b>189</b>	<b>189</b>	<b>Total Personal Services</b>	<b>6,670,600</b>

### Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Accounting Clerk II	0	0	0	1	1
Accounting Tech I	0	1	0	0	1
Accounting Tech II	1	0	0	0	1
Administrative Assistant	0	0	1	0	1
Administrative Clerk II	0	1	0	0	1
Administrative Clerk III	1	1	0	7	9
Administrative Manager I	0	1	0	1	2
Administrative Manager III	1	0	0	0	1
Cartographer II	0	1	0	0	1
Division Director	1	0	0	0	1
Education Assoc II	1	0	0	0	1
Emergency Management Assistant	1	0	0	0	1
Equip Operator Journey II	0	1	0	0	1
Forest Tech II	0	7	0	13	20
Forest Tech III	0	11	0	34	45
Forest Tech IV	0	9	0	19	28
Forester I	1	3	0	2	6
Forester II	2	5	1	11	19
Forester III	2	6	2	9	19
Forester IV	0	1	1	0	2
Information Officer I	1	0	0	0	1
Maint Gen Journey	1	1	0	1	3
Maint Gen Sub - Journey II	0	0	0	4	4
Maint Spec Bfc Jrny II/Lead	1	1	0	0	2
Mech Auto Journey	1	1	0	0	2
Natural Resource Mgr II	0	1	0	0	1
Natural Resource Mgr IV	2	0	0	0	2
Procurement Spec III	1	0	0	0	1
Student Intern	1	0	0	0	1
Student Intern I	11	0	0	0	11
<b>Totals</b>	<b>30</b>	<b>52</b>	<b>5</b>	<b>102</b>	<b>189</b>

## **Oil and Gas Development Budget Request Unit**

**Contact: Nico Bus, Administrative Services Manager**

**Tel:** (907) 465-2406 **Fax:** (907) 465-3886 **E-mail:** nico\_bus@dnr.state.ak.us

### **BRU Mission**

See specific information at component level.

### **BRU Services Provided**

See specific information at component level.

### **BRU Goals and Strategies**

See specific information at component level.

### **Key BRU Issues for FY2001 – 2002**

See specific information at component level.

### **Major BRU Accomplishments for FY2000**

See specific information at component level.

**Oil and Gas Development**  
**BRU Financial Summary by Component**

*All dollars in thousands*

	FY2000 Actuals				FY2001 Authorized				FY2002 Governor			
	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds
<b>Formula Expenditures</b> None.												
<b>Non-Formula Expenditures</b>												
Oil & Gas Development	3,122.4	0.0	1,112.8	4,235.2	3,176.3	140.0	1,106.3	4,422.6	3,605.5	140.3	1,105.6	4,851.4
Pipeline Coordinator	421.9	26.6	2,343.9	2,792.4	433.4	165.3	3,403.6	4,002.3	434.7	40.2	3,371.0	3,845.9
<b>Totals</b>	<b>3,544.3</b>	<b>26.6</b>	<b>3,456.7</b>	<b>7,027.6</b>	<b>3,609.7</b>	<b>305.3</b>	<b>4,509.9</b>	<b>8,424.9</b>	<b>4,040.2</b>	<b>180.5</b>	<b>4,476.6</b>	<b>8,697.3</b>

## Oil and Gas Development

### Proposed Changes in Levels of Service for FY2002

See specific information at component level.

## Oil and Gas Development

### Summary of BRU Budget Changes by Component

#### From FY2001 Authorized to FY2002 Governor

*All dollars in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b>FY2001 Authorized</b>	<b>3,609.7</b>	<b>305.3</b>	<b>4,509.9</b>	<b>8,424.9</b>
<b>Adjustments which will continue current level of service:</b>				
-Oil & Gas Development	29.2	0.3	-0.7	28.8
-Pipeline Coordinator	1.3	0.2	4.8	6.3
<b>Proposed budget decreases:</b>				
-Pipeline Coordinator	0.0	-125.3	-37.4	-162.7
<b>Proposed budget increases:</b>				
-Oil & Gas Development	400.0	0.0	0.0	400.0
<b>FY2002 Governor</b>	<b>4,040.2</b>	<b>180.5</b>	<b>4,476.6</b>	<b>8,697.3</b>

## **Component: Oil & Gas Development**

**Contact: Kenneth A. Boyd, Director**

**Tel:** (907) 269-8800 **Fax:** (907) 269-8938 **E-mail:** Ken\_Boyd@dnr.state.ak.us

### **Component Mission**

The mission of the Division of Oil and Gas is to maximize responsible oil and gas exploration and development.

### **Component Services Provided**

- (1) ensure that prospective lands are made available on a predictable basis;
- (2) ensure that full value is received from the sale and extraction of our resources;
- (3) advance programs designed to promote exploration and development, exploration licensing, shallow natural gas leasing and exploration incentive credits;
- (4) maximize the economic and physical recovery of hydrocarbon resources through unitized operations;
- (5) ensure that bonus, rental, license fees, net profit, and royalty payments are correct and received when due;
- (6) ensure that shared federal bonus, rent and royalties are properly received and allocated;
- (7) ensure that leasehold and unitized-related operations are conducted in an environmentally sound manner;
- (8) advocate petroleum development throughout the state;
- (9) develop marketing strategies, including the negotiation of royalty oil and gas purchase agreements with in-state users;
- (10) provide technical and policy support for the Alaska congressional delegation, the Governor's office, Legislature and the Commissioner of DNR; and
- (11) provide oil and gas-related information to the public and the press through our website or personal contact.

### **Component Goals and Strategies**

Convey oil and gas rights by conducting competitive oil and gas lease sales and issuing oil and gas exploration licenses and shallow gas leases.

Manage oil and gas rights by monitoring lease and unit operations and accounting for oil and gas rental and royalty payments.

Collect oil and gas revenues through timely and accurate accounting and auditing.

Promote oil and gas development by advocating for programs that encourage exploration and development, marketing oil and gas development opportunities, and stimulating economic development.

These goals support the Governor's commitment to maintaining and enhancing competition, diversity and balance in the exploration, development, and production of Alaskan resources, sustaining and growing both oil and gas production, the revenues derived from that production, and ensuring that the State's natural resources are developed in an environmentally, socially sensitive and responsible manner.

## Key Component Issues for FY2001 – 2002

The merger of BP and Arco, the divestiture to Phillips, and the various alignment agreements continue to influence the division's work. The full ramifications are not known at the present time. The timing, type and intensity of exploration, production and development activities that affect our program planning remain uncertain. The good news, we hope, is greater activity. This has been, and will continue to be, a period of great change within the industry.

We are, however, already seeing greater administrative activity. We have been flooded with lease assignments for the Prudhoe Bay Unit (PBU) and we expect more. The realignment of Prudhoe is not finished. Texaco and Chevron have not been aligned. We have not seen the effects of the alignment of the Point Thomson Unit. Although changes in the accounting for the IPAs of Prudhoe have gone smoothly, the rest of the unit is one big nightmare. The volume reporting shows the old allocation numbers. Some companies are reporting on the bases of the old ownership percentages; some on the bases of new percentages. Programs must be re-written and nothing balances. We continue to review agreements to see if they must be revised.

As mentioned, we expect more exploration and development activity. High oil prices and last year's constrained activity should lead to much greater activity this year and hopefully beyond. Phillips and BP are both projecting production growth of at least 15 percent. Moreover, given the realignment, we expect that the companies will have fewer internal squabbles about what gets developed when. BP has publicly stated that they have lowered operating costs at the PBU from \$3.00/bbl to \$1.50/bbl. This should make many more projects economic within that unit. With the equalization of Prudhoe Bay lease interests there will be an increase in the activity for satellite developments and gas related projects in the unit. As a result of a number of successful "satellite" wells the number of Unit actions has increased. Although not often involving large numbers of barrels, the actions are extremely complex. Much of the new activity occurs at the edges of existing units (which is why they are called satellites) or at the conjunction of two (or more) units and involves commingling of different production streams through common facilities and facility sharing agreements. We are trying to find a consistent way to handle these complex issues. Expect this increased workload to continue as oil prices remain high relative to 1998-1999 and North Slope operations stabilize after the BP-ARCO merger. As a result, we expect more applications for expansions of the PBU and new PAs within the unit. We currently have 47 PODs on the North Slope. This means that the units group has to review roughly a plan a week. The group is already strained. More applications and review will only further strain the group's capacity. Additionally, exploration and development activity will also require more time from our permitting group. More projects will have to be reviewed, permitted and monitored for stipulation compliance by that group.

The resource evaluation group also expects an upturn in activity. We expect more exploration wells to be drilled than last year. We could receive Exploration Incentive Credit and discovery royalty applications. Given the lack of activity in exploration last year, we did not actively pursue seismic data that the state is entitled to (if we can pay for it.) We hope to acquire more of the data and incorporate it in our database so that we can give better quality information to the administration, the legislature, and the public. Naturally, more information will allow the division to make better decisions about the state's valuable resource.

The revenue development section deals with royalty valuation issues. We had ongoing "reopeners" with BP and Arco/Phillips. The talks were stayed as a result of the merger. Those talks, however, are beginning in earnest again. Even so it is unclear how many issues like the viability of ANS spot price and transportation costs and logistics will sort out. The realignment of ownership on the North Slope, Prudhoe Bay and Point Thomson to start, will require that the division re-examine the question of royalty value going forward. This work may lead to further revisions of the ANS Royalty Settlement Agreements with the state's largest royalty payors. This work will also contribute to the adoption of a valuation methodology applicable to new oil and gas production. The revenue development section is also examining our leasing program as a result of information obtained from our experts in the merger process. We are awaiting a report from them.

High oil prices, gas prices and declining gas reserves are causing an increase in exploration activity in Cook Inlet. Smaller companies and new companies are showing an interest in drilling exploration wells and operating existing facilities. Smaller and new companies tend to have less experience or resources compared to larger companies. This can slow the permitting process and increase the risk of environmental damage and default under the terms of the oil and gas leases. Staff are spending larger amounts of time to educate and guide these companies through the permitting process and to formulate performance bonds to lower risk to the state. In addition, the Shallow Gas Lease and the Exploration License Programs are providing an incentive to explore for oil and gas in areas that have not received much attention in recent times. Oil and gas activities are new to these areas and new to the property owners

and other interested parties. More staff time is required to educate the public. Activity on privately owned surface by state oil and gas lessee has become a major concern of the public. The relationship between surface and subsurface owners involves complex legal issues that have not yet been fully resolved in Alaska. The uncertainty is resulting in appeals and hearings over the issue of damages and compensation to the surface owner. Staff is spending larger amounts of time on these issues.

Issuance of Shallow Gas Leases may result in new short term drilling activity because the primary term of the lease is three (3) years. To keep the lease beyond that period requires drilling a well capable of production. We should expect drilling programs to be proposed very soon after the leases are issued. Existing Cook Inlet markets and infrastructure improve the economics for shallow gas exploration and production.

Increased seismic exploration on the North Slope is now supporting three independent geophysical companies. That is two more than last year. In addition to the increase in activity in the short run, we can expect additional wells to be drilled as new exploration targets are identified.

The emergent Gas-to-Liquids technology and ongoing push towards north slope gas commercialization will increase the permitting and inspection workload due to new developments, pads, pipelines and infrastructure both in Cook Inlet and on the north slope.

The division must continue to effectively challenge Greenpeace and other environmental activists for the future right to responsibly develop the State's resources. This includes responding to requests for information, lawsuits, media contacts, and public hearings.

Other less dramatic, but nonetheless important issues, include:

With the expansion of the Electronic Data Interchange (EDI) program, several companies are now making royalty (and other) payments, and filing all necessary reports, electronically rather than by the endless stream of paper of the past. More companies will come on-line in FY 01. Ongoing improvements to the automated oil and gas royalty accounting (OGRA) system will provide benefits such as automated value verification, payment reconciliation, digital filing of supplemental documents, and sharing of oil and gas technology, data, and software with other state agencies. We will continue to bring oil and gas royalty and net profit share audits more current. Years 1995 through 1999 are under audit in FY 01 and FY 02. Our goal is to be no more than three years back in the audit cycle.

Interest in exploration licensing continues to increase. The division issued the first exploration license in August 2000 and already has proposals for two licenses in the Susitna Valley, west of Willow and Talkeetna. These licenses are scheduled to be issued during the second quarter of FY2002. In addition, interest has been expressed in licensing an area near Fairbanks. The division anticipates receiving this proposal during April 2001. All of these exploration licenses will require best interest findings. This program must be supported by geological field work and resource assessments by the division. As a new program with apparent early success, exploration licensing presents the division with previously unscheduled work requirements.

The shallow gas leasing program has attracted much attention, both in the number of applications received, and the concerns being raised by residents of the upper Susitna Valley. The question arising from the lease applications in the Talkeetna area is, would a discovery of natural gas benefit the state? A determination will need to be made as to whether it's in the state's best interests to issue leases in this region.

Concerns over the beluga whale will continue to be an issue in Cook Inlet. The department is under court order to withhold leasing of 126 tracts until the court is satisfied that safeguards are in place to protect the belugas. The department has stated that it would not offer these tracts until subsistence hunters and the National Marine Fisheries Service (NMFS) have agreed on a co-management plan; we have offered to assist in developing the plan. The division will need to supplement the beluga whale discussion in its 1999 Cook Inlet Areawide best interest finding before these tracts can be offered in a lease sale.

We anticipate that environmental groups will continue to challenge Cook Inlet and Beaufort Sea sales, which the department plans to conduct on an annual basis. Continuous litigation of our lease sale program stretches thin a small leasing staff. Preparation of the administrative record, which typically is in excess of 50,000 pages, is very time-consuming. I do not expect this situation to decrease in the near future.

The first coal bed methane Unit (the Pioneer Unit) has had several wells drilled this year. Although we are having some problems, we hope to see more progress this year. We are prepared to issue our first Shallow Gas Leases but are waiting for a resolution of an appeal on how surface owners "rights" are to be handled.

Royalty Settlement Agreement reopeners, new tax bills, regulations on minimum value, discovery royalty applications and royalty reduction applications are likely to be on the table during the year. Each will affect state revenues.

The resurgence of interest in North Slope gas reserves will have a significant impact on the division in the upcoming FY 2001 - 2002 period. Only ARCO Alaska, Inc. maintained an active exploration program through the merger period. BP Amoco is initiating a five-year exploration program to make up for time lost during its merger-year exploration hiatus. Phillips Alaska, Inc. has also announced an extensive drilling program and Anadarko Petroleum Company has disclosed its intent to pursue an active Alaska exploration program beginning in this Winter. Higher natural gas prices and growing recognition of a possible future natural gas shortage in South-central has encouraged operators in the Cook Inlet and Kenai Peninsula areas to increase exploration efforts in those areas.

With a lot of industry's revitalized exploration effort focused on the NPR-A there is a likelihood that the division's involvement in activities in the NPR-A will grow as cooperative agreements with the responsible federal regulatory agencies are implemented. Similarly, joint state-federal management responsibilities will increase as projects such as Northstar, McCovey and Liberty progress. The possible impact of ANWR remains an unknown, but if the coastal plain is opened to exploration the division will have additional involvement there. Activity in the Colville River Delta has increased as a result of NPRA and Alpine field work.

The probable construction of a pipeline system to move North Slope gas to market will present the industry with new exploration opportunities and the division with new challenges. Alaska's conventional and unconventional natural gas resources will need to be identified and evaluated as natural gas finally becomes a marketable commodity and a revenue source for the state.

Litigation will remain a significant component of the division's workload, draining resources needed to accomplish the division's technical mission.

As are other state agencies, the division is aging as the original staff members become eligible for retirement. Attrition is expected to take a heavy toll in technical skills and institutional knowledge beginning in 2001. The loss of institutional knowledge is unavoidable, but will have a tremendously deleterious effect upon the division's ability to perform its mission - particularly in the areas of unit management, appeals and litigation.

### **Major Component Accomplishments for FY2000**

(1) Petroleum revenue (royalty and tax) accounted for approximately 78% of general fund unrestricted revenue. Royalty revenue accounted for 35% of the general fund unrestricted revenue. Total royalty, settlement, rental, federal share and bonus revenue was \$1.046 billion. Distribution was as follows; \$735.1 million General Fund, \$298.7 million Permanent Fund, \$7.1 million Constitutional Budget Reserve Fund, and \$5.2 million School Fund. Revenue increased over 100% from FY 99 to FY 00.

(2) Successfully applied the most recent Cook Inlet Areawide Lease Sale Mitigation Measures to all Plan of Operation Approvals in the Cook Inlet area. This represents a significant upgrade of environmental standards.

(3) The Northstar Development was permitted in full and the first major sealift was completed.

(4) Alpine was successfully permitted and constructed.

(5) We completed the first "privatized" best interest finding for the Copper River Exploration License. Dames & Moore conducted research and wrote several chapters of the finding.

(6) The shallow gas leasing program started out with a bang. The first day of non-competitive lease opening attracted 36 applicants submitting a total of 270 lease applications. The leases extend from the southern Kenai Peninsula to Fairbanks.

- (7) Sixteen oil and gas audits were closed with a net additional collection of \$16.0 million. Seven new audits were issued. Six audits remain in litigation and twenty previously issued audits remain open. The division completed the 1993 - 94 BP transportation audit under the auspices of the Department of Revenue and largely coordinated by division staff. The division also initiated preliminary work on the 1995 - 99 BP transportation audit.
- (8) The division assisted the department of law with several pipeline-related cases-TAPS quality bank, Cook Inlet Pipeline tariff, Alpine Pipeline tariff, North Star Pipeline tariff and TAPS intrastate tariff as well as several other oil and gas related cases.
- (9) "Partnering" with our sister federal agency, Minerals Management Service, in the review of the applications for unitization, participating area determination and initial plan of development for the jointly owned state and federal Northstar field.
- (10) Geological reviews of industry proposals to establish or modify units, participating areas and plans of production or operations for the following fields/pools: Alpine, Midnight Sun, Milne Point, North Middle Ground Shoal, Pt. Thomson, Tarn, Tabasco and Tyonek Deep.
- (11) Timely response to legislative requests for discovered and undiscovered resource statistics and production forecasts that arose from the announcement of the possible BP Amoco buy-out of ARCO.
- (12) Development of a lease database and interface to AutoCad for mapping active leases in exploration and producing areas of the state. A similar database consisting of tract boundaries and sale results from all state lease sales was also created.
- (13) Development of the Division of Oil and Gas' website and transfer of oil and gas information to that site for public and internal access.
- (14) The Division's Units Project managed 30 active units and 48 participating areas (PAs) within those units that encompass state lands. Management of the units and PAs included review of plans of development and/or exploration for the units and PAs, negotiation of expansions/contractions to units and PAs; negotiation and monitoring of facility sharing and production commingling agreements for the new satellites/PAs, DNR representation before various state and federal agencies regarding Unitization issues; response to inquiries from the legislature, public, and the oil and gas industry regarding Unitization issues; and negotiation of new unit agreements and other complex agreements regarding the development of oil and gas on state lands. Unit and PA activity levels increased after BP-ARCO merger was approved by the Federal Trade Commission.
- (15) The division responded to the BP Amoco-ARCO merger by shifting resources to provide technical and policy support for the Governor's Office and the Department of Law.
- (16) Issued 41 leases from Cook Inlet Areawide Sale 1999.
- (17) The Division provided comments to the BLM regarding the proposed unitization rule for NPR-A. Further rounds with comments are expected on the promulgation in unitization rules for NPR-A.
- (18) The installation of the Osprey exploration platform in Cook Inlet is the first phase of evaluating the Redoubt Unit.
- (19) The division completed negotiations with BP regarding outstanding disagreements over the calculation of ANS royalty oil value. The resulting amendments to the BP and ARCO ANS Royalty Settlement Agreements resolve ANS royalty oil value issues for the period ending December 1999.
- (20) The division contributed expertise and advice to the Department of Law on various pipeline tariff filings before the Alaska Regulatory Commission and the Federal Energy Regulatory Commission.
- (21) The division conducted the first competitive royalty oil sale in 14 years. Although the sale attracted no bidders, streamlined sale procedures were adopted to make it possible to conduct sales in the future with less lead-time.
- (22) Continued "partnering" with the federal Minerals Management Service in management and oversight of jointly-owned lands in the Northstar Production Unit and the McCovey Exploration Unit. The division also "partnered" with

the federal Bureau of Land Management on issues regarding management of several jointly-owned fields in the Cook Inlet/Kenai region. In similar fashion, the division worked in close partnership with the Arctic Slope Regional Corporation to bring the Alpine field into production.

(23) Substantial effort was made to evaluate, but ultimately deny, the proposal by ARCO Alaska, Inc. to certify the Sambuca No. 1 well as a discovery royalty well. Similarly, a Unocal proposal for an expansive participating area in the North Middle Ground Shoal unit was denied. The former is under appeal and the latter is in litigation.

(24) Geological reviews were prepared for industry proposals to establish or modify units, participating areas, and plans of exploration, development or production for the Alpine, Midnight Sun, North Middle Ground Shoal, Point Thomson, Prudhoe Bay, Duck Island, McCovey, Northstar, Eider and Aurora fields/pools.

(25) Division staff participated in geological field programs investigating the hydrocarbon potential of the Copper River Basin exploration license area and of the NPR-A/North Slope foothills in support of lease sales scheduled for that area.

(26) A mapping database of active oil and gas lease and participating area boundaries throughout the state was compiled for the division's use.

(27) The content of the division's website was expanded and the website proved to be a very successful means of distributing information to the public. The website apparently proved very useful to interested parties during the BP Amoco - ARCO merger process as it logged tens of thousands of hits during that period.

(28) Additional testimony regarding the petroleum potential of the ANWR and the state of industry's arctic technology was prepared for Governor Knowles and for Senator Murkowski. An article describing opportunities for independent operators in Alaska was prepared for publication in The American Oil & Gas Reporter.

(29) Electronic reporting of oil and gas royalty reports were implemented for eighteen (18) companies including full implementation using Electronic Data Interchange (EDI) for two (2) of those companies.

### **Statutory and Regulatory Authority**

Alaska Const.art.VIII, sec.1-2

AS.38.05.032

AS.38.05.131

AS.38.05.133

AS.38.05.134

AS 31.05.035

AS 38.05.020

AS 38.05.030

AS 38.05.035

AS 38.05.137

AS 38.05.145

AS.38.05.177

AS 38.05.180

AS 38.05.183

AS 38.06

AS 41.06

AS 44.19

AS 46.40

6 AAC 50

11 AAC 02

11 AAC 82.805 - 82.115

11 AAC 82.981 - 82.984

11 AAC 83.306

11 AAC 83.810

11 AAC 83.815

11 AAC 83.1020  
 11 AAC 89.090  
 11 AAC 96.210 - 96.240

### Key Performance Measures for FY2002

**Measure: Compliance with the areawide leasing plan and exploration licensing.**  
*(Developed jointly with Legislature in FY2000.)*

**Background and Strategies:**

The division continues to comply. We postponed two lease sales last year because of the merger. We have five (5) sales scheduled for fiscal year 01 and four license applications are in progress.

**Measure: The percentage of available state land offered for oil and gas leasing, or for exploration.**  
*(Revised from Legislature's FY2000 version.)*

**Current Status:**

On track to 100% compliance

**Benchmark:**

Offer oil and gas leasing per our published schedule.

**Background and Strategies:**

All available state land is made available through our leasing or licensing programs. The SB 281 measure was modified as the division does not sell land, we lease land.

**Measure: The revenue received for total state production of oil and gas.**  
*(Developed jointly with Legislature in FY2000.)*

**Current Status:**

In FY00 we collected \$1.0 billion in revenues, compared to \$516 million in FY99

**Benchmark:**

The department does not control the amount of revenues it collects. Production and price are driven by market factors.

**Background and Strategies:**

The (fiscal) yearly totals are posted on our website on a continuing basis. Our website address is:  
<http://www.dog.dnr.state.ak.us/oil/>

**Measure: The creation of private sector jobs in the oil and gas industry in the state.**  
*(Added by Legislature in FY2000 version.)*

**Background and Strategies:**

These figures are available at this site:

[http://www.labor.state.ak.us/research/emp\\_ue/ak95prs.htm](http://www.labor.state.ak.us/research/emp_ue/ak95prs.htm)

### Status of FY2001 Performance Measures

	<i>Achieved</i>	<i>On track</i>	<i>Too soon to tell</i>	<i>Not likely to achieve</i>	<i>Needs modification</i>
• Compliance with the areawide leasing plan and exploration licensing.		X			

Component — Oil & Gas Development

	<i>Achieved</i>	<i>On track</i>	<i>Too soon to tell</i>	<i>Not likely to achieve</i>	<i>Needs modification</i>
<ul style="list-style-type: none"> <li>• The percentage of available state land acreage offered through lease or sale or for exploration.</li> <li>• The revenue received for total state production of oil and gas.</li> <li>• The creation of private sector jobs in the oil and gas industry in the state.</li> </ul>		X			

**Oil & Gas Development**  
**Component Financial Summary**

All dollars in thousands

	FY2000 Actuals	FY2001 Authorized	FY2002 Governor
<b>Non-Formula Program:</b>			
<b>Component Expenditures:</b>			
71000 Personal Services	3,828.8	3,989.3	4,218.8
72000 Travel	53.3	114.4	139.4
73000 Contractual	216.4	242.7	322.7
74000 Supplies	83.2	73.9	128.9
75000 Equipment	53.5	2.3	41.6
76000 Land/Buildings	0.0	0.0	0.0
77000 Grants, Claims	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
<b>Expenditure Totals</b>	<b>4,235.2</b>	<b>4,422.6</b>	<b>4,851.4</b>
<b>Funding Sources:</b>			
1002 Federal Receipts	0.0	140.0	140.3
1004 General Fund Receipts	3,076.0	3,112.9	3,555.9
1005 General Fund/Program Receipts	46.4	48.6	49.6
1007 Inter-Agency Receipts	43.0	0.0	0.0
1053 Investment Loss Trust Fund	0.0	14.8	0.0
1055 Inter-agency/Oil & Hazardous Waste	0.0	20.0	20.0
1061 Capital Improvement Project Receipts	25.5	15.3	15.4
1105 Alaska Permanent Fund Corporation Receipts	1,044.3	1,065.5	1,070.2
1108 Statutory Designated Program Receipts	0.0	5.5	0.0
<b>Funding Totals</b>	<b>4,235.2</b>	<b>4,422.6</b>	<b>4,851.4</b>

**Estimated Revenue Collections**

Description	Master Revenue Account	FY2000 Actuals	FY2001 Authorized	FY2001 Cash Estimate	FY2002 Governor	FY2003 Forecast
<b>Unrestricted Revenues</b>						
General Fund Program Receipts	51060	115.7	150.0	150.0	115.7	50.0
Unrestricted Fund	68515	1,046,005.5	1,285,110.2	1,285,110.2	1,012,003.0	918,760.2
<b>Unrestricted Total</b>		<b>1,046,121.2</b>	<b>1,285,260.2</b>	<b>1,285,260.2</b>	<b>1,012,118.7</b>	<b>918,810.2</b>
<b>Restricted Revenues</b>						
Federal Receipts	51010	0.0	140.0	140.0	140.3	169.8
Interagency Receipts	51015	43.0	0.0	0.0	0.0	0.0
General Fund Program Receipts	51060	46.4	48.6	48.6	49.6	49.6
Statutory Designated Program Receipts	51063	0.0	5.5	5.5	0.0	0.0
Capital Improvement Project Receipts	51200	25.5	15.3	15.3	15.4	0.0

Description	Master Revenue Account	FY2000 Actuals	FY2001 Authorized	FY2001 Cash Estimate	FY2002 Governor	FY2003 Forecast
Permanent Fund Earnings Reserve Account	51373	1,044.3	1,065.5	1,065.5	1,070.2	1,070.2
Investment Loss Trust Fund	51393	0.0	14.8	14.8	0.0	0.0
Interagency Recs./Oil & Hazardous Waste	51395	0.0	20.0	20.0	20.0	20.0
<b>Restricted Total</b>		<b>1,159.2</b>	<b>1,309.7</b>	<b>1,309.7</b>	<b>1,295.5</b>	<b>1,309.6</b>
<b>Total Estimated Revenues</b>		<b>1,047,280.4</b>	<b>1,286,569.9</b>	<b>1,286,569.9</b>	<b>1,013,414.2</b>	<b>920,119.8</b>

## Oil & Gas Development

### Proposed Changes in Levels of Service for FY2002

Our requested \$400.0 increment will allow us: to fund our vacancies to deal with the ever increasing workload; pay for an Analyst Programmer to Oil & Gas Royalty Accounting, and Leasing data bases; market the State of Alaska outside the State; reimburse oil companies for the statutorily required seismic data we ask them to produce; pay for a consultant for market analysis; and buy the required hardware and software for operational needs.

Changes in services are:

- (1) Full day-to-day implementation of electronic (EDI) royalty reporting and payment will allow staff to focus more on value and volume verification and audit and less on data entry. It will also make the royalty value and volume data base standardized and available in digital format to all division staff for analysis and research purposes.
- (2) Oil and gas data and general information is being made available to the public and other agencies on the division's website. Fewer printed publications will be available over the counter.
- (3) The Shallow Natural Gas Leasing program was originally intended to encourage exploration in rural areas where fuel costs are currently subsidized. We are experiencing interest in developing shallow gas to compete in the commercial market as well as providing mine-mouth energy sources. If successful, this program could reduce mine operating costs in Alaska dramatically. This program will bring added costs and resource commitments to the division since it will involve communities not previously involved with oil and gas activity.
- (4) As a result of budget cuts in FY00 we continue to: eliminate display ads for lease sales eliminate most travel to the North Slope for public hearings; conduct hearings via teleconference; only rely on division's website to disseminate information; no longer print excess copies of the Five-Year Oil and Gas Leasing Program, and decrease amount of material being mailed out.
- (5) As use of the division's website expands, Resource Evaluation staff should be able to dedicate more time to accomplishing missions and goals while, at the same time, disseminating more information to the public through the website.
- (6) Statute and regulations dictate the activities and actions of the Unitization Section. Given the current level of funding and the prospect for further budget cuts while the workload only increases will mean a delay in the processing of unit and PA applications and requests. Review and analysis of the complex issues involved in satellite developments could suffer as the industry demands expedited approval for these projects. Already important development applications and approval requests for North Slope projects are taking more time to complete.
- (7) The division will see an increase in the various components workload in response to the BP Amoco-ARCO merger. Lease administration will have to process lease assignments, units management activities will increase as new producers initiate new exploration and development programs, and permitting will have to respond to new construction proposals. As resource ownership patterns shift, the division will be called upon to provide continued technical support to the Department of Law as royalty settlement agreements are renegotiated. New markets for royalty oil and gas may also arise as producers, pipeline owners, and new entrants in the state's oil and gas industry vie for production.
- (8) Increase data accessibility on the internet. Move towards establishing all permits and applications to be available on the internet, as well as an e-commerce system for permit applications, fees, assignments and revenue billing.
- (9) Streamline the lease assignment process to be more efficient and provide an effective mode for reliable electronic data transfer and exchange between different sections, agencies, applicants and the public.
- (10). Establish a cost effective internet connection and e-mail system for the Prudhoe Bay office.
- (11) Various components are still responding to the BP - ARCO merger and sale of ARCO's Alaska assets to Philips Petroleum.

(12) The division will have to provide technical support to the Department of Law as royalty settlements are reopened.

**Summary of Component Budget Changes**  
**From FY2001 Authorized to FY2002 Governor**

*All dollars in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b>FY2001 Authorized</b>	<b>3,176.3</b>	<b>140.0</b>	<b>1,106.3</b>	<b>4,422.6</b>
<b>Adjustments which will continue current level of service:</b>				
-Convert Special FY2001 Labor Cost Fund Sources to GF	5.5	0.0	-5.5	0.0
-Year 2 Labor Costs - Net Change from FY2001	23.7	0.3	4.8	28.8
<b>Proposed budget increases:</b>				
-Oil and Gas Workload Issues, Technological and Training Enhancements	400.0	0.0	0.0	400.0
<b>FY2002 Governor</b>	<b>3,605.5</b>	<b>140.3</b>	<b>1,105.6</b>	<b>4,851.4</b>

**Oil & Gas Development**  
**Personal Services Information**

Authorized Positions			Personal Services Costs	
	FY2001 Authorized	FY2002 Governor		
Full-time	54	55	Annual Salaries	3,187,872
Part-time	0	0	COLA	52,453
Nonpermanent	3	3	Premium Pay	0
			Annual Benefits	1,060,210
			<i>Less 1.90% Vacancy Factor</i>	<i>(81,735)</i>
			Lump Sum Premium Pay	0
<b>Totals</b>	<b>57</b>	<b>58</b>	<b>Total Personal Services</b>	<b>4,218,800</b>

**Position Classification Summary**

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Accountant III	5	0	0	0	5
Accountant IV	1	0	0	0	1
Accounting Clerk II	1	0	0	0	1
Accounting Tech I	2	0	0	0	2
Accounting Tech II	1	0	0	0	1
Administrative Clerk II	2	0	0	0	2
Administrative Clerk III	1	0	0	0	1
Administrative Manager I	1	0	0	0	1
Analyst/Programmer III	1	0	0	0	1
Analyst/Programmer IV	3	0	0	0	3
Cartographer II	2	0	0	0	2
Chief Petroleum Geologist	1	0	0	0	1
Division Director	1	0	0	0	1
Geologist II	1	0	0	0	1
Geologist III	1	0	0	0	1
Natural Resource Mgr I	4	0	0	0	4
Natural Resource Mgr II	2	0	0	0	2
Natural Resource Off I	1	0	0	0	1
Natural Resource Off II	5	0	0	0	5
Natural Resource Tech II	2	0	0	0	2
Operations Res Anl I	1	0	0	0	1
Petroleum Economist I	3	0	0	0	3
Petroleum Geologist I	3	0	0	0	3
Petroleum Geologist II	2	0	0	0	2
Petroleum Investments Manager	1	0	0	0	1
Petroleum Manager	1	0	0	0	1
Petroleum Market Analyst	1	0	0	0	1
Petroleum Reservoir Engineer	1	0	0	0	1
Revenue Auditor IV	2	0	0	0	2
Revenue Auditor V	1	0	0	0	1
Secretary	1	0	0	0	1
Student Intern	3	0	0	0	3
<b>Totals</b>	<b>58</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>58</b>

## **Component: Pipeline Coordinator**

**Contact: William G. Britt, Jr., State Pipeline Coordinator**

**Tel:** (907) 271-4304 **Fax:** (907) 272-0690 **E-mail:** [bbritt@jpo.doi.gov](mailto:bbritt@jpo.doi.gov)

### **Component Mission**

To encourage the development of petroleum pipelines on State land that make a significant contribution to the general welfare of the people of Alaska, and to encourage excellent operations of those pipelines.

### **Component Services Provided**

State Pipeline Coordinator Office (SPCO) provides right-of-way leases for petroleum pipelines on State lands, administers the rights-of-way under our jurisdiction, oversees the operations of the pipelines on those rights-of-way, and informs stakeholders of the results of our adjudication, administration, and oversight activities.

### **Component Goals and Strategies**

1. Process applications, and negotiate and deliver Right-of-Way Leasing Act leases, in a manner that serves the State's interests.
2. Administer leases under our jurisdiction, including oversight of the construction, operation, maintenance and termination of pipelines on the leases.
3. Coordinate our oversight of TAPS with the U.S. Bureau of Land Management, so that TAPS remains available to bring North Slope crude to market.
4. Keep the public informed of our activities.

### **Key Component Issues for FY2001 – 2002**

The work of the SPCO is dynamic:

- Six right-of-way leases have been executed in the last two years, reducing the number of pending applications and increasing the number of pipeline operations that we oversee.
- Two pipelines are scheduled for construction during FY01. One is in litigation and the other may have funding problems. Either could be delayed. The construction of one or both of these pipelines may carry-over into FY02.
- The right-of-way leases for TAPS, for a large number of facilities ancillary to TAPS, and for five common carrier pipelines on the North Slope, expire in less than four years, and the renewal processes are beginning.
- There has been an increased interest in natural gas development recently, resulting in an increase in our "consultation" workload. Requests from the Governor's Office, the Commissioner's Office, other departments, legislators, project proponents, and the public have been addressed. We expect to receive one or more right-of-way lease applications before the end of FY2002.

Managing our workforce and organization to accommodate these and other changes is our largest issue, particularly given the multi-agency structure within which we work.

### **Major Component Accomplishments for FY2000**

We completed the work necessary for issuance of the Northstar Oil and Gas Pipeline Right-of-Way Leases. We subsequently approved the Construction Plan, allowing construction of these pipelines to proceed. We provided continuous oversight of pipeline construction during the 1999-2000 construction season. We reviewed and approved BP's Surveillance and Monitoring Plan, allowing transportation of natural gas through the Northstar gas pipeline to begin in October 2000.

We approved the temporary transport of gas through the Alpine Utility Pipeline for the start-up of the field. This approval allowed the timely and efficient start-up of the field and a reduction in air emissions during start-up. We approved the Alpine Surveillance and Monitoring Program. Oil should begin flowing into the Alpine sales oil pipeline in the 4th quarter of 2000.

We completed the Milne Point Product Pipeline Right-of-Way Commissioner's Analysis and Proposed Decision and the draft Right-of-Way Lease in October 2000. The pipeline will carry natural gas liquids for enhanced oil recovery.

We approved transfers of ARCO interests in North Slope leases to Phillips. We approved the transfer of Mobile's interest in TAPS to Williams on July 7, 2000.

We completed assessments of compliance with the leases for the operational North Slope pipelines we oversee.

We successfully recruited the State Department of Public Safety, Division of Fire Prevention to participate in oversight of TAPS through the Joint Pipeline Office (JPO). DFP became the 12th agency member of the JPO.

A 1996 oil spill in a valve access manhole led to a Memorandum of Agreement between JPO and Alyeska to excavate and inspect all buried check valves, and to enclose them in vaults. Alyeska further agreed to conduct valve sealing performance tests for all valves. We have overseen the replacement of two valves and the repair of others. Valve testing was completed in 2000. A JPO-approved Valve Maintenance Program establishes criteria for future valve testing.

We issued a number of orders during FY2000 to bring Alyeska into Grant and Lease compliance and correct long-standing problems. The orders relate to control cables at the Operations Control Center, fish passage at Grey Stream, bridge replacement and right-of-way access, fire suppression at the Valdez Marine Terminal, slope stability at Squirrel Creek, work on the tanker vapor control system, closure of Audit Action Items, and development of a Cold Restart Procedure.

JPO completed a survey on the operation of the TAPS Employee Concerns Program, comparable to two previous efforts. The survey results were used to measure, compare, and report the status of TAPS employee satisfaction with the program.

BLM and DNR signed a Memorandum of Understanding describing responsibilities and procedures for renewal of Federal and State TAPS rights-of-way. We executed RSAs with the Departments of Commerce, Revenue, Public Safety, Labor, and the Regulatory Commission of Alaska for TAPS ROW renewal work, and have RSAs with the Departments of Fish and Game, Transportation and Public Facilities, and Environmental Conservation are pending. We anticipate receipt of a right-of-way renewal application in the first half of 2000.

During FY2000, we completed 35 Construction Authorizations, Land Use Permits, Off Right-of-Way Authorizations, Hand Clearing Authorizations, and Temporary Water Use Permits. We also completed two Notices to Proceed, two Right-of-Way Amendments, and 15 Material Sales Contracts.

## **Statutory and Regulatory Authority**

AS 38.35 - Right-of-Way Leasing Act.

## **Key Performance Measures for FY2002**

**Measure: Encourage the development of a pipeline transportation system on state lands that serves the state's interests.**

*(Not yet addressed by Legislature.)*

### **Benchmark:**

- Miles of pipelines under our jurisdiction

- Miles of right-of-way under our jurisdiction

**Background and Strategies:**

- Responsive service to applicants
- Technical excellence in application review
- Lease quality

We have approved eight right-of-way leases in the last three years, doubling the miles of non-TAPS pipelines under our jurisdiction. Three of the eight were for crude oil sales pipelines, with a capacity to transport approximately 250,000 barrels of crude oil per day.

**Measure: Encourage excellent pipeline operations on state lands.**  
*(Not yet addressed by Legislature.)*

**Benchmark:**

- Number of crude oil spills greater than 500 gallons in size from our pipelines
- National lost time accident rates related to operation of our pipelines

**Background and Strategies:**

- Lease quality
- Communications with pipeline operators
- Construction oversight
- Operations oversight

We have executed eight leases in the last three years. The new leases are a substantial improvement over previous leases, requiring that a quality assurance plan be completed before lease execution, that more engineering be completed in advance of construction, that a construction plan be approved, and that a surveillance and monitoring program be approved. We will be overseeing new or continuing construction of two pipeline systems this winter-- Nuiqsut and Northstar. We have completed 76 surveillances and assessments of TAPS operations and over 400 surveillances and assessments of North Slope pipeline operations thus far in 2000. We have developed a Comprehensive Monitoring Program (CMP) database for TAPS that is now operational.

**Measure: Keep decision makers and the public informed about the pipeline transportation system on state lands.**  
*(Not yet addressed by Legislature.)*

**Benchmark:**

- Number of reports published by the Joint Pipeline Office
- Number of media interactions

**Background and Strategies:**

- Periodic detailed reporting to the public
- Proactive briefings for selected stakeholders

In addition to the surveillances and assessments mentioned above, we published 39 reports to stakeholders in 1999 and 50 reports to stakeholders so far in 2000. In total, there are over 300 JPO reports available to stakeholders on various aspects of TAPS and other pipeline operations. We also distribute a weekly report of JPO activities to a wide audience of public officials, media, and other interested parties.

**Status of FY2001 Performance Measures**

	<i>Achieved</i>	<i>On track</i>	<i>Too soon to tell</i>	<i>Not likely to achieve</i>	<i>Needs modification</i>
• Encourage the development of a pipeline transportation system on state lands			X		

	<i>Achieved</i>	<i>On track</i>	<i>Too soon to tell</i>	<i>Not likely to achieve</i>	<i>Needs modification</i>
<ul style="list-style-type: none"> <li>• Encourage excellent pipeline operations on state lands.</li> <li>• Keep decision makers and the public informed about the pipeline transportation system on state lands.</li> </ul>			X		
			X		

**Pipeline Coordinator**  
**Component Financial Summary**

All dollars in thousands

	FY2000 Actuals	FY2001 Authorized	FY2002 Governor
<b>Non-Formula Program:</b>			
<b>Component Expenditures:</b>			
71000 Personal Services	1,309.9	1,508.0	1,738.3
72000 Travel	64.2	235.0	188.0
73000 Contractual	1,237.2	2,143.9	1,839.8
74000 Supplies	102.6	105.4	71.8
75000 Equipment	78.5	10.0	8.0
76000 Land/Buildings	0.0	0.0	0.0
77000 Grants, Claims	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
<b>Expenditure Totals</b>	<b>2,792.4</b>	<b>4,002.3</b>	<b>3,845.9</b>
<b>Funding Sources:</b>			
1002 Federal Receipts	26.6	165.3	40.2
1005 General Fund/Program Receipts	421.9	426.1	434.7
1007 Inter-Agency Receipts	7.1	58.9	21.3
1053 Investment Loss Trust Fund	0.0	7.3	0.0
1108 Statutory Designated Program Receipts	2,336.8	3,344.7	3,349.7
<b>Funding Totals</b>	<b>2,792.4</b>	<b>4,002.3</b>	<b>3,845.9</b>

**Estimated Revenue Collections**

Description	Master Revenue Account	FY2000 Actuals	FY2001 Authorized	FY2001 Cash Estimate	FY2002 Governor	FY2003 Forecast
<b>Unrestricted Revenues</b>						
None.		0.0	0.0	0.0	0.0	0.0
<b>Unrestricted Total</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Restricted Revenues</b>						
Federal Receipts	51010	26.6	165.3	36.6	40.2	40.2
Interagency Receipts	51015	7.1	58.9	16.4	21.3	21.3
General Fund Program Receipts	51060	421.9	426.1	426.1	434.7	434.7
Statutory Designated Program Receipts	51063	2,336.8	3,344.7	3,266.3	3,349.7	3,407.8
Investment Loss Trust Fund	51393	0.0	7.3	7.3	0.0	0.0
<b>Restricted Total</b>		<b>2,792.4</b>	<b>4,002.3</b>	<b>3,752.7</b>	<b>3,845.9</b>	<b>3,904.0</b>
<b>Total Estimated Revenues</b>		<b>2,792.4</b>	<b>4,002.3</b>	<b>3,752.7</b>	<b>3,845.9</b>	<b>3,904.0</b>

**Pipeline Coordinator****Proposed Changes in Levels of Service for FY2002**

We will move staff from lease application processing to renewal application processing, construction and operations oversight.

**Summary of Component Budget Changes  
From FY2001 Authorized to FY2002 Governor**

*All dollars in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b>FY2001 Authorized</b>	<b>433.4</b>	<b>165.3</b>	<b>3,403.6</b>	<b>4,002.3</b>
<b>Adjustments which will continue current level of service:</b>				
-Year 2 Labor Costs - Net Change from FY2001	1.3	0.2	4.8	6.3
<b>Proposed budget decreases:</b>				
-Reduce Federal Receipt Authorization to Anticipated Spending Level	0.0	-125.3	0.0	-125.3
-Decrease Interagency Receipt Authorization to Anticipated Spending Level	0.0	0.0	-37.4	-37.4
<b>FY2002 Governor</b>	<b>434.7</b>	<b>40.2</b>	<b>3,371.0</b>	<b>3,845.9</b>

## Pipeline Coordinator

### Personal Services Information

Authorized Positions			Personal Services Costs	
	FY2001 Authorized	FY2002 Governor		
Full-time	22	23	Annual Salaries	1,356,662
Part-time	0	0	COLA	22,127
Nonpermanent	0	7	Premium Pay	0
			Annual Benefits	445,874
			<i>Less 4.73% Vacancy Factor</i>	(86,363)
			Lump Sum Premium Pay	0
<b>Totals</b>	<b>22</b>	<b>30</b>	<b>Total Personal Services</b>	<b>1,738,300</b>

### Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Administrative Assistant	1	0	0	0	1
Administrative Clerk II	1	0	0	0	1
Administrative Clerk III	1	0	0	0	1
Administrative Manager II	1	0	0	0	1
Data Processing Mgr I	1	0	0	0	1
Dep St Pipeline Coord Engrng	1	0	0	0	1
Habitat Biologist IV	1	0	0	0	1
Information Officer III	1	0	0	0	1
Micro/Network Tech II	1	0	0	0	1
Natural Resource Mgr I	3	0	0	0	3
Natural Resource Mgr II	1	0	0	0	1
Natural Resource Mgr III	1	0	0	0	1
Natural Resource Off II	3	0	0	0	3
Pipe Line Coordinator	1	0	0	0	1
Planner II	1	0	0	0	1
Records Analyst I	1	0	0	0	1
Secretary	1	0	0	0	1
Student Intern I, Records	1	0	0	0	1
Student Intern I, ROW	1	0	0	0	1
Student Intern I, TAPS Renew	1	0	0	0	1
Student Intern II, DGC	1	0	0	0	1
Student Intern II, PA	1	0	0	0	1
Student Intern II, Tech Writer	1	0	0	0	1
Taps Renewal Coordinator	1	0	0	0	1
Tech Eng I / Architect I	1	0	0	0	1
Tech Eng II / Architect II	1	0	0	0	1
<b>Totals</b>	<b>30</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>30</b>

## **Minerals, Land, and Water Development Budget Request Unit**

**Contact: Nico Bus, Administrative Services Manager**

**Tel:** (907) 465-2406 **Fax:** (907) 465-3886 **E-mail:** nico\_bus@dnr.state.ak.us

### **BRU Mission**

See specific information at component levels.

### **BRU Services Provided**

See specific information at component levels.

### **BRU Goals and Strategies**

See specific information at component levels.

### **Key BRU Issues for FY2001 – 2002**

See specific information at component levels.

### **Major BRU Accomplishments for FY2000**

See specific information at component levels.

**Minerals, Land, and Water Development**  
**BRU Financial Summary by Component**

*All dollars in thousands*

	FY2000 Actuals				FY2001 Authorized				FY2002 Governor			
	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds
<b>Formula Expenditures</b> None.												
<b>Non-Formula Expenditures</b>												
Geological Development	2,069.8	1,086.2	127.2	3,283.2	2,119.5	1,500.4	345.2	3,965.1	2,128.1	1,501.5	406.2	4,035.8
Water Development	781.3	14.2	48.6	844.1	799.1	21.6	183.6	1,004.3	1,108.7	29.6	122.3	1,260.6
Claims, Permits, & Leases	0.0	0.0	0.0	0.0	5,638.7	711.2	503.0	6,852.9	5,664.7	711.2	496.6	6,872.5
Land Sales & Municipal Entitlem.	0.0	0.0	0.0	0.0	0.0	51.8	2,410.4	2,462.2	0.0	51.7	2,658.3	2,710.0
Title Acquisition & Defense	0.0	0.0	0.0	0.0	977.9	0.0	131.4	1,109.3	982.8	0.0	99.5	1,082.3
Director's Office/Mining, Land & Mining Development	0.0	0.0	0.0	0.0	369.4	0.0	148.5	517.9	372.1	0.0	97.3	469.4
	1,184.5	583.4	84.7	1,852.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Totals</b>	<b>4,035.6</b>	<b>1,683.8</b>	<b>260.5</b>	<b>5,979.9</b>	<b>9,904.6</b>	<b>2,285.0</b>	<b>3,722.1</b>	<b>15,911.7</b>	<b>10,256.4</b>	<b>2,294.0</b>	<b>3,880.2</b>	<b>16,430.6</b>

**Minerals, Land, and Water Development****Proposed Changes in Levels of Service for FY2002**

See specific information at component levels.

**Minerals, Land, and Water Development****Summary of BRU Budget Changes by Component****From FY2001 Authorized to FY2002 Governor***All dollars in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b>FY2001 Authorized</b>	<b>9,904.6</b>	<b>2,285.0</b>	<b>3,722.1</b>	<b>15,911.7</b>
<b>Adjustments which will continue current level of service:</b>				
-Geological Development	8.6	1.1	-1.7	8.0
-Water Development	9.6	0.0	-1.3	8.3
-Claims, Permits, & Leases	26.0	0.0	-6.4	19.6
-Land Sales & Municipal Entitlem.	0.0	-0.1	12.8	12.7
-Title Acquisition & Defense	4.9	0.0	-1.9	3.0
-Director's Office/Mining, Land &	2.7	0.0	0.2	2.9
<b>Proposed budget decreases:</b>				
-Water Development	0.0	0.0	-60.0	-60.0
-Land Sales & Municipal Entitlem.	0.0	0.0	-72.9	-72.9
-Title Acquisition & Defense	0.0	0.0	-40.0	-40.0
-Director's Office/Mining, Land &	0.0	0.0	-51.4	-51.4
<b>Proposed budget increases:</b>				
-Geological Development	0.0	0.0	62.7	62.7
-Water Development	300.0	8.0	0.0	308.0
-Land Sales & Municipal Entitlem.	0.0	0.0	308.0	308.0
-Title Acquisition & Defense	0.0	0.0	10.0	10.0
<b>FY2002 Governor</b>	<b>10,256.4</b>	<b>2,294.0</b>	<b>3,880.2</b>	<b>16,430.6</b>

## **Component: Geological Development**

**Contact: Milton A. Wiltse, Director**

**Tel:** (907) 451-5001 **Fax:** (907) 451-5050 **E-mail:** Milt@dnr.state.ak.us

### **Component Mission**

"...determine the potential of Alaskan land for production of metals, minerals, fuel, and geothermal resources; the location and supplies of groundwater and construction materials; the potential geologic hazards to buildings, roads, bridges, and other installations and structures..." (AS 41.08)

### **Component Services Provided**

DGGS is the state's leading source and repository of Alaska geologic information and the primary source of information concerning Alaska's mineral resources and geologic hazards.

DGGS provides the geologic information needed for economic diversification, revenue generation, public safety, infrastructure development, and resource management in the state of Alaska.

DGGS has a strategic role in the generation and maintenance of Alaska's economy and public safety with respect to natural geologic hazard mitigation.

DGGS geologists locate or stimulate the discovery of minerals, coal, oil, gas, geothermal energy, construction-quality sand and gravel, and water.

DGGS provides geologic data and assessments used by other DNR agencies (Mining, Land & Water, Oil and Gas, Parks, Agriculture, and Forestry) state departments (e.g. Community and Economic Development, Transportation & Public Facilities, Military and Veteran Affairs), and municipalities. Information provided to non-DNR agencies has been used to plan natural hazard mitigation in urban cities and remote villages, select transportation-corridor lands for Alaska, to provide information needed to better design roads and other infrastructure, and catalyze private sector investment.

DGGS maintains a reference archive of geologic materials from across the state including oil- and gas-related samples, as well as mineral-related and coal property samples donated by industry and numerous Federal agencies. These samples represent millions of dollars of acquisition cost. The samples provide a valuable reference set of materials used by the petroleum and mineral industry to guide new exploration ventures.

To focus attention on Alaska's subsurface resources, DGGS conducts field-based geological and geophysical surveys of State lands and publishes professional and popular reports, maps, and circulars to disseminate the information gathered to its customers.

### **Component Goals and Strategies**

The goals of DGGS are closely aligned with those of the Governor, AS 41.08, and the philosophy reflected in DNR's five major goals:

DGGS seeks the following outcomes:

1. Encourage private sector investment in ventures that will develop Alaska's mineral, oil and gas, coal, and construction materials.
2. Mitigate the adverse effects of naturally occurring geologic hazards on the economy of Alaska and the safety of Alaskans.

Major Goals and Strategies

DGGS pursues these outcomes through the products and services provided from five major programs. In order to implement these programs, DGGS pools funds from the Division's annual General Fund base-budget, Federal Receipts, Legislatively designated Program Receipts, and Capitol Improvement projects. Federal Funds and Program Receipts funds are sought only for program activities that are closely aligned with the mission specified in AS 41.08 and the Division's Mission and Measures statement. Likewise, CIP funds address geologic resource problems or goals that DGGS has been specifically asked to pursue. Currently, one half to three-fifths of Alaska's geological and geophysical program is financed from non-baselevel budget funding sources. Securing the complementary funds required to implement the mandates of AS 41.08 and our Mission statement on an annual basis is never assured.

The following tasks within our five major programs constitute the Division's strategy for meeting the goals of the DGGS Mission Statement.

#### 1. Statewide Mineral Appraisal Program

Contingent on FY02 CIP funds, geophysically survey 1000 sq. miles (640,000 acres) of high-potential mineral tracts per year to provide the geophysical data needed to sustain Alaska's mineral industry investments and create jobs throughout Alaska.

Funded by FY02 General Fund base-budget, Federal grants applied for, and committed airborne geophysical/geological mineral inventory CIP funds, complete ground-truth geologic mapping of the Eagle A-1 quadrangle. This map will provide ground-truth geologic data needed to more effectively interpret the geophysical data previously generated for the Fortymile mining district airborne geophysical tract. Ground-truth geologic mapping on this area will lead to a much greater understanding of the mineral prospects in the region, and will thus help the mineral industry in Alaska and aid planning by State and Federal agencies. A geologic map, sample location map, and tables of analytical data will be produced.

Funded by FY02 General Fund base-budget and committed airborne geophysical/geological mineral inventory CIP funds conduct ground-truth geologic mapping and release an interim geologic map of the Big Delta C-3 quadrangle within the Salcha River - Pogo airborne geophysical tract. This map will provide ground-truth geologic data needed to more effectively interpret the geophysical data previously generated for the Salcha River -Pogo mining district. The mapping area is a key to understanding regional geology near the Pogo mineral deposit and newly discovered Caribou prospect. Conducting investigations and releasing geologic data on this area will help the mineral industry and policy makers make informed decisions. A preliminary geologic map, sample location map, and tables of analytical data will be produced.

Gather, verify, and collate pertinent statistics and summary observations about the status of Alaska's mineral industry to document the industry's annual achievements and encourage others to participate. This document is widely circulated and is recognized as the best source of summary statistical data on Alaska's mineral industry.

Provide authoritative briefings about the status of Alaska's mineral industry, State support for mineral ventures, and recently acquired geophysical and geological data at professional mineral industry conventions and trade shows, and in professional journals. These presentations are an effective means of bringing the favorable mineral development potential of Alaska to the attention of corporate exploration managers and others who make mineral industry investment decisions.

Produce a ground-truth geologic map of the Delta mining belt from data contributed to us by the private sector. Several different companies collected geologic and geochemical data over many years of investigation. Synthesizing and releasing the data to the public at large will add to a better understanding of the geologic framework of Interior Alaska and encourage mineral investment in the region.

Contingent on Federal funding, begin a two-year project to compile a georeferenced database of geochemical data from past DGGS projects and make this information accessible and searchable on the Internet. Analyses of major oxide and trace element geochemical analyses from bedrock samples and geochemical data from stream sediment samples will be screened for quality data. The resulting database will include the analytical technique, laboratory, vintage, degree of reliability, and associated project information.

Contingent on Federal funding, compile a GIS-based georeferenced bibliography of bedrock geologic mapping of Alaska showing what geologic mapping is available for the state, its vintage, and degree of reliability. Make this information accessible on the Internet.

The World Wide Web has become one of the most important avenues for dissemination of information about Alaskan geologic resources. Some of the information that needs to be made available includes mining statistics, status of current geologic field projects, summaries of geophysical survey locations and project information, and an updated GIS-based summary of significant mineral deposits in Alaska. This carefully organized information will be useful to the mineral industry, policy makers, other government agencies, and to the general public.

Respond to verbal and written requests for information from other State agencies, local government, and the general public.

## 2. Statewide Energy Resource Assessment Program

Contingent upon Federal funding, conduct new 1:63,360-scale geologic mapping in the Philip Smith Mountains C-5 and adjacent areas (600 square miles) that contain significant oil and gas reservoir and source rocks; and publish bedrock, interpretive geologic, and geologic materials maps for this area to facilitate oil and gas exploration in the Brooks Range foothills belt.

Contingent upon Legislatively Designated Program Receipts, determine the oil reservoir characteristics of Nanushuk Group and Tuluvak Formation sandstones exposed along 120 miles of the northern Brooks Range foothills in order to provide key geologic framework elements to aid future oil exploration in the central North Slope. Evaluate hydrocarbon source rock potential of selected rock units in the southern Colville Basin and northern flank of the Brooks Range to identify favorable oil or gas exploration plays.

Update and convert to digital format the framework geology encompassed on five conventional paper-based 1:250,000 scale geologic maps (about 30,000 square miles) of the central and western North Slope as an aid to future oil exploration in the National Petroleum Reserve Alaska and adjacent areas of State lands. Release 5 maps in digital format and publish hard-copy 1:125,000-scale geologic maps for 2 quadrangles.

Funded by FY01 CIP funds, complete and publish gas potential assessment for the Holitna basin including coalbed methane evaluation of surface coal exposures, reinterpretation of high-resolution aeromagnetic survey data and reinterpretation of a commercial high-resolution gravity survey to better delineate the deep structure of the Holitna basin.

Contingent upon Federal funding, initiate a three year program to develop lightweight coiled-tubing microborehole drilling technology to test coalbed methane potential and gas producibility at three high-priority rural Alaska sites.

Contingent upon Federal funding, acquire new geochemical data for coal in the Kobuk River Basin in order to classify that coal resource's quality in support of future coal prospecting, leasing, and coalbed methane leasing.

Contingent upon pending Federal funding, conduct a basinwide energy resource assessment of the Yukon Flats to contribute oil, conventional gas and coalbed gas to domestic markets through existing and proposed pipelines.

Produce written evaluations of minable coal potential for lease areas in response to requests from Division of Mining, Land and Water Management.

Respond to verbal requests from other State agencies, Federal agencies, industry, local government, and the public for information on energy-related geologic framework and oil, gas, and coal resource data (estimated 80 responses).

## 3. Statewide Engineering Geology/Construction Materials Program

Contingent on partial Federal funding, complete maps of seismic soil types and earthquake-induced liquefaction susceptibility in the Anchorage area that will be used in conjunction with local building codes for earthquake-resistant planning, design, and construction

Contingent on partial Federal funding and in cooperation with the Division of Emergency Services, University of Alaska Geophysical Institute, and coastal communities, publish tsunami-inundation maps for one or two coastal communities (maps for Kodiak will be completed in FY 2001)

Supported by Federal funding through the Coastal Management Enhancement Grants Program, publish generalized earthquake ground-shaking hazard maps for southwestern and southcentral coastal districts

Produce written evaluations of potential hazards in areas of oil exploration leases, land disposals, permit applications, coastal management reviews, etc., and respond to verbal requests for information from other State agencies, local government, and the general public (estimated 60-70 responses).

Conduct post-event hazard evaluations in response to unexpected major geologic events (e.g., earthquakes, volcanic eruptions, and landslides), providing timely information dispersal to the public via electronic as well as traditional methods, and providing event and continuing hazard information to appropriate emergency management agencies.

Contingent on continued Federal funding, publish a geologic map of Mt. Douglas volcano.

Contingent on continued Federal funding, publish an interim geologic and geologic hazards map of Mt. Veniaminof volcano - Alaska's biggest volcano, and one of the most poorly known. This will be the first year of a planned two-year project.

Contingent on continued Federal funding, maintain and enhance the AVO web site. With as many as 400 visitors per day, the AVO web site is one of our most important information dissemination activities

Publish a CD-ROM disk containing geographical, geophysical, geological, geochemical and land management data for the entire Aleutian volcanic arc in a georeferenced database format.

Provide final oversight, coordination, and helicopter contracting for multi-team field work to conduct geologic-hazards studies and seismic monitoring of active volcanoes in the Cook Inlet, Alaska Peninsula, and Aleutian Islands regions.

Participate in volcano eruption response and hazard mitigation as needed to provide timely and accurate warnings and eruption information to emergency-response agencies and air-traffic controllers.

In support of the Statewide Mineral Appraisal Program, publish ground truth surficial-geologic and engineering-geologic mapping of up to 500 sq. miles (320,000 acres) of high-potential mineral tracts to produce the geologic data needed to assess the placer-mineral resources, construction-materials resources, and potential geologic hazards that may affect development of Alaska's mineral industry in selected areas.

Maintain and update the digital, GIS-based directory of construction-materials producers in Alaska, including location, commodity, and production data.

Update and expand the existing bibliography and index of surficial-geologic mapping in Alaska, convert it into digital form using GIS, and publish the data digitally via internet and CD-ROM in order to document the extent of mapping in Alaska, including scale, dates, and bibliographic information, and make the information available to the public.

#### 4. Geologic Maps and Reports Program

Assemble and edit the technical and educational maps and reports of DGGs in both conventional and digital format.

Contingent upon continued Federal funding, design and construct a Division-wide digital geologic database management system so that DGGs can improve its cycle time for responding to geologic resource and engineering geology queries and for completing its mineral and energy inventory studies in frontier areas.

Assemble, edit, and publish the Annual Mineral Industry 2000 report. This report preserves the definitive statistics for Alaska's mineral industry.

Maintain the DGGs information management micro-computer network infrastructure.

#### 5. Geologic Materials Center Program

Maintain the state's interagency archive of geologic materials (voucher samples of rocks, oil and gas well processed samples, core, rock, thin-sections, ore samples, and hard-rock mineral core) acquired from private companies and State and Federal agencies.

Acquire and archive new geologic material pertinent to Alaska's energy and mineral resource development as they are donated to the Geologic Materials Center.

Contingent upon Federal funding, install an updated GMC sample database on the World Wide Web so that the catalog of the Center's holdings is accessible to mineral and energy explorationists and other interested parties via the Internet.

### **Key Component Issues for FY2001 – 2002**

#### Geologic information accessibility:

Private sector enterprises and government decision makers are under increasing pressure to produce results on a shorter time line. DGGs products and services are specifically aimed at supporting statewide economic development and the mitigation of natural geologic hazards. People engaged in those activities can only benefit from DGGs geological and geophysical data, maps, and reports when they are aware that the data exist and are accessible in useful formats. Additionally, since many decision making projects have short time frames, both the information about what type of data are available and the appropriate data need to be provided in a timely manner. DGGs faces a demand for: 1) more widespread and faster access to our geologic database; 2) rapid delivery of special purpose customized presentations of geologic data in response to unique critical needs; and 3) remote delivery of active digital files of the original underlying geologic, geochemical, and geophysical data used to produce our conventional paper-based publications.

The key to meeting these demands is the use of computer technology. During FY01, DGGs secured Federal funding to convert all of its maps and reports to digital format. During FY02, these maps and reports will be made accessible on the Internet. Funded by a Federal grant, we also will contract for the design and construction of a Division-wide geologic database management system. This internal system will serve as a prototype for an Internet accessible system that will allow the public to download active digital data files of original numeric, text, and graphical data.

#### Rural Energy:

The lack of developed sources of local energy in rural Alaska is a continuing problem that DGGs is addressing through its coalbed methane program. First funded through a CIP appropriation in FY97, DGGs conducted an initial survey of the state to identify areas that have potential for supplying local coalbed methane. That work identified three high priority sites and a number of other sites of lower, but significant promise. Subsequent work has been largely funded by soliciting supplemental Federal grants. The work is now at a stage that actual test drilling is needed at the three high priority sites to determine whether coalbed methane gas is present in economically viable quantities in the subsurface. The cost of drilling is high and so too is the risk of not encountering gas. Thus, both the private sector and State and Federal governments are reluctant to support the needed drilling. In an attempt to move beyond this impediment, DGGs has developed a detailed proposal with Los Alamos National Laboratory to seek Federal Department of Energy funds to deploy a new light-weight, and ultimately more economical, micro-drilling technology to test both the technology and the coalbed methane potential at Alaska's three high priority sites. We have no assurance that the proposal will be funded. However, if it is funded, the Los Alamos technology will be used at Chignik, Fort Yukon, and Wainwright, Alaska to test local coalbed methane resources near those villages.

Major pending infrastructure projects and geologic hazard assessments:

Alaska appears to be on the threshold of a major development cycle similar in scale to the construction of the trans-Alaska oil pipeline. There is increasing activity among industry and government to seek ways to expedite the construction of a delivery system to the Lower-48 for North Slope natural gas and an extension of the Alaska Railroad to Canada. A fundamental and prudent first step in undertaking infrastructure development enterprises of this magnitude is a comprehensive geologic hazard assessment of the greater land corridors through which such construction must pass. Such an assessment should be made prior to finalizing detailed alignments and prior to detailed geotechnical engineering assessments of those alignments. By statute AS 41.08 DGGs is charged to determine the potential geologic hazards to buildings, roads, bridges, and other installations and structures. This should be done before such structures are built. Prior knowledge of the kind and extent of geologic hazards is the first step in their mitigation. Such knowledge can be factored into design criteria to improve public safety, decrease long-term maintenance costs, and decrease construction costs resulting from encountering unforeseen obstacles.

If these two mega-projects are initiated in the shortest time possible, there is currently a window of about two to three years in which to conduct a detailed reconnaissance-level geologic-hazards assessment of the probable infrastructure corridors that will host them. Results of this work would provide valuable information for determining an optimal alignment, identifying geologic hazards not previously recognized, alerting design engineers to sections of the alignment that require unique consideration, and identifying sources of construction materials. DGGs knows what needs to be done. The Division, however, does not have the resources to implement an adequate program to accomplish what is needed.

### **Major Component Accomplishments for FY2000**

Published Annual Report 53 (Alaska's Mineral Industry 1998) and Information Circular 46 (Alaska's Mineral Industry 1999, A Summary). These publications provide the state's authoritative statistics and other information about the billion-dollar Alaska mineral industry. The reports are widely circulated and used by many exploration managers as an aid in securing funds for Alaska mineral ventures.

Completed a detailed airborne geophysical survey of 1032 square miles in the Salcha River- Pogo mining area. Thirty geophysical maps and digital data products were released to the public. In response to public request, air radiometric data in addition to aeromagnetic and airborne electromagnetic data were acquired in this survey. These new geophysical data are encouraging private-sector investment in mineral exploration and development in rural mining districts.

Completed the 415 square-mile geologic mapping project in the Talkeetna Quadrangle. The project was a one-year field study that provided geologic ground-truth for the FY97 airborne geophysical survey conducted in a portion of the Yentna mining district. A final geologic map was released in FY00.

Released an interim geologic map of a portion of the Fortymile geophysical tract. This interim map summarizes the ground-truth observations made during the first year of a planned three-year geologic ground-truth mapping inventory of the 1100 square-mile geophysical tract. This map is already being used by exploration companies working in the area.

Completed four mineral deposit data files for the Alaska Resource Data File (ARDF) project, a cooperative program administered by the U.S. Geological Survey. Initiated in the 1999, the ARDF project is calling upon Alaska's entire community of mineral resource experts to build a digital database of all known Alaska mineral occurrences grouped by 1:250,000-scale quadrangle (153 total). DGGs will provide between nine and fifteen completed ARDF quadrangle updates under this multi-year agreement.

Published an interim geologic map for a portion of the Iron Creek geophysical tract located in the Talkeetna Mountains. This map summarizes ground-truth geologic observations needed to effectively interpret the airborne geophysical data acquired for this area in FY98. The map covers the southeast quarter of the Talkeetna B5 quadrangle.

Published a page-sized generalized geologic map of Alaska in both digital and paper formats. This concept map is very popular and has been in great demand at mineral and energy professional meetings, by the Association of American State Geologists, and on the DGGG web site.

DGGG mineral specialist delivered information about Alaska's mineral potential through oral presentations at eight state, provincial, and international mineral industry and other professional conventions, professional journal articles, newsletters, and by organizing special Alaska mineral deposit theme sessions at Alaska's two primary mining conventions.

Completed a cooperative DGGG - U.S. Geological Survey State Map geologic framework study of the Sagavanirktok B-1 Quadrangle in the North Slope oil province. The resulting geologic map extends from the Arctic coastal plain to the Brooks Range foothills. The area comprises surface exposures of rocks that form a link between the geology of the National Petroleum Reserve (NPPA) to the west and the Alaska National Wildlife Refuge (ANWR) to the east. The project area contains part of the Colville Basin wherein rock units in the subsurface form reservoir and source rocks for Prudhoe Bay and satellite fields.

Initiated a five-year project to evaluate the oil and gas reservoir and source potential of Cretaceous-age rocks exposed in the northern foothills belt of the Brooks Range from the Dalton Highway on the east to the Bering sea coast on the west. FY00 accomplishments include the publication of a technical report on the petroleum geology of this belt of rocks, and two summaries presented as posters at professional meetings. Knowledge of the framework geology along the foothills belt is catalyzing increased interest in the gas potential of this area.

Succeeded in soliciting \$125 thousand to fund the FY01 field inventory phase of the NPPA - Brooks Range Foothills Project. Program receipt funds are required to finance the operational costs of this project. This project supports corporate oil exploration by constructing a regional geologic framework needed to guide more detailed corporate site-specific evaluations.

Conducted a field trip for industry representatives to key geologic features in the Brooks Range foothills belt. Continuous turnover within corporations, new participants attracted to the North Slope, and a change in the companies involved in North Slope oil and gas exploration results in corporate knowledge attrition and the need for ongoing education of many of the state's new oil explorationists.

Concluded the Western Arctic Energy (Tingmerkpuk) project with the publication of a geologic map of the DeLong Mountains D-2 and D-3 quadrangles and four reports on the energy potential in the foothills belt of the Western Arctic Slope.

Published the results of a survey which identified three areas within Alaska coal basins that have sufficient favorable geologic information to justify further geophysical testing and exploratory drilling for coalbed methane. This is part of a DGGG effort to identify sources of coalbed methane to meet rural Alaska energy needs for heat and power. Wainwright, Fort Yukon, and Chignik all have good potential for developing a local coalbed methane energy source.

Published a report summarizing the petroleum potential of the Holitna Basin in southwest Alaska and compiled a detailed bedrock geologic map of the Sleetmute A-2 Quadrangle that will not be released until FY01.

Conducted a coalbed methane workshop "Opportunities in Alaska Coalbed Methane." The workshop was co-sponsored by the national Petroleum Technology Transfer Council and the U.S. Geological Survey. Attendees included coalbed methane exploration companies from the Lower-48. There were 110 participants. During the three-day workshop, attendees were given a thorough introduction to the status of coalbed methane development in Alaska and the state's potential for this industry.

In order to catalyze private sector interest in Alaska's energy resources, DGGG staff presented new geologic mapping and other geologic framework interpretations at the national American Association of Petroleum Geologists meeting, the Alaska Geological Society Technical Conference, a U.S. Department of Energy (DOE) annual coalbed methane meeting in Washington, PA, and a DOE Gas-to-Liquids meeting in Anchorage.

Published a preliminary geologic map and cross sections of central and east Anchorage (PIR 1999-1), based on previous mapping and a newly compiled GIS database of geotechnical borehole logs and water-well data. The map and cross sections provide important information for evaluating earthquake hazards and for better understanding

aquifers. The data are being used to develop maps of ground-shaking amplification, seismic soil types, and liquefaction susceptibility.

Finished compilation of geotechnical-borehole and well-log data for western Anchorage. Although data will continue to be added to the database, this completes the initial compilation and will allow the east-Anchorage geologic map and cross sections to be extended across the entire city, as well as aid in development of new earthquake hazard maps.

Provided geologic background for an earthquake-response exercise conducted jointly by the Municipality of Anchorage and the U.S. Army Corps of Engineers. DGGs produced maps and ground-shaking estimates for two hypothetical scenario earthquakes on which this exercise was based. One was a deep magnitude 8 subduction earthquake beneath the city of Anchorage, the other was a shallow crustal earthquake on the Border Ranges fault, which passes through east Anchorage at the base of the Chugach Mountains.

In cooperation with the Division of Emergency Services and the UAF Geophysical Institute DGGs initiated a project to develop tsunami hazard maps of communities along the Pacific Ocean coast, starting with Kodiak. Partial funding for the project comes from the National Oceanic and Atmospheric Administration. These maps, to be published by DGGs in FY2001, will depict probable run-up limits of tsunami waves and appropriate evacuation routes so that the people of these communities will know what to expect and be prepared to respond when a tsunami warning is issued.

Initiated a project to compile all published information on Quaternary-age faults and folds in Alaska (those active in the past 2 million years). The project, which is partially funded by the U.S. Geological Survey, will result in an atlas of these active and potentially active faults and folds, a printed map showing their locations and ages, and a CD-ROM of registered 1:250,000-scale quadrangle maps. The DGGs Report of Investigations will be a useful tool for geoscientists, engineers, emergency managers, government and industry planners, researchers and educators.

As part of Anchorage area earthquake-hazards studies, DGGs participated with personnel from the University of Durham (England) to obtain detailed sedimentologic data on land-level changes during the 1964 earthquake and several similar prehistoric earthquakes. Data from this and previous DGGs work has revealed evidence of small pre-earthquake land adjustments that could become a basis for forecasting these major events several months to several years in advance.

Represented Alaska on the Western States Seismic Policy Council, which provides a forum for communication between geoscience and emergency management professionals and develops policy recommendations for states and local governments to consider in reducing earthquake risks. These policy recommendations may include public education programs, hazard mapping, zoning regulations, building codes, insurance, or emergency-response planning, and are left to the discretion of state and local lawmakers to consider, modify, and implement or disregard as appropriate.

Participated in the Region III Stream Classification Committee (SCC), an interdisciplinary/interagency group charged by the Board of Forestry to develop a regional waterbody classification system for forest practices purposes in the interior boreal forest. At the request of the Board, compiled an annotated bibliography of literature dealing with the effects of permafrost and silty soils in the context of potential deleterious effects of tree-harvest practices on fish-bearing streams, including an introductory section summarizing the results of the research.

Published "Reconnaissance surficial-geologic map of the Sagavanirktok B-1 Quadrangle, eastern North Slope, Alaska" (Report of Investigations 2000-1c) and "Reconnaissance engineering-geologic map of the Sagavanirktok B-1 Quadrangle, eastern North Slope, Alaska" (Report of Investigations 2000-1d). These are surficial-geologic and derivative engineering-geologic maps for the Sagavanirktok B-1 Quadrangle, an area of approximately 267 square miles (685 square kilometers) that is crossed by the Trans-Alaska Pipeline. These maps accompany the general geologic map and will be beneficial for locating construction materials and evaluating engineering constraints for future development in the area.

Published "Reconnaissance surficial-geologic map of the Petersville (Yentna) mining district, Alaska" (Report of Investigations 99-7). This surficial-geologic map of the Petersville mining district covers an area of approximately 428 square miles (1,097 square kilometers) and includes portions of the Talkeetna B-2, B-3, B-4, C-2, and C-3 quadrangles.

At the request of the Division of Oil and Gas, prepared a geologic-hazards assessment of a proposed oil and gas lease sale in the North Slope Foothills. The report was released as DGGGS Miscellaneous Publication 39, "Geologic hazards in and near proposed State of Alaska oil and gas sale, North Slope Foothills".

Completed three weeks of fieldwork in the Fortymile mining district in support of a three-year project to provide ground-truthing for airborne geophysical surveys flown in the area. Our present working hypothesis is that many of the known placer gold deposits in the Fortymile mining district have been created by modern streams reworking ancient high-level terrace gravels that flank many of the major drainages.

Provided overall logistical coordination and management for major expansion of Alaska Volcano Observatory (AVO) volcano monitoring capabilities in the eastern Aleutian Islands and on the Alaska Peninsula. Expanded monitoring of active Aleutian volcanoes will ensure accurate and timely reporting of volcanic activity along this major airline and air cargo route. By the end of FY2000, twenty-two of Alaska's historically active volcanoes (about half of them) were monitored - compared to four that were monitored in FY96.

Continued maintenance and construction of the public AVO World Wide Web pages. These pages were visited by up to 400 people per day during the Pavlof and Okmok eruptions. The purpose of these web pages is to improve public safety by providing access to timely and accurate information for the general public, management agencies, the aviation industry, local communities, and others who may be impacted by the nearby or distant effects of volcanic eruptions.

Continued maintenance and construction of the internal AVO World Wide Web pages. These pages display a wide variety of near-real time seismic and satellite data. These pages have become instrumental in daily monitoring of volcanoes. Technologically, they are at the cutting edge worldwide.

Responded to 320 requests for technical assistance or information on engineering-geology issues and geologic hazards in Alaska. About one-third of these requests came from State agencies. The remainder came from Federal agencies, local government, private businesses, academia, and individuals.

Funded by the Federal Alaska Minerals Data and Information Rescue project, DGGGS converted all of the agency's reports and about half of DGGGS geologic maps to digital format. These reports and maps will become available via the Internet in FY01.

DGGGS maintained information booths at three in-state and three out-of-state professional conferences to highlight opportunities in Alaska for geologic resource investment and to demonstrate the kinds of information that the Division has available to help people establish geologic resource ventures in Alaska.

DGGGS published the third in a series of scenic calendars for 2000 featuring photos of the Hubbard Glacier in Disenchantment Bay. The calendar includes contact information for DGGGS and the address of the Division's web-site. The calendars are widely distributed and help a wide audience of interested persons, companies, and agencies gain access to information about Alaska's geologic resources and engineering geology information.

DGGGS geologists participated in a wide variety of education and outreach activities throughout the year. Our staff served as judges at science fairs both locally and at the statewide High School Science Symposium, prepared mineral collections and activity stations for children participating in Earth Days, participated in elementary school science nights, taught Boy Scouts about geology, gave seminars for University of Alaska geology courses, and served as advisors on University of Alaska graduate student research committees.

Project accomplishments that were not planned at the outset of FY00 but represent achievements made in response to opportunities encountered during the year include the following:

Contract implementation, scientific oversight, and release to the public of airborne geophysical data for 605 square-miles of prospective mineral terrain on Prince of Wales Island near Ketchikan, Alaska. This cooperative project was funded by the U.S. Bureau of Land Management, the Ketchikan Gateway Borough, SeaAlaska Corporation, the cities of Thorne Bay and Coffman Cove, and the Alaska Mental Health Trust Land Office. In FY00 60 maps and digital products from this survey were released to the public.

Contract implementation and scientific oversight for the acquisition of airborne geophysical data for about 1000 square miles of prospective mineral terrain in the Iditarod-Sleetmute-Aniak region of southwest Alaska. This cooperative project was funded by the U.S. Bureau of Land Management and managed by DGGs. This project was undertaken to encourage mineral exploration in an area that would benefit from new employment opportunities. Early in FY01, 23 maps and digital products were released from this survey to the public.

Negotiated for a bedrock geologic map of part of the Delta mining district, a region of volcanogenic massive sulfide and prospective plutonic gold deposits in Interior Alaska. Over the past 15 years, private companies spent many millions of dollars in this area on drilling, airborne geophysical surveys, geologic mapping, and geochemical analyses. The result of this work as it pertains to the framework geology of the district is being contributed to the state. These data will be compiled in conformance to DGGs review and publication standards and released to the public in the fall of 2001.

In response to a request by the Geological Survey of Canada (GSC), DGGs entered into a cooperative agreement to share information and potential field work in the Mt. Hayes Quadrangle of Central Alaska. The purpose of this agreement is to increase public understanding of the nickel-copper-platinum group element (Ni-Cu-PGE) potential of central Alaska. The GSC is actively investigating a zone of Ni-Cu-PGE mineralization that extends into Alaska from the Kluane ultramafic belt of Yukon and northern British Columbia. This cooperative agreement will supply Alaska with a detailed geologic map of the belt's most promising mineral potential in the vicinity of Broxson Gulch, Alaska.

## Statutory and Regulatory Authority

AS 41.08

## Key Performance Measures for FY2002

**Measure: Maintain the total value of Alaska's mineral industry at greater than \$1.0 billion dollars**  
(Developed jointly with Legislature in FY2000.)

### Benchmark:

Maintaining the total value of Alaska's mineral industry at greater than \$1.0 billion dollars is an important benchmark for Alaska. This benchmark is expected to rise as newly discovered deposits move from initial development to full production. It is significant that in spite of two very difficult years for the worldwide mining industry, the value of Alaska's mineral industry has remained above the benchmark. In Calendar year 2000, the annual value of Alaska's mineral industry was \$1.2 billion.

### Background and Strategies:

The strength of the Alaska mining industry is the result of a working partnership involving the Administration, State Legislature, and the private sector. Many programs in DNR compliment one another to support active exploration for and development of Alaska's mineral resources. DGGs contributes to this effort by generating the fundamental geophysical and geologic data needed to effectively explore highly prospective tracts of mineral terrain. We have also shortened cycle times for getting new geologic and geophysical information into the public domain. Through cooperative programs with federal agencies we are moving massive amounts of geologic data onto the Internet where it is more readily available to catalyze Alaska mineral resource ventures. Good geologic and geophysical data combined with a welcoming business environment have been effective inducements for major capitol investment in Alaska's mineral industry. DGGs intends to continue to seek ways of effectively producing the geologic information needed to maintain this investment in Alaska.

**Measure: Acres of ground under private-sector mineral exploration**  
(Developed jointly with Legislature in FY2000.)

### Benchmark:

Based upon the trend of claim data from 1993 to 1998, it was expected that by the end of calendar-year 1999 there would be about 3.8 million acres of ground subject to active private-sector exploration in Alaska. This corresponds to about 1% of the state's land area. In calendar year 1999, 3,053,800 acres of ground were being held in active state

and federal mining claims and state prospecting sites. Mineral exploration was also occurring on an additional unknown number of acres not recorded under any form of land tenure system. Thus we believe that between 3.1 and 3.8 million acres of ground are now under active exploration.

**Background and Strategies:**

The growth of the mining industry in Alaska has resulted from the complementary actions of the Administration, State Legislature, and the private sector. Annual funding of airborne geophysical/geological mineral inventories of prospective mineral tracts, in combination with Alaska's mine development tax incentive and outreach from the Governor's office, has been a significant catalyzing factor. There are many remaining high mineral potential tracts throughout rural Alaska that offer the opportunity for successful mineral exploration, mine development and employment opportunity if the fundamental geological and geophysical data needed to guide exploration are generated and made available. DGGs plans to continue concentrating its mineral appraisal resources on these highly prospective areas to generate the needed data. In previous years the announcement of the pending geophysical survey has stimulated considerable new private-sector exploration activity. In FY 2000 the CIP appropriation for airborne geophysical surveys of state lands during FY01 did not reach the threshold needed to conduct a cost effective survey. Thus no new geophysical data for a state-owned mineral tract was acquired. We believe this disruption of the annual geophysical survey program will be reflected in a decline in Alaska exploration expenditures for calendar year 2000.

**Measure: Complete geophysical/geological mineral surveys of at least 1000 square miles of land in the state at target scale of 1 inch=1mile reported by category**  
*(Developed jointly with Legislature in FY2000.)*

**Benchmark:**

The 1000 square mile benchmark is a challenging target given the staff size and funding available to DGGs. In FY2000 DGGs completed 1032 sq. miles of airborne geophysical mapping and 1153 square miles of geological mapping.

**Background and Strategies:**

DGGs intends to maintain this performance measure unchanged for FY2002. We are pursuing complementary federal funding and cooperative agreements with federal agencies in an attempt to acquire resources needed to increase the square miles of geologic mapping that can be completed in a fiscal year. The magnitude of the square miles of airborne geophysical surveys that can be completed in one year is a function of CIP appropriations. A tract of 1000 square miles is in good balance with historic funding, public expectations, and a level of commitment that is effective in catalyzing investment in Alaska's mineral industry. In FY01 the airborne geophysical CIP appropriation was below the threshold needed to conduct a cost efficient survey. Thus no state-owned mineral tract will be surveyed in FY01. DGGs was able to secure a commitment of federal funds to geophysically survey about 1035 square miles of a mixed ownership (federal - Native Corporation - state) land in southwest Alaska. Because of the ownership pattern of this land, however, we do not believe that this airborne geophysical data will have the same impact on exploration investment as would a survey over predominantly state lands where access is more open and right of tenure is more certain.

**Measure: New acres of ground explored for oil and gas resources by the private sector**  
*(Developed jointly with Legislature in FY2000.)*

**Benchmark:**

If competitive lease sales had been held in FY01, DGGs expected that data and information generated by the division's energy resource assessment project would have contributed to 308,000 acres of additional ground being acquired by the private sector for focused oil or gas exploration. Because of the ARCO-BP merger, however, no lease sales were held for North Slope tracts.

**Background and Strategies:**

The DGGs energy resource assessment project is focused on identifying and filling critical data gaps in the geologic framework of highly prospective areas to encourage new private sector exploration ventures and maintain a healthy oil industry in Alaska. Under the area-wide lease process initiated in 1998, companies are developing new exploration strategies and fiscal plans for all state acreage available on the North Slope, Beaufort Sea and Cook Inlet areas. The state's energy resource assessment project provides essential geologic framework information requisite for valuing

their bids for competitive leases upon these lands and to guide subsequent exploration. Geologic information provided by the state for prospective petroleum exploration areas will increase in importance in the years to come if the state is successful in attracting smaller oil companies with less capital to Alaska.

**Measure: Number of users requesting information on the geology of Alaska from the DGGS Web site**  
*(Developed jointly with Legislature in FY2000.)*

**Benchmark:**

The DGGS Web site came on line during FY96. Since that time usage has risen steadily. There is an increasing demand from the users of Alaska geologic data for more DGGS data on the Internet. We expect that demand will continue to rise but we do not know what level to set as a benchmark. As an initial estimate, in mid-FY00 we forecast 20,000 Internet contacts for FY01. By the end of FY00 we had 21,737 users who sought information on the DGGS Web site.

**Background and Strategies:**

The main object of the DGGS Web site is to supply geologic information collected by DGGS to the public at large, including industry, government agencies, and private citizens, as quickly and completely as is feasible. Available at this time is information on publications of DGGS organized by geographic location, downloadable requests for proposals for geophysics contracts, and complete versions of several DGGS publications, including newsletters and annual Minerals reports. While there is a constant demand for more data and faster delivery, additions to the Web site are sporadic. DGGS does not have a full time position dedicated to fulfilling the demands of the public for getting data out to them over the Internet, nor is data ready to be released fast enough in a usable digital form. DGGS is currently involved in a project to provide over the Web scanned copies of all DGGS technical publications; completion of this task is anticipated for mid-FY01 and is about on target. We expect that when these documents are available that the Web site will become a primary avenue for securing Alaska geologic resource and engineering geologic data.

**Measure: Number of responses made by the division to requests for information or assistance relating to engineering geology or hazards issues in the state**  
*(Developed jointly with Legislature in FY2000.)*

**Benchmark:**

Even before DGGS began keeping records of these responses in FY96, it was clear that there was a high demand for this service, which consistently required on the order of 70-80 responses per year. This demand has been increasing and in mid FY00 we estimated that the number of requests would continue to exceed 100 per year. By the end of FY00 the actual recorded responses were 320.

**Background and Strategies:**

A significant component of the workload in DGGS' Engineering Geology section entails providing timely responses to requests for information and technical assistance on hazards like earthquakes, landslides, and permafrost. Additionally, DGGS fields requests regarding engineering characteristics of geologic materials with regard to aggregate resources and foundation conditions. These requests come from other DNR divisions, other state agencies like Transportation & Public Facilities, Emergency Services, and Community & Economic Development, private geotechnical consultants, local governments, schools, and individuals. Nearly all requests require research to locate the area of concern, compile applicable geologic maps and other literature, and formulate a reasoned response. Rather than viewing these requests as troublesome diversions from our scheduled project work, DGGS sees them as an indication of need for better planning and design information and as an opportunity to help reduce long-term costs of responding to and rebuilding unnecessarily from events that can be anticipated and designed for. DGGS intends to improve awareness of the needs for engineering-geologic information and will continue to make these increasing requests a priority while at the same time not sacrificing our commitments to scheduled project work.

**Status of FY2001 Performance Measures**

	<i>Achieved</i>	<i>On track</i>	<i>Too soon to tell</i>	<i>Not likely to achieve</i>	<i>Needs modification</i>
• Annual value of Alaska's mineral industry		X			
• Acres of ground under private-sector exploration			X		

Component — Geological Development

	<i>Achieved</i>	<i>On track</i>	<i>Too soon to tell</i>	<i>Not likely to achieve</i>	<i>Needs modification</i>
<ul style="list-style-type: none"> <li>• Complete geophysical/geological mineral surveys of 1000 square miles of Alaska lands</li> <li>• Number of users requesting information on the geology of Alaska from the DGGs Web site</li> <li>• New acres of ground explored by the private sector for oil and gas</li> <li>• Number of responses to requests for information or assistance relating to engineering geology or hazards issues in Alaska</li> </ul>		X	X	X	

**Geological Development**  
**Component Financial Summary**

All dollars in thousands

	FY2000 Actuals	FY2001 Authorized	FY2002 Governor
<b>Non-Formula Program:</b>			
<b>Component Expenditures:</b>			
71000 Personal Services	1,857.1	2,156.4	2,220.0
72000 Travel	69.1	145.4	145.4
73000 Contractual	1,032.5	1,481.1	1,488.2
74000 Supplies	299.3	151.1	151.1
75000 Equipment	25.2	31.1	31.1
76000 Land/Buildings	0.0	0.0	0.0
77000 Grants, Claims	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
<b>Expenditure Totals</b>	<b>3,283.2</b>	<b>3,965.1</b>	<b>4,035.8</b>
<b>Funding Sources:</b>			
1002 Federal Receipts	1,086.2	1,500.4	1,501.5
1004 General Fund Receipts	2,032.4	2,056.6	2,073.1
1005 General Fund/Program Receipts	37.4	54.9	55.0
1007 Inter-Agency Receipts	2.4	0.0	63.7
1053 Investment Loss Trust Fund	0.0	8.0	0.0
1061 Capital Improvement Project Receipts	8.0	90.8	91.3
1108 Statutory Designated Program Receipts	116.8	254.4	251.2
<b>Funding Totals</b>	<b>3,283.2</b>	<b>3,965.1</b>	<b>4,035.8</b>

**Estimated Revenue Collections**

Description	Master Revenue Account	FY2000 Actuals	FY2001 Authorized	FY2001 Cash Estimate	FY2002 Governor	FY2003 Forecast
<b>Unrestricted Revenues</b>						
None.		0.0	0.0	0.0	0.0	0.0
<b>Unrestricted Total</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Restricted Revenues</b>						
Federal Receipts	51010	1,086.2	1,500.4	1,500.4	1,501.5	1,081.6
Interagency Receipts	51015	2.4	0.0	0.0	63.7	25.7
General Fund Program Receipts	51060	37.4	54.9	54.9	55.0	55.0
Statutory Designated Program Receipts	51063	116.8	254.4	97.7	251.2	50.0
Capital Improvement Project Receipts	51200	8.0	90.8	90.8	91.3	91.3
Investment Loss Trust Fund	51393	0.0	8.0	8.0	0.0	0.0
<b>Restricted Total</b>		<b>1,250.8</b>	<b>1,908.5</b>	<b>1,751.8</b>	<b>1,962.7</b>	<b>1,303.6</b>
<b>Total Estimated Revenues</b>		<b>1,250.8</b>	<b>1,908.5</b>	<b>1,751.8</b>	<b>1,962.7</b>	<b>1,303.6</b>

**Geological Development****Proposed Changes in Levels of Service for FY2002**

No changes in service anticipated.

**Summary of Component Budget Changes  
From FY2001 Authorized to FY2002 Governor**

*All dollars in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b>FY2001 Authorized</b>	<b>2,119.5</b>	<b>1,500.4</b>	<b>345.2</b>	<b>3,965.1</b>
<b>Adjustments which will continue current level of service:</b>				
-Convert Special FY2001 Labor Cost Fund Sources to GF	3.1	0.0	-3.1	0.0
-Year 2 Labor Costs - Net Change from FY2001	5.5	1.1	1.4	8.0
<b>Proposed budget increases:</b>				
-Interagency Receipt Authority for Anticipated RSA's	0.0	0.0	62.7	62.7
<b>FY2002 Governor</b>	<b>2,128.1</b>	<b>1,501.5</b>	<b>406.2</b>	<b>4,035.8</b>

**Geological Development**  
**Personal Services Information**

Authorized Positions			Personal Services Costs	
	FY2001 Authorized	FY2002 Governor		
Full-time	27	28	Annual Salaries	1,738,896
Part-time	1	1	COLA	26,656
Nonpermanent	11	9	Premium Pay	3,107
			Annual Benefits	570,867
			<i>Less 5.11% Vacancy Factor</i>	(119,526)
			Lump Sum Premium Pay	0
<b>Totals</b>	<b>39</b>	<b>38</b>	<b>Total Personal Services</b>	<b>2,220,000</b>

**Position Classification Summary**

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Administrative Assistant	0	1	0	0	1
Administrative Clerk III	0	1	0	0	1
Analyst/Programmer III	0	1	0	0	1
Cartographer II	0	2	0	0	2
College Intern I	0	7	0	0	7
Division Director	0	1	0	0	1
Geologist I	0	5	0	0	5
Geologist II	0	1	0	0	1
Geologist III	0	4	0	0	4
Geologist IV	1	4	0	0	5
Geologist V	0	4	0	0	4
Micro/Network Spec I	0	1	0	0	1
Micro/Network Tech I	0	1	0	0	1
Petroleum Geologist I	0	1	0	0	1
Publications Spec II	0	1	0	0	1
Publications Tech II	0	1	0	0	1
Secretary	0	1	0	0	1
<b>Totals</b>	<b>1</b>	<b>37</b>	<b>0</b>	<b>0</b>	<b>38</b>

## Component: Water Development

**Contact: Gary Prokosch, Chief, Water Resources Section**  
**Tel:** (907) 269-8645 **Fax:** (907) 269-8947 **E-mail:** garyp@dnr.state.ak.us

### Component Mission

To facilitate the development and stewardship of Alaska's water resources.

The work within the Water Development Budget Component is intended to accomplish three outcomes:

- I. Protect and Provide for Water Property Rights
- II. Provide Technical Hydrologic Support
- III. Ensure Safe Operation and Construction of Jurisdictional Dams

### Component Services Provided

#### WATER MANAGEMENT

The services provided by this component are necessary for public safety, environmental protection, and economic development including, oil and gas exploration and production, fish processing, hatcheries, recreational resorts, mining, municipal and village water and sanitation systems, hydroelectric power, and recreation sites. In addition, the component provides hydrologic data and analysis useful in locating and designing infrastructure and resource development projects, and basing management decisions on scientific information. Administrative decisions that resolve conflicting water uses in the public interest often avoid extensive litigation and project delay. The component also provides public safety, and property protection through ensuring safe dams, which reduce flood insurance costs. Finally, water rights are property rights that enhances the value of other uses.

**WATER RIGHTS.** A water right is a property right necessary to establish legal standing against future water users and those current water users who never applied for a water right. The filing of a completed application or registry sets a priority date of appropriation and establishes the amount, season, place, and nature of use that remains valid through the registration or adjudication process. Adjudication includes public and agency notice of the application, resolving conflicting permit terms and conditions, and compliance with land use and coastal zone plans. A representative year of application filings would include: 10 commercial hydroelectric projects (primarily in SE Alaska); 20 oil and gas projects (North Slope and Cook Inlet), 4 seafood processing facilities, 110 for lodges, fish hatcheries, stores, golf courses, logging camps, ski areas and commercial projects; 35 mining operations; 20 village and community water systems; 10 public buildings (schools, state and federal offices, hospitals and camp grounds), 15 for instream flow (primarily ADF&G and USF&WS ), 100 residential homes and 1 bulk water export.

The Unit also asserts the state's interest and authority in water allocation issues raised by federal actions, protects the rights of other water appropriators in adjudication of federal reserved water rights, and maintains availability of unappropriated water for future development against de facto water allocations by actions of federal agencies. It also adjudicates applications for reservations of instream flow where significant state interest is involved.

**TEMPORARY WATER USE PERMITS.** A temporary water use authorization is required when a significant amount of water is required for projects such as highway construction or reconstruction or mineral exploration. (No water rights are granted under a temporary water use authorization.) Unless the project is in a water shortage area, within the coastal zone, involves a salmon spawning or other high value fish habitat, is controversial or is unusually complex, a temporary water use permit is completed within approximately four weeks of receipt. Permits within the coastal zone typically require 60 days. The adjudication of water rights and temporary water use permits are concurrent work, often by the same adjudicator.

**WATER RIGHT DATA AND RECORDS.** There are over 16,000 adjudicated water property rights, water use files and pending applications. There are 2060 files that are in need of being updated to assure that changes to water use or point of water use, permit extensions, revocations, and transfers of rights are current. With current budget limitations, the Unit can only update 100 of the 2060 files and only those in areas where other high priority adjudications are in process. Accurate up-to-date records show existing and pending water property rights and adjudicated water uses.

These records are fundamental for legal title purposes and to protect senior property rights as new or expanded junior water ownership or uses are adjudicated.

**OTHER WATER RIGHT RELATED TASKS.** Staff is expected to respond to complaints, appeals, and litigation about water use or misuse. The FY02 budget allows for reaction to complaints of significant state interest only. Staff will also receive over 400 requests for information and data. Public assistance will be limited to requests that are of significant state interest only. It is estimated that less than half of the requests will be addressed.

## HYDROLOGIC SURVEY

**PERMIT REVIEW AND RESOLUTION OF LEGAL ISSUES.** Staff of the Alaska Hydrologic Survey (AHS) provides the basic hydrologic expertise for the Department of Natural Resources. As a result, staff is needed for DNR permitting that involve technical water resource issues. Staff is expected to provide scientific hydrologic data and analysis to 600 new and on-going projects requiring ADNR permitting. The primary goal and strategy is to provide hydrologic data for use within DMLW needed for management of the mining industry, land management issues, and water rights permitting. Other divisions within ADNR also request assistance with the collection, interpretation and analysis of hydrologic data in their permitting process. Outside of ADNR, assistance has been requested by ADF&G, ADEC, and USEPA.

**HYDROLOGIC INVESTIGATION/REPORT AND DATA COLLECTION.** Staff investigates a water resource issue or problem important to a particular project or industry. As an example the Alaska Hydrologic Survey is working cooperatively with Alyeska Resort in the collection of stream flow data needed in conjunction with its snow making operation. Snowmaking allows the resort to open a month or more earlier, providing for a longer season and greater cash flow and economic benefit to Girdwood and Southcentral Alaska. The data collected also allows the water managers to work with ADF&G to establish an instream flow for the protection of fish and fish habitat. This project also ties in with a cooperative project with ADEC that involves streamflow of Glacier Creek in Girdwood. These combined efforts with multiple cooperators enhances this unit's capability to provide scientific hydrologic data that is mandatory to sound management of resources.

**TECHNICAL ASSISTANCE AND HYDROLOGIC DATA SEARCH AND RETRIEVALS.** Staff searches and retrieves data contained within the databases maintained by AHS for the public and for government. There are three primary databases maintained by AHS. The Well Log Tracking System (WELTS) has ground water information on approximately 25,000 water wells throughout the state. Homeowners, communities, municipalities, consultants, and state and federal agencies seek these data. The WELTS system is currently being converted to a system that will be available on-line. Web access to the WELTS data will enhance public access and improve efficiency of staff. The Alaska Water Use Database System (AKWUDS) is the only comprehensive database in the state with information on community water use. In addition to information on public water supply, data on industrial use such as oil & gas production, seafood processing and hydroelectric production are available. It currently has several thousand-station years of record (a year of data for a single station). Agencies use this data category when seeking assistance with planning efforts dealing with community-based needs for water. The Alaska Rivers Information Database (ARID) contains data on more than 14,000 surface water bodies in Alaska. The ARID system is a primary source of information with regard to property ownership issues in navigability and hence is relied upon by ADNR navigability program.

Approximately 325 (50% of total requests) requests for data retrieval are accompanied with a request for some data interpretation or analysis. These requests vary from explanations of what is included in the data being provided, to far more complex requests including analysis of regional ground water flow directions and water balance calculations. Within this output category also come requests for technical reviews of hydrologic data not collected by AHS, nor retrieved from AHS databases.

**HYDROLOGIC DATA ENTRY AND COMPUTER/DATABASE MANAGEMENT.** Management of AHS computer databases includes entering and updating data into ground water, surface water, and water quality databases to meet DNR's and the public's data needs. The goal and strategy of this sub-component is to ensure the continued update and expansion of AHS water databases. Without continual database maintenance the usefulness of the database quickly declines.

**DAM SAFETY**

**PERIODIC SAFETY INSPECTIONS OF JURISDICTIONAL DAMS.** Safety inspections must be conducted every three years for Class I and II dams, and every five years for Class III dams. These inspections are conducted by an approved professional engineer and reviewed by the State or occasionally by the State Dam Safety Engineer.

**CERTIFICATES OF APPROVAL TO CONSTRUCT, REPAIR, OR OPERATE A DAM.** Prior to major work on a dam, Certificates of Approval must be issued by the State. The engineering plans, specifications, engineering reports and studies are reviewed to determine if the facility will be operated safely. The cycle time for these certificates is approximately 6 months from application to issuance.

**SAFE AND EFFECTIVE EMERGENCY RESPONSE TO DAM FAILURES.** Dam Safety regulations require Emergency Action Plans for all Class I and II dams. These plans are implemented in case of a dam failure, such as an earthquake. To be effective, a plan must be reviewed and exercised on a regular basis after it is developed. However, less than 10% the Class I and II dams in the state have a current Emergency Action Plan; DMLW is enforcing the requirement for these important plans.

**OTHER DAM SAFETY RELATED WORK.** The Unit also provides engineering assistance for technical review of related work in DNR (such as unregulated dams at mines and other private dam owners, and engineering problems associated with active and abandoned mining operations).

## **Component Goals and Strategies**

### **OUTCOME: I. PROTECT AND PROVIDE FOR WATER PROPERTY RIGHTS**

Water Management encourages the maximum use of Alaska's water consistent with the public interest by providing certainty and security of rights, reduced risk for investment, and reduced transaction costs. The Unit adjudicates water rights, issues temporary water use permits, and maintains the water records database.

At current budget levels, staff will not be able to adjudicate a majority of these applications. The Water Management project has seen a 53% reduction in general funds and a 67% reduction in staff over the past 10 years. In FY 00, budget reduction eliminated 5 of the then remaining 9 water management positions. This budget reduction virtually eliminated the state's water rights program. The remaining four positions can no longer carry out the requirements of the Alaska Statutes 46.15 (The Water Use Act). To solve this problem, the Department is proposing a solution involving a budget increment and statutory and regulatory changes that decrease the amount of work required of state government, and provide a revenue source to adequately fund the program.

In FY01, DMLW expects to adjudicate 100 water right applications to put water to a beneficial use, to amend 150 permits or certificates, and amend or issue 150 temporary water use permits. Will conduct approximately 30 inspections to ensure compliance with permit terms. If the budget increment and regulatory changes are implemented in FY 02, DMLW anticipates that all 250 applications received next year, as well as the 150 temporary water use permits will be processed.

### **OUTCOME: II. PROVIDE TECHNICAL HYDROLOGIC SUPPORT**

Hydrologic Survey provides scientific technical data, analysis, and interpretation of hydrologic information. The Survey collects and assembles ground and surface water quantity and quality data required for resource development and the orderly use of Alaska's water resources for domestic, community, commercial, and conservation purposes. In FY01, DMLW expect to provide hydrologic information, data, and evaluations for 625 water permits, mining issues and legal issues; provide hydrologic investigations and assistance to 150 customers; provide hydrologic data to 725 customers; and assist 350 customers with data evaluation and interpretation. DMLW will also enter approximately 3,900 new hydrologic data points to its existing databases.

### **OUTCOME: III. SAFE OPERATION AND CONSTRUCTION OF JURISDICTIONAL DAMS**

Dam Safety assures the continuing safety of all non-federally owned dams and dams not regulated by the Federal Energy Regulatory Commission. The National Flood Insurance Program provides a flood insurance premium rate

discount to all communities in Alaska because of the state dam safety program. A well administered dam safety program protects lives, property, and natural resources. The Unit will review or perform 15 periodic dam safety inspections; issue 15 certificates to construct, modify or operate a jurisdictional dam; and review and test up to 6 emergency action plans for high hazard dams. The unit will also provide engineering assistance to the Mining Section and Surface Coal Mining Unit as needed.

Additional output and measurement information for the component is available upon request from DNR Admin Services Manager (Nico Bus 465-2406).

### **Key Component Issues for FY2001 – 2002**

The fundamental issue facing the Water Development component is the fact that there is no longer enough staff to conduct the program required by statute.

The law requires that an individual, commercial business, industry, public water supplier, or any other user of the state's water resources obtain water rights (property right) by filing an application, before withdrawing a significant amount of surface or groundwater. There is no assurance under the current budget that the application would be adjudicated. AS 46.15 requires that a person using more than 500 gallons of water per day must have a Permit or Certificate of Appropriation. Taking water without a permit or certificate is a violation of state law and would be subject to a Class A misdemeanor. A development project in the state that required water would find their development at risk, if they violate the law and take water without a permit or certificate. The development would be subject to litigation by any special interest group or individual that wanted the development stopped for not having the appropriate state permits and the water user would have no certainty or security in their use of water.

#### **A THREE-PART SOLUTION**

To provide the services required by Alaska's citizens and businesses, the Department is proposing a three-part solution. First, the Division must do business more efficiently. That is, we must use fewer staff to conduct the public's work. To that end, we are proposing regulations which provide that lower levels of water use may occur with a brief review but without full adjudication. It will allow staff to focus on proposed water withdrawals that DNR, DEC, or DF&G determine are likely to endanger the environment. Any water right application of significant state interest would be adjudicated under current law. Staff estimates that an application registry system would apply to as many as 65% of the applications filed in a year.

Second, the Department needs adequate staff to run even the reduced water use program. The present staff of four is not adequate to provide reasonable turn-around under the proposed regulations. To that end, the Department is proposing a budget increment to adequately fund the program.

Third, the Department recognizes that in the current budget environment, additional general funds are unlikely to be appropriated each year. The Department is proposing legislation to allow it to charge a water use fee to adequately fund the program. This fee would be based on the amount of water granted in a permit or certificate of appropriation (water right) or temporary water use permit. The fee would extract funds in exchange for providing a water right, a private property right, or authorizing the use of a portion of the state's water resources. The fee would be relatively modest for most users to reflect the fact that in many locations throughout the state, water is not a scarce resource. If a water user fee were established, the Department would request program receipt authority to fund the program with only limited general funds. The Division estimates that a water user fee could generate revenue for the operation of the program and, in time generate additional general funds under the 6i receipts. (The legislation may also fix some additional technical problems with the water use act. )

### **Major Component Accomplishments for FY2000**

The Water Management Unit issued 100 water right decisions with an average cycle time of 12+ months, a major decrease in production and increase in cycle time; conducted 26 field compliance visits with 100% needing some kind of compliance action. Issued 119 Temporary Water Use Authorizations with an average cycle time of 4 weeks, a noted increase in cycle time. Conducted 5 field compliance visits with 100% needing some kind of compliance action. Updated 197 water right records and responded to 780 public requests for assistance and information on water rights,

water use, and water quantification. Issued 2 instream flow reservations. Responded to 10 federal actions involving water rights.

The Hydrologic Survey Unit provided Division staff with hydrologic information, data, and evaluations for 522 water permits, mining issues and legal issues; provided hydrologic investigations and assistance to 150 customers; provided hydrologic data to 678 customers; and assisted 377 customers with data evaluation and interpretation. Entered 3,624 new hydrologic data points to its existing databases.

The Dam Safety and Construction Unit reviewed or performed 12 periodic dam safety inspections; issued 13 certificates to construct, modify or operate a jurisdictional dam; and reviewed and tested 2 emergency action plans for high hazard dams. The unit also provided engineering assistance to the Mining Section and Surface Coal Mining unit for projects at Usibelli Coal Mine, Illinois Creek Gold Mine, and Pogo exploration sites.

### **Statutory and Regulatory Authority**

The Water Development Component operates under the following statutory and regulatory authority:

Statutory	Regulatory
AS 46.15.020-.970	11AAC 05.010 and 11 AAC 93.040-.970
AS 35.05.965	
As 46.17.010-.900	
AS 41.08	

### **Key Performance Measures for FY2002**

#### **Measure: Number of Water Right Files applied for and processed** *(Developed jointly with Legislature in FY2000.)*

**Current Status:**

In FY00 225 applications were received, and the backlog of applications was 490.

**Benchmark:**

In FY 00, the Water Management Unit processed approximately 104 water rights and issued 119 temporary water use permits.

**Background and Strategies:**

Staff will not be able to keep up with demand for service in FY 01 due to budget cuts. For FY 02, DNR is proposing a budget increment and regulatory changes to the program. The funding and changes will allow the Division to change the level of services to the point where all applications are processed each year. The details of the proposal are explained elsewhere in this budget document.

#### **Measure: Number of Periodic Dam Safety Inspections** *(Developed jointly with Legislature in FY2000.)*

**Benchmark:**

Staff performed 12 dam safety inspections as well as issuing 13 authorizations to construct, repair or modify a dam.

**Background and Strategies:**

Authorizations and inspections are the basic tools to insure that dams under state jurisdiction remain safe and protect downstream life and property.

### **Status of FY2001 Performance Measures**

<i>Achieved</i>	<i>On track</i>	<i>Too soon to tell</i>	<i>Not likely to achieve</i>	<i>Needs modification</i>
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Component — Water Development

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	<i>Achieved</i>	<i>On track</i>	<i>Too soon to tell</i>	<i>Not likely to achieve</i>	<i>Needs modification</i>
• Number of Water Right Files Processed				X	
• Periodic Dam Safety Inspections		X			

**Water Development**  
**Component Financial Summary**

All dollars in thousands

	FY2000 Actuals	FY2001 Authorized	FY2002 Governor
<b>Non-Formula Program:</b>			
<b>Component Expenditures:</b>			
71000 Personal Services	772.5	789.6	1,042.9
72000 Travel	23.2	24.7	31.7
73000 Contractual	43.0	164.7	152.7
74000 Supplies	5.4	23.3	26.3
75000 Equipment	0.0	2.0	7.0
76000 Land/Buildings	0.0	0.0	0.0
77000 Grants, Claims	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
<b>Expenditure Totals</b>	<b>844.1</b>	<b>1,004.3</b>	<b>1,260.6</b>
<b>Funding Sources:</b>			
1002 Federal Receipts	14.2	21.6	29.6
1004 General Fund Receipts	647.4	657.9	970.9
1005 General Fund/Program Receipts	133.9	135.2	137.8
1007 Inter-Agency Receipts	47.5	182.1	122.3
1053 Investment Loss Trust Fund	0.0	6.0	0.0
1061 Capital Improvement Project Receipts	1.1	0.0	0.0
1108 Statutory Designated Program Receipts	0.0	1.5	0.0
<b>Funding Totals</b>	<b>844.1</b>	<b>1,004.3</b>	<b>1,260.6</b>

**Estimated Revenue Collections**

Description	Master Revenue Account	FY2000 Actuals	FY2001 Authorized	FY2001 Cash Estimate	FY2002 Governor	FY2003 Forecast
<b>Unrestricted Revenues</b>						
General Fund Program Receipts	51060	15.2	2.0	2.0	2.0	2.0
<b>Unrestricted Total</b>		<b>15.2</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>
<b>Restricted Revenues</b>						
Federal Receipts	51010	14.2	21.6	21.6	29.6	29.6
Interagency Receipts	51015	47.5	182.1	133.8	122.3	122.1
General Fund Program Receipts	51060	133.9	135.2	135.2	137.8	137.8
Statutory Designated Program Receipts	51063	0.0	1.5	1.5	0.0	0.0
Capital Improvement Project Receipts	51200	1.1	0.0	0.0	0.0	0.0
Investment Loss Trust Fund	51393	0.0	6.0	6.0	0.0	0.0
<b>Restricted Total</b>		<b>196.7</b>	<b>346.4</b>	<b>298.1</b>	<b>289.7</b>	<b>289.5</b>
<b>Total Estimated Revenues</b>		<b>211.9</b>	<b>348.4</b>	<b>300.1</b>	<b>291.7</b>	<b>291.5</b>

## Water Development

### Proposed Changes in Levels of Service for FY2002

Currently, in FY01, the Division is able to adjudicate and issue less than half of the applications it receives in any one year, and a very small percentage of other actions necessary to keep a water user in compliance with the law. (The other actions are such things as permit extensions, amendments, etc.)

The proposed new statutes and regulations along with the proposed \$300.0 GF increment will allow DMLW to process and adjudicate all new applications and other required actions received in any one year. In addition, DMLW would eliminate the backlog of adjudications and other required actions within a few years. For most water users, the cycle time would decreased from a few years to just 45 days.

### Summary of Component Budget Changes

#### From FY2001 Authorized to FY2002 Governor

*All dollars in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b>FY2001 Authorized</b>	799.1	21.6	183.6	1,004.3
<b>Adjustments which will continue current level of service:</b>				
-Convert Special FY2001 Labor Cost Fund Sources to GF	1.5	0.0	-1.5	0.0
-Year 2 Labor Costs - Net Change from FY2001	8.1	0.0	0.2	8.3
<b>Proposed budget decreases:</b>				
-Decrease Interagency Receipts Authority to Anticipated Level	0.0	0.0	-60.0	-60.0
<b>Proposed budget increases:</b>				
-Water Use Rights Adjudication Staffing to Meet Workload	300.0	0.0	0.0	300.0
-Increase Federal Authority for Dam Safety Inspections	0.0	8.0	0.0	8.0
<b>FY2002 Governor</b>	<b>1,108.7</b>	<b>29.6</b>	<b>122.3</b>	<b>1,260.6</b>

**Water Development**  
**Personal Services Information**

Authorized Positions			Personal Services Costs	
	FY2001 Authorized	FY2002 Governor		
Full-time	11	15	Annual Salaries	782,247
Part-time	0	0	COLA	11,278
Nonpermanent	0	0	Premium Pay	0
			Annual Benefits	274,617
			<i>Less 2.36% Vacancy Factor</i>	<i>(25,242)</i>
			Lump Sum Premium Pay	0
<b>Totals</b>	<b>11</b>	<b>15</b>	<b>Total Personal Services</b>	<b>1,042,900</b>

**Position Classification Summary**

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Administrative Clerk II	1	0	0	0	1
Hydrologist II	3	1	0	0	4
Hydrologist III	1	0	0	0	1
Natural Resource Mgr I	1	0	0	0	1
Natural Resource Mgr III	1	0	0	0	1
Natural Resource Off I	1	0	1	0	2
Natural Resource Off II	2	1	1	0	4
Tech Eng II / Architect II	1	0	0	0	1
<b>Totals</b>	<b>11</b>	<b>2</b>	<b>2</b>	<b>0</b>	<b>15</b>

## **Component: Claims, Permits & Leases**

**Contact: Nancy Welch, Chief of Operations/Natural Resource Manager IV**

**Tel:** (907) 269-8501 **Fax:** (907) 269-8904 **E-mail:** nancywe@dnr.state.ak.us

### **Component Mission**

Encourage environmentally sound use and development of state land and resources for public and private purposes.

This component provides most of the state authorizations necessary for the use of state land. For that reason, the major outcomes for which this component is responsible are:

- I. Provide Revenue to the State Treasury
- II. Facilitate Job Creation from the Use of State Land
- III. Assure Environmentally Responsible Use of State Land

This component provides the authorizations necessary for the development of Alaska's state land. This component also provides authorizations necessary for oil and gas, mining, forestry, fishing, mariculture, trapping, commercial recreation, road-building, etc. There are few, if any, industries in Alaska that use state land that do not require an authorization provided by this component.

This component is budgeted based on the assumption that revenue generated by the development of state land should not only pay for its cost, but also provide a return to the state. Thus, the services provided by this component require approximately \$6.9 million (including \$5.7 million of general fund and program receipt income). However, the direct revenue collected by this component is expected to be \$9.4 million, \$2.4 million of which will go into the permanent fund. These revenues do not include all revenues generated by the development of state land, only the fees, rents, and royalties collected directly by this component. That is, the figure does not include oil and gas royalty, forestry stumpage fees, mining license tax, etc.

The Claims, Permits, and Leases Component was a new component for FY01 in the Division of Mining, Land and Water. This component integrated similar services within the former Division of Land, and the former Division of Mining and Water Management that dealt with processing and authorizing activities for mining, materials extraction, use of uplands and tidelands, and access on state land.

### **Component Services Provided**

For economic growth to take place this organization is one which is the starting point for the private sector in maximizing Alaska's natural resources. Our involvement in the various private sectors using the resources is widespread and varied. We impact the following industries: Mining, Oil & Gas, Timber, Fisheries, Tourism, Transportation and Manufacturing as well as the private citizens.

The Division of Mining, Land and Water is the steward of the state's land and resource assets. We work with industry and the public sector to develop state land in a way that is efficient for industry, protects public resources, provides a return to the state, and involves the public in decisions that affect them. The actions of this component stimulate and encourage resource-based economic activities as all industries that rely on state land or resources rely on this division. If the state is to accommodate expansion of industry in Alaska, the Division must be able maintain a level of service that supports needs of industry and the public. An investment to improve service is an investment in Alaska's economic well being. Our budget request recognizes this division's commitment to be responsive and in tune with the economic trends and needs of commercial activities throughout the state and to form linkages with other departments, local communities, and industry to create the infrastructure necessary to further development of mining, oil and gas, timber, fisheries, tourism, transportation and manufacturing industries as well as the needs of the private citizen.

The level of service that we have been able to provide in spite of significant budget reductions over the previous five years and the methods in which we support the industries of Alaska is described below. They are the major accomplishment of this component. In addition, the Division had two other very important accomplishments. Following changes to the mining law passed by the 2000 Legislature, the Division promised to decrease processing

time of new mineral locations from over 3 months (essentially a mining season), to less than two weeks. The Division expects to accomplish this increase in service by January 1, 2001.

It is important to understand how our involvement funded by this component impacts these industries. The Division of Mining, Land and Water supports the mining industry through surface leases for support facilities, leases for mineral extraction, authorizing exploration and prospecting activities, administering mining claims, providing leases and rights-of-way for roads and docks, protecting water rights and providing water use authorizations, assisting prospectors with determining land status information, selecting access routes, interpreting land use plans or designations, and various land use permits necessary to conduct operations. Plans of operations are worked out as are reclamation plans and on the ground problems encountered in the field. Major mining projects continue to move forward through the major projects review efforts headed by the division. Industry and the division understand and work together to resolve issues and foster an environment for industry to utilize Alaska's abundant mineral resources. The major accomplishment with respect to mining is the maintenance of an industry worth more than \$1 billion despite declining metal prices.

Oil and gas has long served as Alaska's greatest revenue generator. The oil and gas industry, its development and expansion continues to be supported through the efforts of the Division of Mining, Land and Water. This support, through the Claims, Permits and Leases Component, includes much of what is necessary for the development of any large industrial undertaking: material such as gravel for roads, drill pads, causeways, development and service pads upon which facilities can be constructed, and a multitude of other uses. Material sales alone may be for millions of cubic yards of gravel. Surface leases are issued for support activities associated with oil and gas support services as on the North Slope where large support service tracts are leased. Permits are used to authorize many oil and gas activities from temporary storage of exploration equipment to winter ice road construction. Rights-of-way are issued for oilfield gathering lines, docks, pipelines, communication lines and many other similar needs, as well as issuance of survey instructions when surveys are required. Water rights are issued for use of water for drilling, processing, and ice roads. A close working relationship has been developed with the oil and gas industry and other divisions and departments to allow issues to be addressed in development of the industry. The Division of Mining, Land and Water works closely with the Division of Oil and Gas.

The Division of Mining, Land and Water supports the timber industry through state forest planning assistance, land use plan designations, leases for dock and other facilities including land for mills, log storage and log transfer sites, and rights-of-way for access to timber sales. The Division of Mining, Land and Water also has entered into agreements with the Division of Forestry to issue permits within specific state forests. In support of forestry, the division also participates in forest fire management by supplying land use information during suppression activities and assisting in pre-suppression decisions determining various protection levels for fighting fires.

The fishing industry continues to grow in Alaska and continues to be supported through specific programs in this component as well as through the general permitting and leasing activities carried out in many of the southcentral and southeastern parts of the state. The Division of Mining, Land and Water working closely with the Department of Fish and Game leases shellfish farm sites. This is an industry that will continue to expand in Alaskan waters. Setnet leases are also administered through this component. Seafood processing facilities, which include docks, upland sites for storage, and processing facilities, are authorized by permit or tideland or upland lease as necessary. The division also authorizes seafood processing plants on state land and authorize their large use of water. Other authorizations and assistance is also provided to assist the industry including survey instructions when required to locate facilities, tideland and upland classifications recognizing the importance and needs of the fishing industry.

Rights-of-way and material availability are only some of the ways the division supports the transportation industry. Rights-of-way are issued to the private sector as well as to other state or federal agencies. The Alaska Department of Transportation and Public Facilities receives many rights-of-way and material contracts from this division through the support provided by this component. Also through land use plans and designations transportation needs are recognized and routes/corridors identified. Airport needs are addressed, and lands are transferred to DOTPF, rights-of-way and other authorizations are provided for materials, location and construction of public facilities, parking areas, pullouts, and many other uses. The division works with municipalities on road rights-of-way, pipelines, dams, and much more. There are few communities that the division has not had some request for use of state tidelands or uplands for transportation related use or for other purposes if there is state land located there.

The state continues to see an increase in the development of its tourism industry. The tourism and recreation industry is growing rapidly. Authorizations for use of state land continues to be on the upswing and in certain areas have

become controversial pitting local use against eco-tourism against large-group tour operators. The division supports tourism through the issuance of permits for tourism operations, leases for lodge and other facilities, rights-of-way both public and private for access, whether it is for a trail, an airstrip, or road access. We also issue commercial recreation permits for guides and land use permits for temporary use and storage. Leases are issued for ski areas and marinas. Public recreation areas are administered under this component, as are recreational mining activities. Multiple use trails are designated and provide public use. Recreation rivers are an asset of the state that supports many uses. The division also works closely with municipalities to provide land for public purposes. With the Division of Parks the division transfers land to provide for recreation opportunities and continued recreation use. Tourism is important to Alaska and the Division of Mining, Land and Water plays a key role in both authorizing use of state lands for the industry and in recognizing the resources that contribute to the health of the industry through the land use planning efforts and in its land use decisions.

The division provides much assistance to the private citizen by issuing permits and leases as needed whether it is for a trapping cabin on some remote site or for a utility line to bring services to a family. The division provides for personal use material sales to individuals, or competitive materials sales for those requiring larger quantities. Driveways, roads, trails, or waterlines are just a few of the rights-of-way issued to individuals. The division through land use plans and its public involvement processes recognizes the importance and value of public input in the decisions it makes in use of state land and resources. Working with private citizens to provide for their needs is important to the division.

A clear understanding of how this component impacts industry is important as the activities and programs are the very foundation for economic growth for any industry using state land as well as for the private citizen in using state land and resources or in simply getting the lights turned at home. Alaska's economy is based on use and development of its land and resource assets as is the public's use and enjoyment of general state lands. The Division of Mining, Land and Water is responsible for making it happen.

Detailed descriptions of the measures for these authorizations are contained in the spreadsheets provided with this budget submission. A description of these services is provided below.

**UPLAND AND TIDELAND PERMITS.** Land permits are an authorization issued to use state land, on a temporary basis, for a variety of purposes. The permits range in duration from one to five years. They are intended for temporary, non-permanent uses such as floating lodges, log storage, scientific research, guide camps, equipment storage and commercial recreation uses. These permits do not convey any interest to the land and permanent structures are not allowed. Permit applications require an application fee set by regulation. They generally require insurance and bonding for removal of improvements upon termination. As these are short duration permits, most permits are closed upon expiration, with a lower percentage requesting another permit to continue with the project. Beginning in 1996, DNR began using many 5-year permits rather than one-year permits. That is the reason that the number of permits issued annually has been decreasing since that time. The number administered is leveling off because some areas of tidelands are being conveyed to municipalities, eliminating the need for an authorization from the state. The possible implementation of general permits in the future could streamline authorization and further reduce the number issued.

**TRAPPING CABIN PERMITS.** The division issues 10-year non-exclusive permits to licensed trappers for construction and use of "shelter" cabins along established trap lines. Because of the program's narrow scope, only a few new permits are issued each year. Under this program, each trapper is allowed up to three cabins per permit for a one-time use fee of \$100. Controversial locations require a large amount of staff time to resolve. Similarly, field visits are performed only when there are complaints that the cabins are being used for more than trapping purposes, such as guiding, or personal recreation.

**COMMERCIAL RECREATION PERMITS.** Commercial guides and outfitters, and other purveyors of commercial recreational services that overnight on state land are required to obtain a permit under this program. Essentially a general permit, this authorization is obtained over the counter upon application and payment of the fee. DNR collects valuable data concerning land use patterns and type of activities. The number of authorizations granted under this program has steadily increased in the recent years and are expected to continue to increase sharply in the future. This is a very efficient permit for the department and for the applicant.

**UPLAND AND TIDELAND LEASES.** Leases are long-term authorizations for a wide variety of purposes. Leases are a basic tool for the long-term development of state land. Examples of facilities authorized by lease include support facilities on the north slope, or docks and marinas on state tidelands for communities. Because leases typically are

either bid or require payment of fair market value for the land, they provide significant return to the state. Leases can be categorized into two types, short term (less than 10 years) and long term (10 to 55 years). A variety of factors, such as years to amortize a business project and whether the project can be negotiated or competitive, determine the lease duration. Leases convey an interest in state land and may, upon approval, be assigned or sublet. A wide variety of projects can be leased and may include such uses as upland commercial lodges, tideland log transfer and log storage facilities, docks supporting private upland lodges, seafood processing facilities and marinas. Length of time to issue a lease is partially driven by whether the annual rental can be established by a fee schedule or whether an appraiser is required and also whether a lease diagram or a monumented survey is necessary. These authorizations are issued with annual fees or another method of compensation, (including five year reappraisal), and insurance and bonding for removal of improvements upon termination. Legislation enacted in 1995, allowing for the conveyance of developed tidelands to municipalities, has caused a decrease in the number of administered leases because revenue-generating tideland leases are being conveyed out of state ownership.

**COMMERCIAL RECREATION FACILITIES DEVELOPMENT LEASES.** Major commercial lease facilities are authorized under this program. Two examples are the state lands at Alyeska Resort in Girdwood, Alaska and the Hatcher Pass Development Company lease at Hatcher Pass. This program allows DNR to approach the task of large recreational program development with a "modernized" set of "tools" to design and develop a project that fairly achieves the objectives of all the parties involved. At the present time we manage only one lease, Alyeska Resort. The Hatcher Pass lease was recently assigned to the Matanuska-Susitna Borough. There are many ideas floating around in Alaska for major project development. If economic conditions remain stable, or become more favorable to the recreation community we expect additional applications.

**AQUATIC FARM LEASE.** Alaskans wishing to grow and harvest shellfish and other ocean species may do so with an authorization under this program. Alaskan oysters are sold nationally and mussels are sold locally and used in many restaurants. This growing program is currently expanding into the farming of bottom shellfish such as geoducks and clams. In FY 95, this program was shut down by a court decision. The program was not re-established until a new statute was passed and new regulations were promulgated. Last year's opening, which will result in leases issued this fiscal year, is the first opening since 1995. Regulations require DNR to hold an opening every two years.

**SET NET LEASE.** This long-standing program allows limited entry permit holders for gill net fishing from shore to obtain a lease to their fishing sites. Although it is not a requirement to fish, a lease gives the fishers a control over the location where they habitually fish. The leaseholder may use the location for a set-net fishing to the exclusion of others. The legislature reduced the funding for the program in FY 00, cutting it by two-thirds, and reallocating the program receipts to other programs. Funding was restored in FY 01, and the Division expects to return to the service levels it previously provided.

**PUBLIC AND CHARITABLE LEASES AND SALES.** This long-standing program is designed to facilitate public uses of state land which are permanent in nature and require site control which is accomplished by official land survey and conveyance of an interest in the land. Examples of leases processed under this program include sites for local fire stations and community centers; girl scout camping facilities; public works maintenance facilities. The processing of a lease under this authority is very similar to that of a regular lease under AS 38.05.070 and involves written decision, public notice and survey. The statute allows the payment by the lessee to be less than fair market value. An appraisal may be required to establish the actual lease rate. The workload under this authority has decreased somewhat as local governments receive their land entitlement under the Municipal Entitlement Program. However, the complexity of each leasing action increases as land status, social issues and competition for land increases. There are no identifiable issues in the future except those associated with workload.

**LOG TRANSFER FACILITY LEASES AND PERMITS.** Log transfer and log storage leases authorize the movement of logs from public and private uplands into the marine waters. Leases can be categorized into two types, short term (less than 10 years) and long term (10 to 55 years). The lease duration is determined by a variety of factors such as the number of years that logging is expected to occur and whether a negotiated or competitive process can lease the site determine the lease duration. Leases convey an interest in state land and may, upon approval, be assigned or sublet. Leases are issued with annual fees, insurance and bonding for removal of improvement upon termination. DEC's recently approved general permit, addresses potential bark accumulation on the ocean floor for both log transfer and log storage sites. It establishes a new workload for the program by requiring greater analysis and review of remediation proposals by the lessee in the next few years, through a joint review by DNR and other state agencies. The number of authorizations is expected to decline due to the majority of private lands being already logged and continuing legal challenges to the USFS timber program.

**MATERIAL SALES.** Sale contracts for materials such as pit-run gravel, peat, and sand are issued to meet private and public needs. Sand and gravel sales to private companies support economic activities, such as industrial, mineral, and oil & gas development, construction of roads, and building pads. Public sales are provided for DOTPF and community projects, such as road construction, bank stabilization, or emergency projects following natural disasters. If materials are sold non-competitively from an existing pit, contracts can typically be issued in less than a week. Personal use sales of up to 100 cubic yards are sold over-the-counter, same-day service; the division issues approximately 160 personal use contracts annually. Cycle times for new material sources and competitive sales (greater 25,000 cy per year) are variable based on location and size; average cycle time is 18 months since these require best interest findings and public notices. Except for public purpose sales, materials are sold at a competitive price based on private-sector sales.

**RIGHTS-OF-WAY.** Permits are issued for the construction of roads, trails, driveways, public and private utilities, and communications facilities. Examples of these permits include authorization for ice roads for oil and gas exploration, access to mining claims, etc. Permits are issued for a reasonable term. Fees can be one-time for public uses or annual rental based on regulation. An exclusive use right-of-way is a disposal of state interest and requires a best interest finding, public notice and appraisal to determine annual rental. In all cases, a state-approved location of the right of way must be submitted -- a trail diagram or an as-built survey. Cycle times for processing rights-of-way are highly variable depending upon the applicant's supplying necessary survey and appraisal. Inspections are performed only when there are complaints from third-party users; the number of inspections is approximately 2-5% of the total permits issued annually.

**PLAT APPROVAL IN THE UNORGANIZED BOROUGH.** This project involves review and approval of survey plats submitted by surveyors for subdivision of lands and right-of-way dedications in the unorganized borough. Before the passage of AS 40.15, subdivisions within the Unorganized Borough were not required to be surveyed, or recorded. This allowed for paper plat subdivisions and subdivision by deed, (without a field survey) which are prone to produce gaps, overlaps, and clouded boundaries, creating survey problems and title problems. These problems tend to be expensive and at times nearly impossible to fix. In 1998, the legislature established DNR as the platting authority where no other platting authority exists. DNR's program began on August 18, 1998, the effective date of the law. Submittals got off to a slow start, because many people made sure that they got plats recorded before the law went into effect. The numbers in the attached spreadsheet represent plats approved and recorded. The FY 99 number is also lower than future estimates because there were no carry over of partially complete projects from the previous year. The FY 01 through FY 04 forecasts reflect a 4% increase per year. Estimated cycle time of two months per project include an average turn around time for surveyors to make corrections and resubmit the plat for final approval.

**INTERAGENCY LAND MANAGEMENT ASSIGNMENTS.** DNR is the major state agency with authority to hold title to land. Thus, where other agency facilities are needed, DNR holds title to the land but assigns the land management authority to the requesting agency. In some cases where significant public concern is involved, the assignment requires public notice and significant public discussion. The Department of Transportation and Public Facilities and the Division of Parks and Outdoor Recreation are the most frequent assignees.

**MINERAL PROPERTY MANAGEMENT.** This project processes and maintains the state's mineral location ownership records on state-owned lands. Mineral exploration, development and production in Alaska from state-owned lands is dependent upon current and up-to-date mineral title records documenting ownership and current status of locations, all of which are maintained by the division. The project is expected to process at least 8,000 new mining claims next year. This is a significant increase from the approximately 3,000 thousand claims staked in the early 90s and reflects the current staking boom that Alaska is experiencing. The project also maintains and administers the records and annual filings for close to 60,000 mining claims and leasehold locations, over 3,000 prospecting sites, 65 upland mining leases, 32 offshore mining leases, and 40 coal leases. The project also administers the rental billings and royalty audits to assure 6(i) revenues are correctly paid to the state treasury and the permanent fund.

**GENERAL MINE PERMITTING.** Placer mines and mineral exploration activities involving heavy equipment require permits from a variety of state and federal agencies. The mine permitting section depending on metal prices issues between 250 to 330 permits and mine reclamation plans of which approximately 70 are within the coastal zone. Depending upon the location and size of a mining operation the permitting process may involve as few as three agencies or as many as 15. The project provides permit applications to industry and the general public. The section is developing electronic applications to help the applicant obtain and submit permit applications more efficiently. Applications can be issued for up to 5 years. For the 2000 mining season the Annual Placer Mining Application were

broken into three separate applications: Annual Placer Mining Application, Suction Dredging Application, and an Application for Hardrock Mineral Exploration. The project also administers the reclamation bond pool which contains approximately \$9,100,000 in financial instruments to cover about 2,800 acres of mined land in Alaska. The bulk of these instruments involve dedicated financial commitments associated with large mine operations such as Fort Knox Gold Mine. Equally important are cash bond payments made by small miners to states reclamation bond pool. Miners on federal land also use the state reclamation bond pool to bond federal placer mines. Budget cuts have reduced staffing levels within the section to the lowest in recent history. Smaller staff numbers may continue to lead to an increase in cycle time to process and issue placer mine permits and process bond applications and bond refunds. During FY00 permitting times averaged between 45 to 90 days unless the project was in the coastal zone where reviews could range up to 120 days. The Division may be forced to slow bond refunds because of the workload caused by a greater number federal placer mines in the reclamation bond pool. This increase is being caused by to new requirements in federal regulations.

**COAL SURFACE MINING, REGULATORY.** This project administers the Alaska Surface Coal Mining Control and Reclamation Act (ASCMCRA) in a manner that protects the environment, is efficient to the coal companies, and involves the public. This program is funded by a combination of federal funds and state general fund match. To retain state primacy over the program, the coal program statutes and regulations must be administered consistent with federal standards and procedures. If the state program was eliminated, the regulatory function would be taken over the US Department of Interior, Office of Surface Mining. State management enables Alaska to provide a better program more tailored to Alaskan conditions than would a federally managed program administered out of Washington State or Denver Colorado.

**ABANDONED MINE LAND PROGRAM.** This 100% federally funded program works to reduce or eliminate hazards caused by historic mining (before the advent of modern mining methods and laws) to protect public health, safety, general welfare and property, and to restore the environment where degraded by historic mining. The federal government funds reclamation of mines that were abandoned before the passage of the federal Surface Mining Control and Reclamation Act in 1977. Alaska's program is funded 100% by the federal Office of Surface Mining. No state funds are involved. The federal government will only fund state AML programs for states, like Alaska, that have an approved Surface Coal Mining regulatory program. Alaska's funding level is \$1.5 million annually. The operating budget request of \$525,000 is for AML administrative costs and emergency program costs necessary to operate the program. A small portion, \$25,000, is obligated to the Emergency AML Program to take immediate action to abate mining related situations threatening life or property.

**LARGE MINE PROJECT.** This project uses funds provided by mining companies in reimbursement agreements to coordinate the permitting of large mines. Under state law DNR is the coordinating agency for large mine projects. Projects that are being coordinated under this program include the Pogo Exploration Project near Delta, Ryan Lode and True North Projects near Fairbanks, and an environmental review of the Greens Creek Mine near Juneau.

**GENERAL PUBLIC CONTACT.** This is the only project in this component that does not produce an authorization to use state land. The project is included to document the significant workload and public benefit provided by the general public information and contact required of the Division as the manager of State land. This project provides the majority of funding to DNR's Public Information Center, which expects to handle approximately 17,000 customers in FY01 (this figures reflects only direct person-to-person help to the public, and does not include visits to DNR's web site). Approximately 6,000 people walk in to the Division offices for questions that are unrelated to a particular authorization or are not part of an application or a pre-application discussion.

## **Component Goals and Strategies**

1. Encourage resource development that creates Alaska jobs and ensures economic growth in all regions of the state
  - a. Administer, process and adjudicate new mining claims and leases, which include:
    - new mining claims and leases
    - updated claims and leases after annual requirements are met
    - issue 1-year and 5-year permits

- administer the reclamation bond pool.
- b. Administer and process land use applications, which include:
  - upland and tideland permits,
  - trapping cabins permits,
  - commercial recreational permits,
  - upland and tideland leases,
  - recreational facilities development,
  - aquatic farm leases,
  - set net sites,
  - public and charitable uses leases and sales,
  - log transfer facilities,
  - material sales,
  - plat approvals in unorganized boroughs,
  - and interagency land management assignments.
- c. Easement Management, including RS 2477s. This includes easement assertion, creation, location, and vacation requests.
- d. Perform regulatory reviews of Coal Surface Mining permits
- e. Eliminate public hazards at abandoned mines
- f. Participate in Large Mine Projects development through the initial scoping or feasibility discussions, getting through the permitting phase, and performing compliance visits.
- 2. Streamline natural resource leasing, sales, and permitting processes.
  - a) Continue efforts to utilize on-line application, notice and receipt of comment for permit applications.
  - b) Offer business transaction service over the Internet (payments, cabin rentals, etc.).

### **Key Component Issues for FY2001 – 2002**

1. Easement Management, including management of RS 2477s, is becoming an increasingly significant issue with the public. The Division is seeing an increase in requests to assert RS 2477s and other easements or rights-of-way, define exact locations for previously asserted easements, and to vacate those previously asserted. The staff time required to resolve these issues is large, ever-increasing, and unbudgeted. In addition, the Division is only now working out procedures to efficiently accomplish these tasks.
2. Complete Revenue-based Budget. Last year, the Division began the transformation to a revenue-based budget. The transformation requires managers and line-level staff to look at each program with respect to what it costs, what level of service is provided, and what revenue it brings in for Alaskans. We hope that this approach helps the Director's Office, legislators and managers review programs to continuously improve the cost-effectiveness of the service they provide and review the revenue they bring in to Alaskans. Because of the way the Department records transaction cost, and revenue information, it is difficult for anyone to look continuously or even periodically review the Division's level of services or revenue. Last year and this year, the Division undertook a once-a-year research project to provide revenue-based budget information to the legislature as part of its budget submission. The Division is in progress of transforming the way it captures information so that all managers can periodically review the information: from the Commissioner down to program-level managers. In this way, we hope to, in part, transform how the Division looks at the services it provides Alaskans.
3. Permit/Lease Processing. In many cases, it takes too long for the Division to process a permits or leases. This is in part because of the procedures required and in part because there is not enough staff to do the work required. Some complicated leases take 2-3 years for processing (including survey, appraisal, etc.) That length of time is too long for most businesses to plan for. If we are truly going to be responsive to the needs of commerce and industry in a way that protects public resources, and appropriately involves the public, the Division must improve the cycle time required for authorizations and on-the-ground management. The revenue-based budget approach described above is a method of continuously looking to improve the quality of our service. Methods to increase

efficiency and improve the quality of the Division's land management include making better use of technology through such techniques as allowing on-line payment and applications, and through streamlining procedures and processes.

Last year the Division embarked on a concerted effort to use automation to increase efficiency. The first success was the mining law changes described below under "Major Component Accomplishments." The cycle time went from 3 months to process new mineral locations, to less than two weeks. We are looking at methods of using technology and streamlining procedures to increase service in processing other claims, leases and permits.

A second example of streamlining Department procedures to decrease the cycle time was the SB 257 passed in 2000 to streamline the Department's appeal procedures.

### **Major Component Accomplishments for FY2000**

This component has contributed greatly to the economic and job growth over the years in the various regions of the state.

1. Mining Law Changes (SB 175). Last year, the 2000 legislature revised the mining law in SB 175 to allow more efficient processing of new mining locations. In addition, the Division received an additional \$75,000 from new revenues paid by the mining industry to increase the level of service to the industry. As a result, the division promised to decrease the processing time of new locations from over 3 months (essentially a mining season), to less than two weeks. The Division is proud to announce that it accomplished this task by November 2000.
2. Shore Fisheries Lease. (SB 283). Last year, the 2000 legislature as part of SB 283 provided a funding source to restore the Division's shore fisheries lease program that had previously been cut. In FY 2001, the Division has staffed up to restore the services to former levels.
3. Large Mine Reviews.
  - \* Illinois Creek Gold Mine resumes mining. The operator of the Illinois Creek Gold Mine went bankrupt at the beginning of FY 2000, and left the state with the responsibility of maintaining the site that required active maintenance to ensure that the environment remained protected. The Division re-leased mine in a innovative leasing process that allowed the lessee to mine to generate funds to accomplish reclamation. During summer of 2000, the mine resumed production employing many villagers from the hard-hit Yukon-area villages. The summer payroll (for FY 01) of approximately \$800,000 was an important source of income for the hard-hit villages. The Division also expects that the mine will be fully reclaimed by the new lessee.
  - \* Pogo Advanced Exploration. The Division coordinated permitting of advanced exploration at the Pogo Mine Project northeast of Delta. In FY 2000, the mine began construction of a tunnel to the ore body that is now over a mile long. The full mine is now in permitting and the Division is coordinating state permitting and participation in the federally required EIS. A draft EIS will be distributed during the winter of 2001.
  - \* True North. The Division is coordinating the permitting of the True North deposit that is proposed to be trucked to Fort Knox, near Fairbanks. The permitting is expected to be completed in FY 2001.
  - \* Green's Creek Environmental Review. At the invitation of the US Forest Service and Green's Creek Silver Mine, the Division coordinated a federal-state environmental review of operations at the site near Juneau.
4. Permit/Lease/Claim Processing. The Division processed approximately 326 land use permits; 28 land leases; 73 rights of way; 64 material sales; and 12,763 mining claims in FY 2000. This work resulted in approximately \$9.1 million dollars of revenue to the state, including \$2.3 million to the permanent fund and \$24.3 thousand to the school fund. Including federal funding and interagency receipts, the total income is almost \$2.0 million greater than the cost to operate the Division. For FY 2002, the revenue is expected to be \$9.4 million.

### **Statutory and Regulatory Authority**

AS 38, AS 41, 11 AAC

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## Key Performance Measures for FY2002

### **Measure: Number of leases and permits issued for public and private use of State Land** (Developed jointly with Legislature in FY2000.)

**Benchmark:**

No specific benchmarks are provided as each of the many different types of permits and leases are unique.

**Background and Strategies:**

Revenue: One specific measure that was achieved for FY 00 and will be achieved this year, is that development should pay for itself and provide a return to the state. That is, this component provides the basic authorizations for the use and development of state land. Overall, the authorizations in this component provided more revenue to the state than the component services cost the state. The component more than pays itself. It provides a return to the general fund and provides over a million dollars to the permanent fund as well.

There are many different types of permits and leases. Additional output and measurement information is available upon request from DNR Admin Services Manager (Nico Bus 465-2406).

### **Measure: Number of private-sector jobs created by the issuance of new permits for mining.** (Developed jointly with Legislature in FY2000.)

**Benchmark:**

The last year for which data is available for this measure is calendar year 1999. At that time mine employment was 3,166 private sectors jobs.

**Background and Strategies:**

The Division's role in creating private-sector mining jobs is to provide secure land tenure for the industry, and to maintain a high quality permitting system that is efficient for the industry, protects public resources and appropriately involves the public in decisions that affects them. As described elsewhere in this budget document, the processing time for new mineral locations has gone down six-fold during the last year, which increases the industry's ability to rely on state information to maintain their land tenure.

With respect to permitting, the state is now working on permitting actions at the True North and Pogo mine projects. These and the resumption of mining at Illinois Creek will add significant private sector mining jobs for Alaskans.

### **Measure: Number of Active placer, lode, and coal mines and the number of mining claims staked and processed.** (Developed jointly with Legislature in FY2000.)

**Benchmark:**

In FY 00, the division granted 346 mining permits: 260 1-year permits and 100 5-year permits. In FY 00, there were 4 large (lode) mines operating in the state: Greens Creek, Red Dog, Illinois Creek, and Fort Knox. In FY 00, the Usibelli complex had three operating coal mines. In 1999 (the most recent statistics), there were 12,793 new mining claims and 1,892 prospecting sites: a new record for Alaska.

**Background and Strategies:**

With respect to placer mines, the state expects to gain placer mines as federal mines convert to state ownership to escape increasingly complex and difficult federal rules. The Division's role in expediting that process is to maintain its current workable permitting system and to expedite the conveyance (from federal to state). With respect to large lode mines, the state is making permitting decisions on two new mines: True North and Pogo. With respect to coal mines, the state is permitting a new coal mine in Healy Valley and may work on a major revision to Wishbone Hill which will make coal from the Matanuska field more likely to be mined. Finally, the increase in service for claim processing has been discussed extensively elsewhere in this component's budget submission.

**Status of FY2001 Performance Measures**

	<i>Achieved</i>	<i>On track</i>	<i>Too soon to tell</i>	<i>Not likely to achieve</i>	<i>Needs modification</i>
• Number of leases and permits issued for public and private use of State Land		X			
• Number of private-sector jobs created by the issuance of new permits for mining		X			
• Number of active placer, lode, and coal mines and the number of mining claims staked and processed		X			

**Claims, Permits & Leases**  
**Component Financial Summary**

All dollars in thousands

	FY2000 Actuals	FY2001 Authorized	FY2002 Governor
<b>Non-Formula Program:</b>			
<b>Component Expenditures:</b>			
71000 Personal Services	0.0	5,883.6	5,829.2
72000 Travel	0.0	131.9	131.9
73000 Contractual	0.0	775.3	849.3
74000 Supplies	0.0	62.1	62.1
75000 Equipment	0.0	0.0	0.0
76000 Land/Buildings	0.0	0.0	0.0
77000 Grants, Claims	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
<b>Expenditure Totals</b>	<b>0.0</b>	<b>6,852.9</b>	<b>6,872.5</b>
<b>Funding Sources:</b>			
1002 Federal Receipts	0.0	711.2	711.2
1003 General Fund Match	0.0	124.4	125.9
1004 General Fund Receipts	0.0	3,489.2	3,527.1
1005 General Fund/Program Receipts	0.0	1,962.9	2,011.7
1007 Inter-Agency Receipts	0.0	163.9	163.1
1053 Investment Loss Trust Fund	0.0	62.2	0.0
1055 Inter-agency/Oil & Hazardous Waste	0.0	30.9	30.7
1108 Statutory Designated Program Receipts	0.0	308.2	302.8
<b>Funding Totals</b>	<b>0.0</b>	<b>6,852.9</b>	<b>6,872.5</b>

**Estimated Revenue Collections**

Description	Master Revenue Account	FY2000 Actuals	FY2001 Authorized	FY2001 Cash Estimate	FY2002 Governor	FY2003 Forecast
<b>Unrestricted Revenues</b>						
General Fund Program Receipts	51060	0.0	1,729.5	1,729.5	1,706.3	1,706.3
Unrestricted Fund	68515	0.0	4,536.1	4,436.1	4,437.0	4,439.1
<b>Unrestricted Total</b>		<b>0.0</b>	<b>6,265.6</b>	<b>6,165.6</b>	<b>6,143.3</b>	<b>6,145.4</b>
<b>Restricted Revenues</b>						
Federal Receipts	51010	0.0	711.2	687.6	711.2	711.2
Interagency Receipts	51015	0.0	163.9	139.9	163.1	163.9
General Fund Program Receipts	51060	0.0	1,962.9	1,986.1	2,011.7	2,002.9
Statutory Designated Program Receipts	51063	0.0	308.2	308.2	302.8	300.0
Investment Loss Trust Fund	51393	0.0	62.2	62.2	0.0	0.0
Interagency Recs./Oil & Hazardous Waste	51395	0.0	30.9	30.9	30.7	30.0

Description	Master Revenue Account	FY2000 Actuals	FY2001 Authorized	FY2001 Cash Estimate	FY2002 Governor	FY2003 Forecast
Restricted Total		0.0	3,239.3	3,214.9	3,219.5	3,208.0
Total Estimated Revenues		0.0	9,504.9	9,380.5	9,362.8	9,353.4

## Claims, Permits & Leases

### Proposed Changes in Levels of Service for FY2002

1. Processing Mining Locations. As described earlier, the Division is processing new mining locations within two weeks, rather than the 3 months that were required last year.
2. Processing Shore Fisheries Lease Applications. As described earlier, the Division has staffed up to once-again process shore fishery lease applications. No new leases were issued last year. We expect that in FY 2002, we will issue at least 30-50 new leases to catch up on the backlog (as well as many renewals, amendments, etc.) before the Division returns to the rate of approximately 20-25 lease per year that existed before its budget was cut.

### Summary of Component Budget Changes

#### From FY2001 Authorized to FY2002 Governor

*All dollars in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b>FY2001 Authorized</b>	5,638.7	711.2	503.0	6,852.9
<b>Adjustments which will continue current level of service:</b>				
-Convert Special FY2001 Labor Cost Fund Sources to GF	8.2	0.0	-8.2	0.0
-Year 2 Labor Costs - Net Change from FY2001	17.8	0.0	1.8	19.6
<b>FY2002 Governor</b>	<b>5,664.7</b>	<b>711.2</b>	<b>496.6</b>	<b>6,872.5</b>

**Claims, Permits & Leases****Personal Services Information**

Authorized Positions			Personal Services Costs	
	FY2001 Authorized	FY2002 Governor		
Full-time	97	94	Annual Salaries	4,473,213
Part-time	2	1	COLA	60,632
Nonpermanent	0	0	Premium Pay	17,456
			Annual Benefits	1,622,845
			<i>Less 5.59% Vacancy Factor</i>	(344,946)
			Lump Sum Premium Pay	0
<b>Totals</b>	<b>99</b>	<b>95</b>	<b>Total Personal Services</b>	<b>5,829,200</b>

**Position Classification Summary**

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Accounting Clerk II	1	0	0	0	1
Accounting Tech I	0	1	0	0	1
Administrative Clerk I	1	0	0	0	1
Administrative Clerk II	2	1	1	0	4
Administrative Clerk III	2	0	0	0	2
Analyst/Programmer III	1	0	0	0	1
Cartographer II	2	0	0	0	2
Engineering Assistant III	1	0	0	0	1
Environmental Spec III	1	0	0	0	1
Geologist I	2	1	0	0	3
Geologist III	0	1	0	0	1
Geologist IV	2	0	0	0	2
Hydrologist I	1	0	0	0	1
Land Survey Asst II	3	0	0	0	3
Land Surveyor I	3	0	0	0	3
Micro/Network Spec I	1	0	0	0	1
Micro/Network Tech I	1	0	0	0	1
Micro/Network Tech II	0	0	1	0	1
Mining Engin Assoc	0	1	0	0	1
Natural Resource Mgr I	5	2	3	0	10
Natural Resource Mgr II	3	1	0	0	4
Natural Resource Mgr III	3	1	1	0	5
Natural Resource Off I	10	1	0	0	11
Natural Resource Off II	13	9	5	0	27
Natural Resource Tech I	0	0	1	0	1
Natural Resource Tech II	3	2	0	0	5
Supply Technician I	0	1	0	0	1
<b>Totals</b>	<b>61</b>	<b>22</b>	<b>12</b>	<b>0</b>	<b>95</b>

## **Component: Land Sales & Municipal Entitlements**

**Contact: Richard Mylius, Natural Resource Manager III**

**Tel:** (907) 269-8532 **Fax:** (907) 269-8915 **E-mail:** dickm@dnr.state.ak.us

### **Component Mission**

To make land available for private and public use by present and future Alaskans by conveying title to individuals through direct land sale programs and to municipalities under the entitlement and other programs.

In FY 02, significant anticipated outcomes include:

- Offer 2,765 parcels of land for sale to individual Alaskans, including both re-offered subdivision lots and new remote recreational properties;
- Transfer 12,000 acres to municipalities and transfer of at least six tideland parcels to municipalities to be used for development projects;
- Identification of over 16,000 acres for settlement, transfer to municipalities, and other development.

### **Component Services Provided**

Specific functions of this component include land sales to the public, land transfers to municipalities, long-term administration of land sale contracts, land exchanges, identifying land for public, municipal, and private use and development through land use plans, and related support services. Support services include appraisals to determine the value of lands sold, surveys to determine property boundaries, and graphics staff to prepare maps and brochures depicting land for sale. The graphics staff also provides graphics services to the entire department.

The FY 02 State Land Disposal Income Fund will fund approximately \$2.4 million of this component. Revenues from the state land sale program will generate an estimated \$2.8 million. One of the purposes of the municipal entitlement and tidelands conveyance programs is to generate revenue for local governments, therefore the municipal entitlement program results in net loss of revenue to the state government when income producing lands are transferred.

This component provides the following services:

#### **LAND SALES TO INDIVIDUAL ALASKANS**

This program makes land available for private ownership. Tasks include: new land sales; new remote recreational cabin offerings; identify and classify additional lands for private ownership; and administering land sale contracts for lands previously offered. In FY02, DNR intends to offer 2,765 parcels of land.

#### **LAND TRANSFERS TO MUNICIPALITIES UNDER MUNICIPAL ENTITLEMENTS**

This program includes the following tasks: determine how much land new municipalities are entitled to under AS 29.65; process high priority selections from municipalities; prepare survey instruction and review surveys of municipal lands; issue deeds to municipalities; and identify and classify land for municipal ownership. The major focus of FY 02 entitlements will be North Slope, Kenai, and Northwest Arctic boroughs entitlements. DNR's goal for FY 02 is to approve 12,000 acres of municipal requests and issue patent to 5,000 additional acres.

#### **TIDELANDS AND LAND TRANSFERS FOR PUBLIC PURPOSES**

DNR transfers state owned tidelands to municipalities for existing and proposed development projects under AS 38.05.825 and upland parcels for public purposes under AS 38.05.810. Our goal for FY 02 is to process ten parcels under this program.

#### **PREFERENCE RIGHT LAND SALES TO INDIVIDUALS**

DNR negotiates sales to individuals that qualify for preference right sales. The workload is determined in part by the number and complexity of applications. DNR's goal is to process 10 preference right applications in FY02.

#### **LAND EXCHANGES**

Due to past budget reductions, land exchanges are only performed when one of the parties desiring the exchange is willing to pay for this service. Current land exchanges include an exchange funded by Exxon Valdez Oil Spill (EVOS)

Restoration funds near Old Harbor. Staff also respond to numerous inquiries from the public and other agencies regarding exchanges, and review federal legislation involving land exchanges.

#### LAND PLANNING FOR DISPOSAL AND DEVELOPMENT

Development of land use and development plans are largely funded through this component. These land use plans identify and classify land for new land disposals, transfers to municipalities, timber harvest, and other development.

FY02 planning efforts include the Northern Southeast plan to enable timber development and commercial recreational development, planning for recreation and tourism development along the Taylor Highway, and planning for tidelands areas in Southcentral Alaska, including Kodiak or Prince William Sound.

The land use planning function is divided amongst three budget components, as planning and classification enables most disposals of state land. Due to past budget reductions, staffing and production from these planning efforts have been significantly reduced from past years.

### **Component Goals and Strategies**

#### Land Sales

In FY 01, DNR launched an expanded land sale program that will result in significantly more land being offered in FY 02. DNR's goal is to continue this expanded land sale program into FY 02 and FY 03. Because of the time needed to identify and appraise land for sale, land sales funded in FY 01 occur in FY 02 or 03. Revenue generated includes principal and interest from existing sale contracts, and down payments and revenue from new land sales. For existing land sale contracts DNR must send out notices, receive money, and process changes to contracts. A significant contract workload is processing requests for assignments of contracts. DNR also processes Preference Right Land sales to individuals. Through long-range planning, additional land is identified and classified for future land sales.

Land Transfers to Municipalities under Municipal Entitlements, Tidelands Conveyances, and for public purposes Acreage/land is conveyed and patented to municipalities under the municipal entitlement program. New acreage/land is identified and classified as available for conveyance to existing or future municipalities.

#### Land Exchanges

These will only be pursued where specifically funded through RSA's or Cooperative Agreements from other sources. Identify and classify land for disposal and development. Through land use plans, state land is made available for disposal and transfer to municipalities. In FY 02, DNR intends to complete a plan for the Upper Yukon/Taylor Highway area, develop a draft plan for Northern Southeast Alaska, and launch a new planning effort in Southcentral Alaska.

Additional output and measurement information is available upon request from DNR Admin Services Manager (Nico Bus 465-2406).

### **Key Component Issues for FY2001 – 2002**

#### Land Sales to Individual Alaskans

During the 2000 Legislative session, the legislature established a land disposal income account (Senate Bill 283) that enables past land disposals to pay for future land disposals, plus yield increased revenue for the state. SB 283, combined with recent changes to DNR land disposal and contract regulations, enables the state to have a long-term, self funding land disposal program. In 2001, DNR will offer land for the first time under the new Remote Recreation Cabin program. Major new land disposal projects may also require capital appropriations to cover major costs, primarily for roads that are required for land disposal in many municipalities.

#### Land Transfers to Municipalities under Municipal Entitlements

New municipalities may form in the unorganized borough. During FY 02, DNR will complete additional classification actions to enable future borough selections and conveyances.

#### Land Exchanges

Various potential land exchanges involving federal lands, such as involving an exchange to enable a hydroelectric project on Fall Creek near Gustavus may occur.

### **Major Component Accomplishments for FY2000**

#### Land Sales to Individual Alaskans

In early FY 01, DNR offered 279 subdivision lots for sale through a sealed bid auction. Total high bids received from this sale were \$1.2 million. Total revenues from state land sales in FY 00 were \$2.4 million. In FY 01, DNR has identified and is currently appraising over 2,500 parcels that will be offered for sale in Fall 2001 (FY 2002). In FY 01, DNR developed regulations and will identify land for the Remote Recreation Cabin Program, a new stake-it-yourself program. 250 parcels will be offered under this program in 2001. Because the offering will cross fiscal years, and the sales will not be executed until FY 2002.

#### Land Transfers to Municipalities under Municipal Entitlements

In FY 00, DNR approved for conveyance municipal entitlement selections totaling more than 12,000 acres for the following municipalities: Anchorage, Anderson, Haines, Matanuska-Susitna, Nondalton, Lake and Peninsula, and Yakutat. DNR issued patents to Anchorage, Cordova, Fairbanks - North Star, Haines, Kenai, Matanuska-Susitna, Nenana, Valdez, Whittier, and Yakutat.

#### Tidelands and land transfers for public purposes

In FY 00, DNR processed tidelands selections for Cordova, Dillingham, Seward, and Yakutat.

#### Land Exchanges

This item was not funded in FY 00. DMLW completed work on an exchange involving mineral properties in the Hatcher Pass area that was funded by State Parks. DMLW continued work on one exchange involving Native Corporation land at Old Harbor on Kodiak Island that was funded by EVOS. DMLW reviewed two proposed federal land exchanges and researched numerous proposals from the public or federal agencies for additional land exchanges.

#### Land Planning

In FY 00 DNR completed and adopted the Kenai Area Plan that classified over 3 million acres of state land. The plan identified over 600,000 acres for borough selection. DNR also prepared the draft Central-Southern Southeast Area Plan (which was adopted in FY 01), and classified over 3 million acres of state land, the Central-Southern Southeast Area Plan identified 64,000 acres as are available for timber harvest, out of the state 160,000 upland acres.

### **Statutory and Regulatory Authority**

The Land Sales and Municipal Entitlements Component operates under the following authorities:

#### Statutory

AS 29.65  
AS 38.04  
AS 38.05.035  
AS 38.05.055 - 068  
AS 38.05.125  
AS 38.05.300  
AS 38.05.810 - 825  
AS 38.05.840  
AS 38.05.860  
AS 38.05.940  
AS 38.08  
AS 38.09  
AS 38.50

#### Regulatory

11AAC (numerous sections)

**Key Performance Measures for FY2002**

**Measure: Number of acres of land conveyed to municipalities**

*(Developed jointly with Legislature in FY2000.)*

**Benchmark:**

In FY 02, DNR intends to transfer at least 12,000 acres to municipalities. DNR also intends to transfer tideland parcels to at least five municipalities.

**Background and Strategies:**

This program transfers state land to municipalities for development, disposal, revenue generation and public purposes. Tasks include: determine acreage of entitlements under AS 29.65, approve municipal selections, issue deeds to municipalities, and identify and classify land for municipal ownership.

**Measure: Number of acres of land sold and amounts of revenue generated from land sales**

*(Developed jointly with Legislature in FY2000.)*

**Benchmark:**

In FY 02, DNR intends to offer 2,500 subdivision lots (re-offers of parcels previously surveyed), totaling approximately 25,000 acres, and 250 remote recreation cabin sites (2,500 acres).

**Background and Strategies:**

This program makes land available for private ownership. Tasks include: Offer new land for sale; identify and classify additional lands for private ownership; and administer land sale contracts for lands previously offered. In FY 02, DNR intends to offer 2,500 parcels of land, totaling 25,000 acres, and we hope to generate \$2.8 million.

**Status of FY2001 Performance Measures**

	<i>Achieved</i>	<i>On track</i>	<i>Too soon to tell</i>	<i>Not likely to achieve</i>	<i>Needs modification</i>
• Number of acres of land conveyed to municipalities	X				
• Number of acres of land sold and amounts of revenue generated from land sales		X			
• The average revenue received for each land sale or lease.		X			

**Land Sales & Municipal Entitlements**  
**Component Financial Summary**

All dollars in thousands

	FY2000 Actuals	FY2001 Authorized	FY2002 Governor
<b>Non-Formula Program:</b>			
<b>Component Expenditures:</b>			
71000 Personal Services	0.0	1,590.2	1,590.0
72000 Travel	0.0	42.0	42.0
73000 Contractual	0.0	789.7	1,037.7
74000 Supplies	0.0	29.8	29.8
75000 Equipment	0.0	10.5	10.5
76000 Land/Buildings	0.0	0.0	0.0
77000 Grants, Claims	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
<b>Expenditure Totals</b>	<b>0.0</b>	<b>2,462.2</b>	<b>2,710.0</b>
<b>Funding Sources:</b>			
1002 Federal Receipts	0.0	51.8	51.7
1004 General Fund Receipts	0.0	0.0	0.0
1007 Inter-Agency Receipts	0.0	159.4	158.3
1061 Capital Improvement Project Receipts	0.0	73.9	0.0
1108 Statutory Designated Program Receipts	0.0	10.1	68.7
1153 State Land Disposal Income Fund	0.0	2,167.0	2,431.3
<b>Funding Totals</b>	<b>0.0</b>	<b>2,462.2</b>	<b>2,710.0</b>

**Estimated Revenue Collections**

Description	Master Revenue Account	FY2000 Actuals	FY2001 Authorized	FY2001 Cash Estimate	FY2002 Governor	FY2003 Forecast
<b>Unrestricted Revenues</b>						
State Land Disposal Income Fund	51434	0.0	0.0	135.0	370.0	898.0
<b>Unrestricted Total</b>		<b>0.0</b>	<b>0.0</b>	<b>135.0</b>	<b>370.0</b>	<b>898.0</b>
<b>Restricted Revenues</b>						
Federal Receipts	51010	0.0	51.8	16.5	51.7	50.0
Interagency Receipts	51015	0.0	159.4	90.7	158.3	159.4
Statutory Designated Program Receipts	51063	0.0	10.1	10.1	68.7	70.1
Capital Improvement Project Receipts	51200	0.0	73.9	73.9	0.0	0.0
<b>Restricted Total</b>		<b>0.0</b>	<b>295.2</b>	<b>191.2</b>	<b>278.7</b>	<b>279.5</b>
<b>Total Estimated Revenues</b>		<b>0.0</b>	<b>295.2</b>	<b>326.2</b>	<b>648.7</b>	<b>1,177.5</b>

## Land Sales & Municipal Entitlements

### Proposed Changes in Levels of Service for FY2002

Approximately 2,750 parcels will be offered in FY 02. This is a huge change in offerings relative to previous years.

There are some budget changes as a result of SB283 - \$248.0 in survey cost for new subdivisions are added per the Fiscal Note and \$73.9 CIP receipts are decremented.

In order to be able to expedite processing of land transfers \$60.0 in Statutory Designated Program Receipts are added.

### Summary of Component Budget Changes

#### From FY2001 Authorized to FY2002 Governor

*All dollars in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b>FY2001 Authorized</b>	<b>0.0</b>	<b>51.8</b>	<b>2,410.4</b>	<b>2,462.2</b>
<b>Adjustments which will continue current level of service:</b>				
-Year 2 Labor Costs - Net Change from FY2001	0.0	-0.1	12.8	12.7
<b>Proposed budget decreases:</b>				
-Decrease CIP Receipts Authorization per Second Year of Fiscal Note for SB283 (SLA00/CH63)	0.0	0.0	-72.9	-72.9
<b>Proposed budget increases:</b>				
-Survey Costs in New Subdivisions for the Land Disposal Program	0.0	0.0	248.0	248.0
-Expedite Land Entitlements and Exchanges	0.0	0.0	60.0	60.0
<b>FY2002 Governor</b>	<b>0.0</b>	<b>51.7</b>	<b>2,658.3</b>	<b>2,710.0</b>

**Land Sales & Municipal Entitlements****Personal Services Information**

Authorized Positions			Personal Services Costs	
	FY2001 Authorized	FY2002 Governor		
Full-time	20	28	Annual Salaries	1,212,965
Part-time	0	0	COLA	12,259
Nonpermanent	0	0	Premium Pay	0
			Annual Benefits	451,356
			<i>Less 5.16% Vacancy Factor</i>	(86,580)
			Lump Sum Premium Pay	0
<b>Totals</b>	<b>20</b>	<b>28</b>	<b>Total Personal Services</b>	<b>1,590,000</b>

**Position Classification Summary**

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Administrative Clerk II	3	0	0	0	3
Cartographer II	1	0	0	0	1
Cartographer III	1	0	0	0	1
Land Survey Asst II	1	0	0	0	1
Land Surveyor II	1	0	0	0	1
Natural Resource Mgr I	5	0	0	0	5
Natural Resource Mgr II	2	0	0	0	2
Natural Resource Mgr III	1	0	0	0	1
Natural Resource Off I	6	1	0	0	7
Natural Resource Off II	5	0	0	0	5
Natural Resource Tech II	1	0	0	0	1
<b>Totals</b>	<b>27</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>28</b>

## Component: Title Acquisition & Defense

**Contact: Carol Shobe, Manager, Realty Services Section**

**Tel:** (907) 269-8586 **Fax:** (907) 269-8935 **E-mail:** Carol\_Shobe@dnr.state.ak.us

### Component Mission

To facilitate the acquisition, acceptance, conveyance, and defense of land or an interest in land on behalf of the State of Alaska.

The work accomplished by the Title component is intended to accomplish five major outcomes:

1. Acquire ownership (statehood entitlement and more)
2. Secure clear title
3. Issue clear title documents under various disposal authorities to the private sector, Municipalities and other governmental entities.
4. Defend State title
5. Maintain administrative records of State ownership

The outcomes of this component are basic mandates of any state in the Union. The Constitution of Alaska in Article VIII sets forth the policy concerning natural resources. Sec. 6 states as follows: "State Public Domain...The legislature shall provide for the selection of lands granted to the State by the United States, and for the administration of the state public domain." These outcomes therefore are expectations of the public to acquire and defend the State's valuable assets of land and the associated resources as any prudent person would manage his own personal assets.

### Component Services Provided

The tasks associated with this component are fundamental tasks of doing business as a State. However, the ownership of land and its related resources such as timber, minerals and oil and gas form the economic base for the State of Alaska. As Alaska attained statehood the U.S Congress had little money to give to the new State, but recognized the value of land and resources and thus allocated up to 106.2 million acres of land under a variety of federal land entitlement authorities related to statehood. Additionally, as an incident of statehood under the equal footing doctrine we received title to approximately 65 million acres of shorelands, tidelands, and submerged land, which make up our inland waterbodies and marginal seas. Finally, we are acquiring title by direct purchase, donation, escheat, condemnation and grants under special congressional legislation. Also Congress extended the offer of a grant of easement for public access across vacant unappropriated public lands under RS 2477.

The Acquire Land or an Interest in Land Project deals with the following:

1. Statehood land entitlement - this category of acquisition deals with acquiring land from the federal BLM. This requires the review and negotiation of title documents as necessary prior to acceptance of title; appeals as necessary; recordation and security of original title documents; acreage accountability; maintenance of computer and hard copy records; and develop and maintain the Conveyance Priority List based on designated priorities and needs of State agencies.
2. Other Lands and Limited Holdings. Most other agencies do not have the authority to hold land title. Thus, when they purchase or are given land, the Division must review and complete the required title documents to ensure that clear title is acquired and maintained. For example, the Department of Fish and Game acquires weir or boat launch sites using federal funds; many rural communities acquire armory sites; etc. This category includes two different subcategories:
  - a. Other State Lands (OSL) - This category of acquisitions constitutes a variety of land authorities such as direct purchase, donations, condemnations and grants under special congressional legislation. This also includes Exxon Valdez Oil Spill acquisitions. These require the review of pertinent title documents, title insurance documents, ownership records, court documents, etc., the acceptance of title on behalf of the State of Alaska, recordation and security of original title documents, management rights and maintenance of computer and hard copy records.
  - b. Limited State Holdings (LSH) - This category of acquisitions constitutes less than fee title interest representing a variety of interests such as easements, airspace easements, clear zone easements, leases, fish wier

permits, conservation easements, equitable servitude, etc. These title documents require the same review, acceptance, recordation, managements rights and maintenance as OSLs.

The Provide Title Reports Project deals with:

1. Oil and Gas area wide lease sales
2. Disposal of fee title
3. Complex title issues not discernable from the computer records

Title reports are completed to ensure that the State still owns the land or resource and that no cloud has encumbered the title. Often the complex title reports require in depth research to determine the exact interest retained by the State if any (example old Valdez townsite). Title reports are always completed as part of Oil and Gas Lease Sales. They are also sometimes required before Timber Sales (depending on complexity of title/land status issues).

The Issue Conveyance Documents Project deals with: The issuance of Patents and Quit Claim Deeds - These documents are a result of completion of all requirements of a disposal authority to pass title to private individuals, corporations and any other entity in the private sector; Municipalities and/or Boroughs and any governmental entity. This project provides consistency in reservations, wording format, authorities and a final title check to ensure clear title is passed.

#### Title Defense Project

Defending state title against challenges is a fundamental responsibility of the state. The state reviews all title decisions - conveyance to the state, ANSCA corporations, etc. - to ensure that state interest is protected. That is, BLM decisions are reviewed to ensure that access to state land or state title is not compromised by the decision. Over the past years, the state has negotiated changes to 14.5% of BLM decisions to protect state interest. Specifically, this project accomplishes the following:

1. Respond to litigation - This category requires working with the Attorney General assigned to the case and providing technical research data to the AG which includes title documents, case files, summary of actions, maps and anything necessary to support the AG.
2. Completion of Mental Health Trust Lands Settlement - This category requires correction of title documents, formal determination of replacement lands and any action needed to fulfill the Mental Health Trust Lands Settlement.
3. Respond to School Trust Lands Litigation - This category requires working with the Attorney General assigned to work the case and the Depts. Of Revenue and Education as well as the beneficiaries. (This work is funded through a separate appropriation. Funding for this work is not included in this component.)
4. Review Native Allotments - This category requires the review of numerous BLM documents issued concerning Native Allotment claims, which may Affect State land title and public access. Respond to the Aguilar court case stipulations as to hearings. Provide technical research and documents to the Attorney General assigned the case. Provide comment to AG on settlement negotiations.
5. Reconvey land wrongfully conveyed to the State - This category primarily affect Native Allotment claims where BLM has conveyed the land title to the State. After initial review the State in most cases agrees to voluntarily reconvey the land following the State's decision and public notice process. BLM has assigned two staff members to work on these cases with guidance and final approval provided by State staff.
6. Review ANCSA decisions - This category requires the review of ANCSA decisions to determine if BLM's decision affects State title. If problems exist we negotiate with the corporations and BLM. If resolutions can not be reached we appeal. During appeal process provide technical research and documents to Attorney General assigned to case and comment on any proposed settlement.
7. Review Sec. 17(b) of ANCSA easements - This category requires the review and coordination of State comments affecting public access across Native Corporation lands to public lands. If problems exist we negotiate with the corporations and BLM. If resolution can not be reached we appeal. During appeal process provide technical research and documents to Attorney General assigned to case and comment on any proposed settlement.
8. Navigability - This category requires research prior to BLM making an administrative decision on which water bodies are navigable. This requires coordination with BLM's work schedule in order to influence their decision. If the decision disagrees with the State's research take appropriate action. The State owns the beds of all navigable water bodies. (This work is funded through a separate component.)
9. RS2477 assertions - This category requires the assertion of ownership or a granted easement to trails and roads which provide public access between communities, along and to waterways and to various geographic areas of Alaska. In Revised Statute 2477 Congress offered a grant of easement across vacant, unreserved public lands until the authority was terminated by FLMPA in 1976. The federal government is attempting to changed the rules

of the grant offered by Congress requiring constructed modern roads similar to those found in the "lower 48". The State continues to assert a claim to the easements. (See RS2477/Navigability component)

10. Any challenge to the State's Title.

The Maintain Records of State Ownership project deals with the issues below.

1. Maintain case files (hard paper copies of all documents related to the acquisition and/or the disposal of a parcel of land documenting reservations and covenants attached thereto). Maintain documents in an orderly and logical manner in order to retrieve the information in an efficient manner.
2. Maintain and enter into the State of Alaska's computer system LAS data reflecting ownership of land and an interest in land. A special title sub-system has been developed for the statehood entitlement, which must be maintained.
3. Ensure that title acquisitions and disposals are forward for notation to the graphic record and review final product for quality control.

### Component Goals and Strategies

Encourage resource development that creates Alaska jobs and ensures economic growth in all regions of the state.

- To acquire land and resources for development, land disposals and for public use
- Secure clear Title
- Issue marketable title through conveyance documents to the private sector and other government entities.
- Review and respond to all Native Allotment and ANCSA conveyance decisions by the federal government in order to defend the States land title and to reserve access to public land and waters.
- Support Navigability assertions/litigation

Additional output and measurement information is available upon request from DNR Admin Services Manager (Nico Bus 465-2406).

### Key Component Issues for FY2001 – 2002

1. The School Trust Lands valuation and litigation is part of the Title Defense Project. The charge of a Breach of Trust issue is part of a larger litigation issue concerning funding of rural schools filed as Kasayulie v. State of Alaska Case No. 3AN-97-3782 CIV. However, Judge Reese has ruled on the plaintiffs' Motion for Partial Summary Judgement on Breach of the School Lands Trust, Judge Reese found two breaches of trust (1) the redesignation of school lands in 1978, and (2) the failure to value school lands in 1978. This case is currently in litigation status.
2. The review of Sec. 17(b) of ANCSA involves the identification and reservation in conveyance documents to Native corporations for easements to the United States for access across ANCSA private land to public lands and public waters. There are two potential issues:

(A) Management of 17(b) Easements. These easements are reserved to the United States in conveyance documents issued to ANCSA Native corporations. The federal Interior Department is attempting to pressure the State of Alaska to assume management of reserved easement providing access to State lands and State public waters. Management means identifying the location of the easement on the ground, signing the easement to identify it to the public explaining the allow uses to the public, clean up trash, maintain the easement as to brushing, fixing mud spots, maintaining bridges, etc., and resolving trespass. The State of Alaska's position is that the easements are reserved to the United States and it is their responsibility to manage these easements.

(B) Termination of 17(b) Easements - These easements are reserved to the United States in conveyance documents issued to ANCSA Native corporations. In Departmental regulations 43 CFR 2650.4-7(a)(13) if an

easement has not been used for the purpose for which it has been reserved, the BLM Director shall terminate the easement effective December 18, 2001, unless it provides access to isolated tracts of public lands. The implementation of this regulation has no statutory basis. We believe this implementation will have a serious affect on public access in Alaska. This component several years ago initiated action to affect the implementation; however, the outcome is still to be determined.

3. Automated Title Report - This component provides the use of new technology to provide title report information for large geographic areas to State agencies and multiple interest groups. The concept is to develop a web site for a project indexed by township and range, and layer in various title information, scanned legal documents, status plats, navigability reports, etc. This concept facilitates the title information necessary to determine the renewal of TAPS and to facilitate a permitting process for a gas pipeline process. This ties into the FY01 Gasline Development supplemental appropriation request, and the FY02 CIP for Gasline Development.
4. Avulsion - An Emergency Title Defense CIP is included in the FY02 budget for the purpose of identifying the boundaries of uplifted tidelands associated with the 1964 earthquake in Prince William Sound. Although the avulsion act occurred over 36 years ago, there is an immediate need to delineate the boundary of State land that resulted. BLM has indicated that they must complete the survey of federal conveyances in Prince William Sound without recognizing many thousands of acres of state-owned tidelands that were pushed up during the 1964 earthquake. The purpose of the CIP is to complete technical review of aerial photography to determine the extent of the uplift and determine the boundaries claimed by the State before they are lost and conveyed out of public ownership to private corporations.

### **Major Component Accomplishments for FY2000**

#### **ACQUIRE AND DEFEND**

Secure clear title as a prerequisite to the accomplishment of the division's mission.

#### **SECURE CLEAR TITLE**

- Land acquired - 54,513 acres
- Submit Conveyance Priority List (CPL), amendments and relinquishments to BLM To control what land State receives - 111 actions
- Review BLM decisions, negotiate and accept title for Statehood grant land entitlement - 164 actions, which affects 1127 parcels
- Review and accept title for Other State Land (i.e. exchanges, purchases, EVOS) and Limited State holdings - 50 actions

#### **AGGRESSIVELY ASSERT AND DEFEND STATE INTERESTS- PROTECT STATE INTERESTS**

- Review Native Allotment actions taken by BLM affecting State land and public access - 917 actions
- Review BLM ANCSA decisions and 17(b) easement reservations to protect public access - 71 actions
- Complete title reports to insure ownership and determine third party rights - 589 actions
- Issue conveyances - 562 actions
- Special projects and response to litigation - 31 action

#### **MAINTAIN CONCISE, ACCURATE, AND READILY AVAILABLE LAND RECORDS**

- Create and maintain land Title Records files and tracking for control of title conveyances. - 198,905 records

### **Statutory and Regulatory Authority**

The Title Component operates under the following statutory authority:

#### **Statutory**

AS38.04.055

AS38.05.020(b)(8)

AS38.05.030(c) and (d)

AS38.05.035(a)(12)

AS38.05.035(b)(9)  
 AS38.05.035(e)(6)  
 AS38.05.127(a)(12)  
 AS38.50.090  
 AS38.50.150  
 AS38.95.210

**Key Performance Measures for FY2002**

**Measure: Acquire Land (Statehood Entitlement)**  
*(Not yet addressed by Legislature.)*

**Benchmark:**

DNR expects to receive approximately 50,000 acres toward its statehood entitlement from BLM. For FY02, DNR expects to receive approximately 150,000 acres. This is a one time deal placed on the Conveyance Priority List for conveyances. "The Denali Block" is a highly mineralized area requested by industry for State ownership for development of the state's natural resources.

**Background and Strategies:**

Receipt of this land will require review of approximately 320 BLM decisions to ensure that clear title is established with appropriate access, to protect public access. Many, approximately 10-20% of the BLM decisions will be challenged or changed through negotiations to ensure that the state receives clear title and appropriate access.

**Measure: Provide Title Reports**  
*(Not yet addressed by Legislature.)*

**Benchmark:**

Prepare four title reports for area wide oil and gas lease sales and complete approximately 830 title reports to pass patent to private land to citizens of Alaska and other 3rd parties.

**Background and Strategies:**

Title reports are required to ensure that third parties - such private citizens who purchase state land - receive clear title to their land.

**Measure: Maintain Records of State Ownership**  
*(Not yet addressed by Legislature.)*

**Benchmark:**

Maintain the approximately 200,000 case files that record ownership of land or interest in land, and provide new technologies for fast retrieval of information.

**Measure: Issue Conveyance Documents**  
*(Not yet addressed by Legislature.)*

**Benchmark:**

Issue approximately 820 conveyance documents.

**Status of FY2001 Performance Measures**

	<i>Achieved</i>	<i>On track</i>	<i>Too soon to tell</i>	<i>Not likely to achieve</i>	<i>Needs modification</i>
• Acquire Land (Statehood Entitlement)		X			
• Provide Title Reports		X			
• Maintain Records of State Ownership		X			

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Component — Title Acquisition & Defense

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	<i>Achieved</i>	<i>On track</i>	<i>Too soon to tell</i>	<i>Not likely to achieve</i>	<i>Needs modification</i>
• Issue Conveyance Documents		X			

**Title Acquisition & Defense**  
**Component Financial Summary**

All dollars in thousands

	FY2000 Actuals	FY2001 Authorized	FY2002 Governor
<b>Non-Formula Program:</b>			
<b>Component Expenditures:</b>			
71000 Personal Services	0.0	935.8	904.6
72000 Travel	0.0	19.2	19.2
73000 Contractual	0.0	134.2	138.4
74000 Supplies	0.0	20.1	20.1
75000 Equipment	0.0	0.0	0.0
76000 Land/Buildings	0.0	0.0	0.0
77000 Grants, Claims	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
<b>Expenditure Totals</b>	<b>0.0</b>	<b>1,109.3</b>	<b>1,082.3</b>
<b>Funding Sources:</b>			
1004 General Fund Receipts	0.0	972.5	982.8
1007 Inter-Agency Receipts	0.0	129.3	89.4
1053 Investment Loss Trust Fund	0.0	5.4	0.0
1108 Statutory Designated Program Receipts	0.0	2.1	10.1
<b>Funding Totals</b>	<b>0.0</b>	<b>1,109.3</b>	<b>1,082.3</b>

**Estimated Revenue Collections**

Description	Master Revenue Account	FY2000 Actuals	FY2001 Authorized	FY2001 Cash Estimate	FY2002 Governor	FY2003 Forecast
<b>Unrestricted Revenues</b>						
None.		0.0	0.0	0.0	0.0	0.0
<b>Unrestricted Total</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Restricted Revenues</b>						
Interagency Receipts	51015	0.0	129.3	129.3	89.4	89.4
Statutory Designated Program Receipts	51063	0.0	2.1	2.1	10.1	10.0
Investment Loss Trust Fund	51393	0.0	5.4	5.4	0.0	0.0
<b>Restricted Total</b>		<b>0.0</b>	<b>136.8</b>	<b>136.8</b>	<b>99.5</b>	<b>99.4</b>
<b>Total Estimated Revenues</b>		<b>0.0</b>	<b>136.8</b>	<b>136.8</b>	<b>99.5</b>	<b>99.4</b>

## Title Acquisition & Defense

### Proposed Changes in Levels of Service for FY2002

This component has a decrement in IA receipts due to an estimate of fewer planned RSA's. Title also has requested an increment in SDPR funds to cover the Shallow Gas agreement set up with the Division of Oil and Gas for Title work. No changes in services are anticipated for this component.

### Summary of Component Budget Changes

#### From FY2001 Authorized to FY2002 Governor

*All dollars in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b>FY2001 Authorized</b>	<b>977.9</b>	<b>0.0</b>	<b>131.4</b>	<b>1,109.3</b>
<b>Adjustments which will continue current level of service:</b>				
-Convert Special FY2001 Labor Cost Fund Sources to GF	2.1	0.0	-2.1	0.0
-Year 2 Labor Costs - Net Change from FY2001	2.8	0.0	0.2	3.0
<b>Proposed budget decreases:</b>				
-Decrease Interagency Receipts Authority to Level Anticipated for FY2002	0.0	0.0	-40.0	-40.0
<b>Proposed budget increases:</b>				
-Statutory Designated Program Receipt Authority for Title Work on Shallow Natural Gas Leases	0.0	0.0	10.0	10.0
<b>FY2002 Governor</b>	<b>982.8</b>	<b>0.0</b>	<b>99.5</b>	<b>1,082.3</b>

## Title Acquisition & Defense

### Personal Services Information

Authorized Positions			Personal Services Costs	
	FY2001 Authorized	FY2002 Governor		
Full-time	15	14	Annual Salaries	679,864
Part-time	0	0	COLA	9,847
Nonpermanent	0	0	Premium Pay	0
			Annual Benefits	247,537
			<i>Less 3.48% Vacancy Factor</i>	(32,648)
			Lump Sum Premium Pay	0
<b>Totals</b>	<b>15</b>	<b>14</b>	<b>Total Personal Services</b>	<b>904,600</b>

### Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Administrative Clerk II	1	0	0	0	1
Natural Resource Mgr I	2	0	0	0	2
Natural Resource Mgr III	1	0	0	0	1
Natural Resource Off I	3	0	0	0	3
Natural Resource Off II	5	1	0	0	6
Natural Resource Tech II	1	0	0	0	1
<b>Totals</b>	<b>13</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>14</b>

## **Component: Director's Office/Mining, Land, & Water**

**Contact: Robert M. Loeffler, Director**

**Tel:** (907) 269-8600 **Fax:** (907) 563-1853 **E-mail:** bobl@dnr.state.ak.us

### **Component Mission**

Encourage the settlement of state land and the development of state resources by making them available for maximum use consistent with the public interest. (Constitution; Article VIII, Sec 1).

### **Component Services Provided**

The primary service provided by this component is the effective management of Alaska's minerals, land and resource assets to produce revenues, create jobs, and to promote economic vitality. The quality of that management depends on a motivated and well directed professional workforce committed to sound development. This work force must have a clear direction, and the support and investment from the public and private sectors to carry out the mission. This component serves all of the Division, provides the direct interface with the rest of the Department of Natural Resources, other federal, state and local agencies, the legislature, and the public and private sectors.

The Director's Office component provides the management and administrative functions for the six other components within the Division of Mining, Land and Water. These are:

- Claims, Permits and Leases
- Land Sales and Municipal Entitlements
- Water Development
- Title, Acquisition and Defense
- RS2477/ Navigability Assertions and Litigation Support
- Development Special Projects

The Division of Mining, Land and Water promotes the use of state minerals, land and resources and recognizes the public benefits derived from use and development. The Division has and will continue to streamline processes and maximize economic opportunity working with the public and private sectors to stimulate and promote sound development.

The Division has structured its budget to reflect the expectation that developing the state's land and resources should, in general, pay for itself. Thus, functions that develop Alaska by granting authorizing or granting resources to the private sector are funded primarily on program receipts. That is, developing the land and resources of Alaska will pay for the cost of administration and provide some return to the permanent fund and the general fund. These development functions are primarily within the Division's first two components: Claims, Permits and Leases; and Land Sales and Municipal Entitlements. The Division also undertakes some functions that are basic responsibilities of the state and for which there is no revenue source. These functions are mostly concentrated within Title Acquisition and Defense. This component secures Alaska's full land entitlement under the Statehood Act, and defends access to public land and state's where needed.

This Director's Office has taken over the functions that were formerly performed by three separate Director's offices. Two of them, the Division of Water and Division of Mining merged in 1996, and part of the two Director's Offices were eliminated. On July 1, 1999, DNR's Division of Land merged with its Division of Mining and Water Management to form the Division of Mining, Land and Water.

The Claims, Permits and Leases component provides the authorizations necessary to develop Alaska's Land. There are few, if any, industries that use State land that do not require an authorization provided by this component. The component costs approximately \$6.9 million (including \$5.7 million of general fund and program receipt income). However, the direct revenue collected by this component is expected to be almost \$9.4 million, \$2.4 million of which will go into the permanent fund. These revenues do not include all revenues generated by the development of state land, only the fees, rents, and royalties collected directly by this component. That is, the figures do not include oil and gas royalty, forestry stumpage fees, mining license tax, etc.

The Land Sales and Municipal Entitlements component provides land sales to individuals and transfers land to municipalities. The \$2.7 million expected in principal and interest from current and past land sales is greater than the \$2.4 million funded by the Land Disposal Fund, in this component.

The Title Acquisition and Defense Component acquires land and defend its title. The outcomes of this component are basic mandates of any state in the Union. The component includes the work necessary to acquire land from the federal government, and defend access to land through ANCSA 17(b) easements, RS2477 assertions, etc.

The Water Development component includes administration of water rights, Alaska Hydrologic Survey and a small dam safety project. It provides the water rights and hydrologic data necessary for development that appropriates and makes beneficial use of the state's water resources. The Water Development component does not pay for itself. It is separated, in part for that reason, and to facilitate discussion of water-related issues that the department expects to occur this legislative session.

The remaining two components are small specialty components, found in different BRU's, that are continued from previous budget years. These are: RS2477/ Navigability Assertions and Litigation Support and Development Special Projects.

### **Component Goals and Strategies**

The component goals and strategies of Division of Mining, Land and Water are outlined in each of the six components managed by the Director's Office. For additional detail on the outcome, measures, and outputs of the other components, contact DNR Admin Services Manager (Nico Bus 465-2406).

### **Key Component Issues for FY2001 – 2002**

This section provides a summary of the major issues facing the Division of Mining, Land and Water. More detailed discussion is found in individual component write-ups.

#### **1. Water Rights**

The system of administering water rights is broken. Due to budget cuts over the past 10 years, and culminating in FY 00, the Division cannot process all of the water right applications received each year. The consequence of this failure is that Alaska's citizens and industry cannot receive the water rights that the law requires they obtain before withdrawing water. Some development is stalled, some cannot get financing, and other development proceeds in violation of the law. The Division proposes to fix the problem by a three-part solution. First, the Division is proposing regulations to streamline the water rights program; to decrease the amount of work required by eliminating the need for some less significant water withdrawals to obtain water rights. Second, this budget proposes a \$300,000 increment to increase the water rights staff so that it can process the remaining applications. Third, the Administration may propose a bill to establish a water use fee. This fee would provide a stable funding source for the program. That is, those that obtain water rights would pay the cost of maintaining the program.

#### **2. RS 2477**

The Division is proposing legislation that would address certain problems that have made it difficult to comply with the law mandating the recording of RS 2477 rights-of-way.

#### **3. Permit/Lease Processing**

The Division continues to look for methods of increasing its ability to process permit and lease applications in a way that is efficient for the applicant, protects public resources, and appropriately involves the public. Methods to increase efficiency and improve the quality of the Division's land management include making better use of technology through such techniques as allowing on-line payment and applications, and through streamlining procedures and processes.

## Major Component Accomplishments for FY2000

This section provides a summary of the major FY 2000 accomplishments of the Division of Mining, Land and Water. More detailed discussion is found in individual component write-ups.

1. Worked with the legislature for passage of the following legislation:

Land Disposal (SB 283)

The 2000 legislature, as part of SB 283, provided funds for the Division to increase the level of land sale offerings to Alaskans. The legislation also provided a funding mechanism to make the land sale program self-sustaining and to provide a return to the state general fund. The Division must meet the expectations it laid out in last year's legislative discussion.

Mining Law Changes (SB 175)

Last year, the 2000 legislature revised the mining law in SB 175 to allow more efficient processing of new mining locations. As a result of the new law, fiscal note, and a concerted effort to automate processing of locations, the division decreased processing time for new locations from over 3 months (essentially a mining season), to less than two weeks.

Shore Fisheries Lease. (SB 283)

Last year, the 2000 legislature as part of SB 283 provided a funding source to restore the Division's shore fisheries lease program that had previously been cut. In FY 2001, the Division has staffed up to restore the services to former levels.

Providing a Uniform Appeals Process (SB 257)

Last year, the 2000 legislature in SB 257 provided the statutory basis for a uniform appeals program for DNR. Prior to that law, the Department because of different laws passed at different times, had different schedules, requirements, and procedures that applied to seemingly similar Department decisions. A uniform system with standard procedures and timelines will be easier for staff, applicants, and the public. In September 2000, the Department released regulations to complete the streamlining process. The regulations are expected to be final in early 2001.

2. Large Mine Reviews

\* Illinois Creek Gold Mine resumes mining

The Division re-leased the bankrupt Illinois Creek Gold Mine in a innovative leasing process that allowed the lessee to mine to generate funds for reclamation. During summer of 2000, the mine resumed production employing many villagers from the hard-hit Yukon-area villages.

\* Pogo Advanced Exploration

The Division coordinated permitting of advanced exploration at the Pogo Mine Project northeast of Delta. The full mine is now in permitting and the Division is coordinating state permitting and participation in the federally required EIS.

\* True North

The Division is coordinating the permitting of the True North deposit that is proposed to be trucked to Fort Knox, near Fairbanks. The permitting is expected to be completed in FY 2001.

\* Green's Creek Environmental Review

At the invitation of the US Forest Service and Green's Creek Silver Mine, the Division coordinated a federal-state environmental review of operations at the site near Juneau.

3. Permit/Lease/Claim Processing

The Division processed approximately 326 land use permits; 28 land leases; 73 rights of way, 64 material sales, and 12,763 mining claims in FY 2000. This work resulted in approximately \$9.1 million dollars of revenue to the state, including \$2.3 to the permanent fund and \$24.3 thousand to the school fund.

## Statutory and Regulatory Authority

AS 27; AS 29; AS 38; AS 41; AS 46; 11AAC;

## Director's Office/Mining, Land, &amp; Water

## Component Financial Summary

All dollars in thousands

	FY2000 Actuals	FY2001 Authorized	FY2002 Governor
<b>Non-Formula Program:</b>			
<b>Component Expenditures:</b>			
71000 Personal Services	0.0	431.4	392.9
72000 Travel	0.0	17.7	17.7
73000 Contractual	0.0	45.5	40.0
74000 Supplies	0.0	23.3	18.8
75000 Equipment	0.0	0.0	0.0
76000 Land/Buildings	0.0	0.0	0.0
77000 Grants, Claims	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
<b>Expenditure Totals</b>	<b>0.0</b>	<b>517.9</b>	<b>469.4</b>
<b>Funding Sources:</b>			
1004 General Fund Receipts	0.0	368.0	372.1
1007 Inter-Agency Receipts	0.0	148.0	97.3
1053 Investment Loss Trust Fund	0.0	1.4	0.0
1108 Statutory Designated Program Receipts	0.0	0.5	0.0
<b>Funding Totals</b>	<b>0.0</b>	<b>517.9</b>	<b>469.4</b>

## Estimated Revenue Collections

Description	Master Revenue Account	FY2000 Actuals	FY2001 Authorized	FY2001 Cash Estimate	FY2002 Governor	FY2003 Forecast
<b>Unrestricted Revenues</b>						
None.		0.0	0.0	0.0	0.0	0.0
<b>Unrestricted Total</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Restricted Revenues</b>						
Interagency Receipts	51015	0.0	148.0	148.0	97.3	97.3
Statutory Designated Program Receipts	51063	0.0	0.5	0.5	0.0	0.0
Investment Loss Trust Fund	51393	0.0	1.4	1.4	0.0	0.0
<b>Restricted Total</b>		<b>0.0</b>	<b>149.9</b>	<b>149.9</b>	<b>97.3</b>	<b>97.3</b>
<b>Total Estimated Revenues</b>		<b>0.0</b>	<b>149.9</b>	<b>149.9</b>	<b>97.3</b>	<b>97.3</b>

**Director's Office/Mining, Land, & Water****Proposed Changes in Levels of Service for FY2002**

This component will have a decrement in IA receipts to alleviate the need for RSA's from the Water Development component and the Claims, Permits and Leases component. Two positions in this component will be split with each of the above mentioned components, and funded directly, instead of through IA receipts. The following are the key issues the Director's Office will be focussing on in FY2002.

**Water Rights:**

At the FY 2000 and FY 2001 budget levels, the Division was unable to adjudicate all water right applications. As a result of budget reductions, approximately 100 of the 225 water right applications submitted in FY 2000 were adjudicated. In FY 2002, as a result of proposed revisions to our regulations and a proposed budget increment, the Division will be able to process all new water applications and other required actions (such as amendments and extensions) submitted during the year.

**Land Disposals:**

The Division expects to offer approximately 55,000 acres (5,000 parcels) for sale in FY 02 and 03. In FY 02, the offering will include approximately 2,500 parcels of existing subdivision lots (these are re-offerings of parcels not previously sold, sold but foreclosed upon, etc.); and approximately 250 lots under the first remote recreation cabin program (a new stake-it-yourself land disposal program).

**Summary of Component Budget Changes****From FY2001 Authorized to FY2002 Governor***All dollars in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b>FY2001 Authorized</b>	<b>369.4</b>	<b>0.0</b>	<b>148.5</b>	<b>517.9</b>
<b>Adjustments which will continue current level of service:</b>				
-Convert Special FY2001 Labor Cost Fund Sources to GF	0.5	0.0	-0.5	0.0
-Year 2 Labor Costs - Net Change from FY2001	2.2	0.0	0.7	2.9
<b>Proposed budget decreases:</b>				
-Decrease Interagency Receipts Authorization to Level Anticipated for FY2002	0.0	0.0	-51.4	-51.4
<b>FY2002 Governor</b>	<b>372.1</b>	<b>0.0</b>	<b>97.3</b>	<b>469.4</b>

## Director's Office/Mining, Land, &amp; Water

## Personal Services Information

Authorized Positions			Personal Services Costs	
	FY2001 Authorized	FY2002 Governor		
Full-time	6	6	Annual Salaries	298,465
Part-time	0	0	COLA	5,792
Nonpermanent	0	0	Premium Pay	0
			Annual Benefits	100,696
			<i>Less 2.98% Vacancy Factor</i>	(12,053)
			Lump Sum Premium Pay	0
<b>Totals</b>	<b>6</b>	<b>6</b>	<b>Total Personal Services</b>	<b>392,900</b>

## Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Administrative Assistant	1	0	0	0	1
Administrative Manager II	1	0	0	0	1
Division Director	1	0	0	0	1
Large Mine Project Manager	1	0	0	0	1
Natural Resource Mgr IV	1	0	0	0	1
Secretary	1	0	0	0	1
<b>Totals</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6</b>

## **Parks and Recreation Management Budget Request Unit**

**Contact: Jim Stratton, Director**

**Tel:** (907) 269-8700 **Fax:** (907) 269-8907 **E-mail:** Jim-Stratton@dnr.state.ak.us

### **BRU Mission**

The Division of Parks and Outdoor Recreation provides outdoor recreation opportunities and conserves and interprets natural, cultural, and historic resources for the use, enjoyment and welfare of the people.

(Revised from Legislature's FY2000 version.)

### **BRU Services Provided**

See specific information at the component level.

### **BRU Goals and Strategies**

See specific information at the component level.

### **Key BRU Issues for FY2001 – 2002**

See specific information at the component level.

### **Major BRU Accomplishments for FY2000**

See specific information at the component level.

**Parks and Recreation Management  
BRU Financial Summary by Component**

*All dollars in thousands*

	FY2000 Actuals				FY2001 Authorized				FY2002 Governor			
	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds
<b>Formula Expenditures</b> None.												
<b>Non-Formula Expenditures</b>												
State Historic Preservation	282.4	81.7	677.3	1,041.4	289.1	336.0	657.1	1,282.2	289.3	336.5	705.2	1,331.0
Parks Management	5,330.6	0.0	391.0	5,721.6	5,456.0	0.0	171.8	5,627.8	5,620.8	40.0	159.6	5,820.4
Parks & Recreation Access	0.0	53.1	1,837.9	1,891.0	0.0	23.4	2,017.0	2,040.4	0.0	23.4	2,048.1	2,071.5
<b>Totals</b>	<b>5,613.0</b>	<b>134.8</b>	<b>2,906.2</b>	<b>8,654.0</b>	<b>5,745.1</b>	<b>359.4</b>	<b>2,845.9</b>	<b>8,950.4</b>	<b>5,910.1</b>	<b>399.9</b>	<b>2,912.9</b>	<b>9,222.9</b>

**Parks and Recreation Management**

**Proposed Changes in Levels of Service for FY2002**

See specific information at the component level.

**Parks and Recreation Management**

**Summary of BRU Budget Changes by Component**

**From FY2001 Authorized to FY2002 Governor**

*All dollars in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b>FY2001 Authorized</b>	<b>5,745.1</b>	<b>359.4</b>	<b>2,845.9</b>	<b>8,950.4</b>
<b>Adjustments which will continue current level of service:</b>				
-State Historic Preservation	0.2	0.5	-1.9	-1.2
-Parks Management	4.8	0.0	-12.2	-7.4
-Parks & Recreation Access	0.0	0.0	1.1	1.1
<b>Proposed budget increases:</b>				
-State Historic Preservation	0.0	0.0	50.0	50.0
-Parks Management	160.0	40.0	0.0	200.0
-Parks & Recreation Access	0.0	0.0	30.0	30.0
<b>FY2002 Governor</b>	<b>5,910.1</b>	<b>399.9</b>	<b>2,912.9</b>	<b>9,222.9</b>

## **Component: State Historic Preservation Program**

**Contact: Judy Bittner, Chief, History and Archaeology**  
Tel: (907) 269-8715 Fax: (907) 269-8908 E-mail: judyb@dnr.state.ak.us

### **Component Mission**

The Division of Parks and Outdoor Recreation provides outdoor recreation opportunities and conserves and interprets natural, cultural, and historic resources for the use, enjoyment, and welfare of the people.

### **Component Services Provided**

As the State of Alaska's historic preservation agency, the Office of History and Archaeology oversees statewide programs to identify, document, protect and restore sites and buildings, and to educate Alaskans and visitors about the state's heritage resources. The Office of History and Archaeology and the Alaska Historical Commission provide policy and program advice to the Commissioner, Governor and Legislature concerning history and prehistory, historic sites and buildings, and geographic names. The Office administers the national historic preservation program, as set forth in the National Historic Preservation Act, in Alaska and serves as State liaison to federal agencies, representing the State's interests in protecting its heritage resources. The national programs include historic preservation planning, survey, nomination to the National Register of Historic Places, public education and training, investment tax credits, project reviews, maintenance of statewide inventory, and local government assistance through its Certified Local Government program. To carry out these programs, the Office of History and Archaeology seeks partnerships with local governments, Native organizations, historical societies, non-profit organizations, private owners, and federal and state agencies.

As the State of Alaska's historic preservation agency, the Office of History and Archaeology oversees statewide programs to identify, document, protect and restore sites and buildings, and to educate Alaskans and visitors about its heritage resources. The Office of History and Archaeology and the Alaska Historical Commission provide policy and program advice to the Commissioner, Governor and Legislature concerning history and prehistory, historic sites and buildings, and geographic names. The Office administers the national historic preservation program, as set forth in the National Historic Preservation Act, in Alaska and serves as State liaison to federal agencies, representing the State's interests in protecting its heritage resources. The national programs include historic preservation planning, survey, nomination to the National Register of Historic Places, public education and training, investment tax credits, project reviews maintenance of statewide inventory and local government assistance through its Certified Local Government program. To carry out these programs, the Office of History and Archaeology seeks partnerships with local governments, Native organizations, historical societies, non-profit organizations, private owners, and other government agencies.

### **Component Goals and Strategies**

To administer a statewide program to identify, document, protect and restore sites and buildings, and to educate Alaskans and visitors about the state's heritage resources.

- I. Review and comment on proposed state and federally assisted projects for impacts to historic properties.
  - J. Review approximately 2500 projects to determine whether or not historic properties may be impacted and provide comments to agencies.
  - K. Consult with federal agencies and/or their delegated representatives through the Section 106 process on impacts of federal undertakings on historic properties.
  - L. Participate in developing Memorandum of Agreements for mitigation of adverse effects to historic properties.
  - M. Participate in developing Programmatic Agreements with federal agencies to streamline Section 106 review.
- II. Provide high quality archaeological and historic research services to state agencies and other governmental entities.

- A. Conduct research services and produce reports meeting state and federal professional standards, documenting findings of research and surveys.
  - B. Provide technical assistance to heritage tourism and interpretive programs.
- III. Administer federal historic preservation program and provide technical assistance to property owners and land managers for identification and protection of historic and archaeological resources.
- A. Provide grants to local governments for historic preservation planning, education, and historic property and archaeological site survey, evaluation and nomination to the National Register of Historic Places.
  - B. Provide information and technical assistance on the federal investment tax credit program and review tax credit applications for certification.
  - C. Provide technical assistance to heritage tourism and interpretive programs.
  - D. Provide information, technical assistance and consultation on standards for appropriate treatments for archaeological sites and historic buildings, sites, objects and landscapes to government agencies and private historic property owners concerned with historical integrity and adaptive reuse issues.
  - E. Assist property owners listing historic properties in the National Register of Historic Places.
- IV. Assist development of new preservation programs and strengthen existing programs in local communities.
- A. Certify interested local governments whose historic preservation programs qualify for the state's Certified Local Government Historic Preservation Program.
  - B. Provide training and program development assistance through workshops, individualized assistance, and grants.
- V. Coordinate and plan special initiatives and projects in cooperation with other agencies.
- W. Serve as co-chair of the Alaska Gold Rush Centennial and the Nike Site Summit task forces.
- X. Administer Gold Rush programs and activities, including grant, interpretive, and outreach programs.
- VI. Maintain the Alaska Heritage Resources Survey and provide information to private and public sectors for use in developing strategies for protecting cultural resources.
- A. Add a minimum of 500 new sites per year and make information available to qualified users.
  - B. Maintain a database of survey and inventory report information.
  - C. Provide comment on cultural resource management policy and issues in state, federal and industry planning documents.
- VII. Contribute to public education by publishing a newsletter and supporting activities associated with Archaeology Week, Preservation Week, and History Day.
- A. Publish four Heritage newsletters per year.
  - B. Promote and support activities associated with Archaeology Month, Historic Preservation Week, and History Day.
- VIII. Administer the state's geographic names program, including preparing proposals to name physical features in Alaska for consideration by the Alaska Historical Commission and submitting results to the U.S. Board of Geographic Names.
- A. Prepare informational materials for the program and respond to inquiries from the public.
  - B. Prepare geographic names proposal packages for review by the Alaska Historical Commission, the state review board, and submit completed actions to the U.S. Board of Geographic Names.

### **Key Component Issues for FY2001 – 2002**

#### Key Component Issues for FY2001-2002

The Office of History and Archaeology 's responsibility with the federal Section 106 process expanded substantially with the new Advisory Council on Historic Preservation regulations (36CFR800) that went into effect in 1999. Under the Section 106 process, federal agencies must consult with the State Historic Preservation Office on all undertakings that may effect historic properties. The new regulations enable the State Historic Preservation Office to conclude the process with the federal agency without the involvement of the Advisory Council. The changes place a heavy burden on the state. During the second year under the new regulations, focus will be on bringing the federal agencies into compliance and continued staff training.

A doubling of the federal Historic Preservation Fund allocation for the State Historic Preservation Program provides an opportunity to meet statewide historic preservation needs in the private and public sector. The Office of History and

Archaeology will work with the Alaska Historical Commission and seek public input on how best to invest historic preservation grant monies in preserving, protecting and interpreting our heritage resources.

### Major Component Accomplishments for FY2000

Major Component Accomplishments for FY 2000

1. Reviewed over 2100 projects for impacts to historic properties. 21 Memorandum of Agreements signed.
2. Nine historic preservation grants awarded as part of mitigation agreement for a Fairbanks road project.
3. Conducted Section 106 training with Advisory Council on Historic Preservation.
4. Produced eight cultural resource survey reports: four full survey reports and four short reports.
5. Evaluated 218 properties for eligibility to the National Register for Historic Places; 151 determined eligible.
6. Tax incentive workshops held in Anchorage, Fairbanks and Juneau.
7. Eight properties listed on the National Register of Historic Places.
8. Twenty Certified Local Government grants active in FY2000, twelve of which were completed.
9. Gold Rush Task Force: Fifteen grants completed, three extended. Fifteen interpretive signs for Central Region and two for the Alaska Marine Highway vessel are underway.
10. Nike Site Summit Task Force established in partnership with the Army
11. Alaska Heritage Resource Survey: 428 new sites entered, 525 sites updated.
12. Added 400 survey reports to database.
13. U.S. Board of Geographic Names took action on 16 Alaskan proposals submitted by the Alaska Historical Commission.

### Statutory and Regulatory Authority

AS41.35  
AS44.37  
P. L. 96-515

### Key Performance Measures for FY2002

**Measure: The % of identified historic properties entered on the state inventory and the % of sites nominated for the Nat'l Register of Historic Places that are eligible and listed on the nat'l registry**  
*(Developed jointly with Legislature in FY2000.)*

**Current Status:**

(Performance Measure could not be stated exactly as SB 281 due to size limitations for the field in the Alaska Budget System.)

With current staff the percentage is expected to be at 65%.

**Benchmark:**

Identify: 1,000 new sites reported

Document: 400 new sites entered into inventory, 350 site entries updated

Evaluate: 200 properties for historic significance

**Background and Strategies:**

Identifying, evaluating and documenting historic sites and buildings provides information on historic significance, which is used to protect sites potentially impacted by development or to identify opportunities for heritage tourism development. These activities are an integral part of the national historic preservation program the Office of History and Archaeology administers.

**Measure: Encourage investment in historic properties through grants, tax credits, partnerships, and information services.**

*(Not yet addressed by Legislature.)*

**Current Status:**

On track

**Benchmark:**

Grants: \$500,000 for rehabilitation of historic properties and for acquiring new information on historic and archaeological properties

Tax credits: Make information widely available and anticipate \$500,000 spent by owners in rehabilitation of 2 historic buildings used for commercial purposes

Partnerships: \$500,000 for historic preservation development programs

Information services: \$50,000

**Background and Strategies:**

Identifying, evaluating and documenting historic sites and buildings provides information on historic significance, which is used to protect sites potentially impacted by development or to identify opportunities for heritage tourism development. These activities are an integral part of the national historic preservation program the Office of History and Archaeology administers.

**Measure: Protection of historic resources consistent with historic preservation policy with minimum impact on economic development.**

*(Not yet addressed by Legislature.)*

**Current Status:**

On track.

**Benchmark:**

Review 2,500 development projects for impacts to historic and archaeological resources; work with 25 state and federal agencies to comply with federal and state historic preservation laws.

**Background and Strategies:**

Consultation early in a project's development or planning phase provides the greatest benefit and least impact on development projects. Accurate, complete information on historic properties is critical to effective and efficient project reviews. Changes in the federal Section 106 process expands the responsibilities of the SHPO office but also provides streamlining opportunities.

**Status of FY2001 Performance Measures**

	<i>Achieved</i>	<i>On track</i>	<i>Too soon to tell</i>	<i>Not likely to achieve</i>	<i>Needs modification</i>
<ul style="list-style-type: none"> <li>The percentage of identified historic properties entered on the statewide inventory and the percentage of sites nominated for the National Register of Historic Places that are determined eligible ....</li> </ul>		X			
<ul style="list-style-type: none"> <li>Encourage investment in historic properties through grants, tax credits, partnerships, and information services.</li> </ul>		X			
<ul style="list-style-type: none"> <li>Protection of historic resources consistent with historic preservation policy with minimum impact on economic development.</li> </ul>	X				

**State Historic Preservation Program  
Component Financial Summary**

All dollars in thousands

	FY2000 Actuals	FY2001 Authorized	FY2002 Governor
<b>Non-Formula Program:</b>			
<b>Component Expenditures:</b>			
71000 Personal Services	942.1	890.0	938.8
72000 Travel	23.0	88.5	88.5
73000 Contractual	52.5	268.4	268.4
74000 Supplies	23.2	35.3	35.3
75000 Equipment	0.6	0.0	0.0
76000 Land/Buildings	0.0	0.0	0.0
77000 Grants, Claims	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
<b>Expenditure Totals</b>	<b>1,041.4</b>	<b>1,282.2</b>	<b>1,331.0</b>
<b>Funding Sources:</b>			
1002 Federal Receipts	81.7	336.0	336.5
1003 General Fund Match	282.4	284.1	289.3
1007 Inter-Agency Receipts	102.1	218.5	215.6
1053 Investment Loss Trust Fund	0.0	5.0	0.0
1055 Inter-agency/Oil & Hazardous Waste	0.0	14.8	14.8
1061 Capital Improvement Project Receipts	575.2	423.8	474.8
<b>Funding Totals</b>	<b>1,041.4</b>	<b>1,282.2</b>	<b>1,331.0</b>

**Estimated Revenue Collections**

Description	Master Revenue Account	FY2000 Actuals	FY2001 Authorized	FY2001 Cash Estimate	FY2002 Governor	FY2003 Forecast
<b>Unrestricted Revenues</b>						
Unrestricted Fund	68515	12.1	5.0	5.0	5.0	10.0
<b>Unrestricted Total</b>		<b>12.1</b>	<b>5.0</b>	<b>5.0</b>	<b>5.0</b>	<b>10.0</b>
<b>Restricted Revenues</b>						
Federal Receipts	51010	81.7	336.0	336.0	336.5	336.5
Interagency Receipts	51015	102.1	218.5	218.5	215.6	215.6
Capital Improvement Project Receipts	51200	575.2	423.8	423.8	474.8	500.0
Interagency Recs./Oil & Hazardous Waste	51395	0.0	14.8	14.8	14.8	14.8
<b>Restricted Total</b>		<b>759.0</b>	<b>993.1</b>	<b>993.1</b>	<b>1,041.7</b>	<b>1,066.9</b>
<b>Total Estimated Revenues</b>		<b>771.1</b>	<b>998.1</b>	<b>998.1</b>	<b>1,046.7</b>	<b>1,076.9</b>

**State Historic Preservation Program**

**Proposed Changes in Levels of Service for FY2002**

The level of National Historic Preservation grants will increase from \$640.0/year to \$1,250,000 which is great for the State and the communities. The service level within the operating budget will change by \$50.0 CIP receipts to accomodate the increased federal funding and to provide the required match.

**Summary of Component Budget Changes**

**From FY2001 Authorized to FY2002 Governor**

*All dollars in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b>FY2001 Authorized</b>	<b>289.1</b>	<b>336.0</b>	<b>657.1</b>	<b>1,282.2</b>
<b>Adjustments which will continue current level of service:</b>				
-Year 2 Labor Costs - Net Change from FY2001	0.2	0.5	-1.9	-1.2
<b>Proposed budget increases:</b>				
-Personal Services Funding from the Federally Funded Historic Preservation Fund Grant CIP	0.0	0.0	50.0	50.0
<b>FY2002 Governor</b>	<b>289.3</b>	<b>336.5</b>	<b>705.2</b>	<b>1,331.0</b>

## State Historic Preservation Program

## Personal Services Information

Authorized Positions			Personal Services Costs	
	FY2001 Authorized	FY2002 Governor		
Full-time	13	13	Annual Salaries	712,349
Part-time	3	3	COLA	8,851
Nonpermanent	0	0	Premium Pay	0
			Annual Benefits	256,557
			<i>Less 3.98% Vacancy Factor</i>	(38,957)
			Lump Sum Premium Pay	0
<b>Totals</b>	<b>16</b>	<b>16</b>	<b>Total Personal Services</b>	<b>938,800</b>

## Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Administrative Clerk III	1	0	0	0	1
Archaeologist I	4	0	0	0	4
Archaeologist II	3	0	0	0	3
Archaeologist III	1	0	0	0	1
Chf Off Of Hist & Archaeology	1	0	0	0	1
Historian I	2	0	0	0	2
Historian II	1	0	0	0	1
Historian III	1	0	0	0	1
Natural Resource Tech I	2	0	0	0	2
<b>Totals</b>	<b>16</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>16</b>

## **Component: Parks Management**

**Contact: Jim Stratton, Director**

**Tel:** (907) 269-8700 **Fax:** (907) 269-8709 **E-mail:** Jim\_Stratton@dnr.state.ak.us

### **Component Mission**

The Division of Parks and Outdoor Recreation provides outdoor recreation opportunities and conserves and interprets natural, cultural, and historic resources for the use, enjoyment, and welfare of the people.

### **Component Services Provided**

- 1) Park Maintenance and Operations provides for: refuse collection, volunteer support, repair and replacement of worn or vandalized facilities, janitorial maintenance, latrine pumping, painting, installing signs, printing park brochures, developing visitor information kiosks, water testing, trail maintenance, road grading, snow removal, telephone service, purchase and repair of tools and equipment, and compliance with health and safety practices required by OSHA.
- 2) Public Safety: Park staff render first aid to accident victims, coordinate search and rescue missions, educate visitors about wildlife and other natural hazards, and deter crime and behavior disruptive to park visitors. 31 Park Rangers are commissioned as Peace Officers.
- 3) Resource Management: Park staff manages public use of 120 state park units spread across 3.3 million acres, most of which are intensely used. This use often requires careful planning and supervision to balance conflicting activities, to evaluate and mitigate the impacts of natural occurrences, such as avalanches or disastrous flooding, or to minimize human impacts such as river bank degradation from angler foot traffic.
- 4) Managing Traditional Uses: Permit 585 commercial operators to ensure client safety and resource protection, reduce conflicts with non-commercial park users, and support local economic development.
- 5) Volunteerism: Last year over 700 persons volunteered for jobs from campground hosts to crime stoppers in our Park Watchers program. Fourteen park advisory boards help park managers involve the local community in local park issues.
- 6) Fee Collection: operate the necessary infrastructure and staffing to collect and account for over \$2.1 million in user fees.
- 7) Manage Contract Operations: Thirteen state park sites, including two historic sites, one trail system, and one visitor/nature center, one interpretation trail system, and eight campgrounds are operated by private contractors.

### **Component Goals and Strategies**

- I. To operate a safe, clean, and well maintained park system of 120 units and provide prompt, friendly, and courteous service to more than 3.5 million Alaskan and non-resident visitors.
  - A. On a daily basis, ensure that park facilities are accessible, clean, litter-free, safe from wildlife or natural hazards, and have sanitary, odorless restrooms.
  - B. Paint furniture and structures every two years, or as needed.
  - C. Repair vandalism and safety hazards upon detection.
  - D. Repair 2.5% of the maintenance backlog on buildings, campgrounds, roads, water systems, and trails.
  - E. Operate 13 entrance stations at high-use facilities to ensure that visitors feel welcome, feel safe, are well informed, and pay required fees.
  - F. Operate 78 facilities with campground hosts to greet the public and assist with information dissemination, fee collection, minor maintenance, and reduction in disruptive behavior.

II. To provide public safety and resource protection in 120 state park units.

- A. Provide Training and staff mentors necessary for 33 Park Rangers to carry law enforcement commissions from the Commissioners of Natural Resources and Fish and Game.
- B. Provide five days of law enforcement training for 33 commissioned Park Rangers.
- C. Reduce expenses caused by vandalism and disruptive behavior by 10% from the 2000 expense of \$11,300 in 12 incidents.
- D. Assist with search and rescue operations (24 operations in FY00) in State Parks.
- E. Provide emergency assistance (74 requests in FY00) to park visitors as needed.
- F. Reduce injuries to park staff and volunteers by 10% (15 injuries in FY00).
- G. Develop agreements with state and federal agencies to provide for boating safety patrols.

III. To provide education and information to outdoor recreators and park visitors to enhance their experience, knowledge, and safety.

- A. Operate four Junior Ranger program (Denali, S. Kenai, Chugach, Nancy Lake).
- B. Operate nine existing visitor centers/visitor contact stations (Eagle River, Independence Mine, Ft. Abercrombie, S. Kenai, Morgan's Landing, Finger Lake, Harding Lake, Potter Section House, and Alaska Veterans Memorial).
- C. Have each Ranger do at least 2 hours of education/interpretation per pay period.
- D. Install 100 interpretive displays at state park facilities.
- E. Maintain a program of educational and information publications.
- F. Participate in staffing of Kenai River Center.
- G. Provide two volunteers to the state-run Tok Alaska Public Land Information Center (APLIC) and two volunteers for the Anchorage APLIC.
- H. Open a new Alaska National Historic Association outlet at the Kenai River Center.
- I. Provide interpretive programming assistance to the Princess Lodge in Denali State Park through a \$26.0 contract.
- J. Have all park units described on the Parks web site and linked to additional appropriate sites.
- K. Develop a series of safety posters.
- L. Request federal funds for operation of the Office of Boating Safety.
- M. Develop a boating safety and education program for use statewide.
- N. Prepare regional Boating Safety Handbooks.
- O. Coordinate with Friends of Eagle River Nature Center, Twin Bears Outdoor Education Association, Friends of Independence Mine, Friends of Kachemak Bay, and Friends of Kodiak State Park and other support organizations to provide outdoor education information and opportunities to park visitors.

- IV. To support the visitor, recreation, and heritage tourism industry.
  - A. Review existing permits for renewal of and improvement to contract management of specific facilities.
  - B. Review and issue 750 permits for commercial activities on park lands.
  - C. Attend, as an advisor, three Alaska Travel Industry Alliance meetings a year.
  - D. Attend the Alaska Wilderness Recreation and Tourism Association ecotourism workshop.
  - E. Manage two park concession contracts at Big Delta State Historic Park and Deep Creek State Recreation Area.
  - F. Continue developing an RFP for commercial operation of buildings at Independence Mine SHP.
  - G. Participate in the Nike Site Summit Task Force and the Nature Center at Potter Marsh working group.
  - H. Develop the environmental document and plans for the Copper River Trail.
  
- V. To plan park and statewide outdoor recreation use and management so as to conserve natural and historic resources, improve recreation opportunities, and minimize user conflicts.
  - A. Complete master plans for Ninilchik Area Parks.
  - B. Update master plan for Wood-Tikchik State Park and the Alaska Chilkat Bald Eagle Preserve.
  - C. Finish the Alaska Trails System plan.
  - D. If funding is made available, develop a trail plan for the southern end of Curry Ridge in the vicinity of the new Princess Hotel.
  - E. Provide leadership in developing a comprehensive statewide winter trails system.
  - F. Prepare an environmental document for the proposed Copper River Trail.
  - G. Coordinate protection of trails statewide through implementation of the Recreational Trails Right-of-Way Recording Program.
  
- VI. To involve the public in park operations and management decisions.
  - A. Recruit and manage 700 Volunteers in the Parks.
  - B. Do 25 public presentations about parks and the park system to interest groups and citizen forums.
  - C. Facilitate regular meetings of 14 citizen advisory committees and the appointment of new members as directed by policy.
  - D. Solicit public participation through meetings, workshops and hearings as needed for proposed park regulations, proposed park development, management plan revisions, and controversial commercial use permits.
  
- VII. To Administer the State Park System so as to achieve its other goals.
  - A. Collect \$2.1 million in user fees.
  - B. Increase daily client fees for selected commercial users

- C. Maintain a fleet of 108 vehicles and 53 boats for park ranger and park manager use.
  - D. Maintain a system-wide radio communications network. Participate in state-wide solution to radio communications operations.
  - E. Have an annual fall conference and spring ranger conference to provide regular and pertinent training and communication for all park staff.
  - F. Prepare timely financial reports for management purposes.
  - G. Prepare annual operating goals and objectives and annual budget requests.
  - H. Promote interagency cooperation with other agencies such as AST, Divisions of Land and Forestry, US Coast Guard, US Forest Service, US Fish and Wildlife Service to develop partnerships on park management and outdoor recreation projects and policies.
  - I. Maintain, publish, and disseminate accurate visitor counts for all park units.
- VVVV. Maintain an accurate and up-to-date spreadsheet on all pending park development projects, regardless of funding source.
- GGGG. Identify, test and implement new park management techniques to improve cost effectiveness and management efficiencies.
- RRRR. Implement new fee structure for telecommunications and utility uses of park lands & waters.

### **Key Component Issues for FY2001 – 2002**

1. Deferred maintenance of park facilities is fast approaching a crisis situation. The impact to the health and safety of park users from old and broken facilities is very real. Parks will be working to identify significant sources of new funds through federal appropriations and state-supported bonds to address this multi-million-dollar problem.
2. New commercial use conflicting with traditional commercial and non-commercial use needs to be addressed in Wood-Tikchik State Park and Alaska Chilkat Bald Eagle Preserve. The need to manage these new uses to minimize conflicts will be addressed through updates to existing management plans.
3. Continue cooperative work with DOTPF for operation and maintenance of roadside facilities for the safety of Alaska's drivers.
4. Improve maintenance of park facilities by increasing the number of months that park maintenance workers are on the job.
5. Provide entry-level Park ranger positions with full-time employment to secure a qualified pool of trained rangers for anticipated retirements of several key district rangers.
6. Provide a mechanism for park user fee program to cover the increasing cost of maintaining and operating an expanding state park system and recent facility upgrades. Seek clarification of the range of fees allowed to be charged at park units improved with federal Transportation Enhancement dollars.
7. Place increased priority on compliance with health and safety practices required by OSHA. The ability to comply has been impacted by deferred maintenance needs and staffing limitations.
8. Maintain the volunteer program to assist staff with fee compliance, deterring vandalism, cleaning parks, and visitor contact. Provide the necessary staff, training, and material support to keep park volunteers, especially campground hosts. A reduction in summer seasonal hires continues to reduce the amount of time Park Rangers

can spend supporting volunteers. This is having an impact on our ability to recruit and maintain quality volunteers.

9. Enhance staff training as it relates to volunteer supervision, health and safety practices required by OSHA, law enforcement, resource management, and visitor services so as to maximize the benefits of a reduced volunteer program, minimize work related illness and injury, reduce equipment repair or replacement cost, and to reduce overall liability to the State. Address the safety implications of a staff continually pressed to do more with less.
10. Support the contract operation and maintenance of Thirteen Park Facilities. Continue land exchanges necessary for successful concession management of historic buildings at Independence Mine SHP.
11. Participate in the planning and support, when possible, the proposed nature center at Potter Marsh and the proposed tourism development at the Nike Site Summit adjacent to Chugach State Park.

### **Major Component Accomplishments for FY2000**

1. About 3.8 million visitors are able to recreate in one or more of our 120 facilities.
2. User fees provide 36% of our operating Budget. Fee collection at facilities funded by federal highway dollars was assured.
3. Over 580 commercial operators make some or all of their livelihood off park resources.
4. 700 park volunteers donated 90,147 hours to the park system in FY00.
5. Park Rangers continued to make law enforcement contacts - making the parks safe.
6. Alaskan contractors saw almost \$6 million in construction of park facilities and parks provided 60 summer jobs. The public is involved in park management decisions through 14 advisory boards.
7. A key land exchange was authorized by the legislature at Independence Mine SHP.
8. Operation of two campgrounds and one interpretive trail system were successfully transferred to the private sector.

### **Statutory and Regulatory Authority**

AS 41

### **Key Performance Measures for FY2002**

**Measure: Maintain Park access (e.g. properly maintained and open for business) for 3.5 million visits at 100% (120) of park units.**

*(Revised from Legislature's FY2000 version.)*

**Current Status:**

On track

**Benchmark:**

Our benchmark is to keep the park facilities open 100% during the scheduled season for each unit.

**Background and Strategies:**

There are 120 park units which we plan to provide access to by the public. Our strategy is to keep these units properly maintained and staffed. We employ volunteers and Alaska Conservation Corps staff, as well as our regular staff, combined with contracts with private vendors in order to make the visits to our parks a pleasant experience.

**Measure: Number of visits by site and type of visits.**

*(Revised from Legislature's FY2000 version.)*

**Benchmark:**

The benchmark is based on the number of visits which is 3.5 million, the number of Park Units was 120.

**Background and Strategies:**

The number of visitors is difficult to define as many of them a repeat customers, so we measure the number of visits by site. All of this is captured in a very detailed "Cluster" booklet from which we provide the following summary:

State Area (for SFY00)	VISITS		
	Resident	Non-Resident	Total
Northern	457,738	205,497	663,235
Mat-Su	657,448	229,396	886,844
Chugach	839,966	98,824	938,790
Kenai	551,587	125,791	677,378
Kodiak	121,731	28,434	150,165
Wood-Tikchik	80,221	14,431	94,652
Southeast	217,299	259,337	476,636
<b>Total</b>	<b>2,925,990</b>	<b>961,710</b>	<b>3,887,700</b>

**Status of FY2001 Performance Measures**

	<i>Achieved</i>	<i>On track</i>	<i>Too soon to tell</i>	<i>Not likely to achieve</i>	<i>Needs modification</i>
• Maintain Park access (e.g. properly maintained and open for business) for 3.5 million visits at 100% (120) of park units.		X			
• Number of visitors by site and type of visitor.		X			

**Parks Management**  
**Component Financial Summary**

All dollars in thousands

	FY2000 Actuals	FY2001 Authorized	FY2002 Governor
<b>Non-Formula Program:</b>			
<b>Component Expenditures:</b>			
71000 Personal Services	3,909.1	3,796.6	3,790.8
72000 Travel	69.9	58.9	58.4
73000 Contractual	1,261.7	1,375.6	1,587.5
74000 Supplies	356.4	353.4	340.4
75000 Equipment	105.0	28.3	28.3
76000 Land/Buildings	0.0	0.0	0.0
77000 Grants, Claims	19.5	15.0	15.0
78000 Miscellaneous	0.0	0.0	0.0
<b>Expenditure Totals</b>	<b>5,721.6</b>	<b>5,627.8</b>	<b>5,820.4</b>
<b>Funding Sources:</b>			
1002 Federal Receipts	0.0	0.0	40.0
1004 General Fund Receipts	3,463.6	3,485.2	3,672.1
1005 General Fund/Program Receipts	1,867.0	1,918.3	1,948.7
1007 Inter-Agency Receipts	61.4	84.7	79.5
1053 Investment Loss Trust Fund	0.0	52.5	0.0
1061 Capital Improvement Project Receipts	279.9	0.0	0.0
1108 Statutory Designated Program Receipts	49.7	87.1	80.1
<b>Funding Totals</b>	<b>5,721.6</b>	<b>5,627.8</b>	<b>5,820.4</b>

**Estimated Revenue Collections**

Description	Master Revenue Account	FY2000 Actuals	FY2001 Authorized	FY2001 Cash Estimate	FY2002 Governor	FY2003 Forecast
<b>Unrestricted Revenues</b>						
General Fund Program Receipts	51060	145.3	0.0	75.0	75.0	75.0
<b>Unrestricted Total</b>		<b>145.3</b>	<b>0.0</b>	<b>75.0</b>	<b>75.0</b>	<b>75.0</b>
<b>Restricted Revenues</b>						
Federal Receipts	51010	0.0	0.0	27.0	40.0	40.0
Interagency Receipts	51015	61.4	84.7	84.7	79.5	84.7
General Fund Program Receipts	51060	1,867.0	1,918.3	1,918.3	1,948.7	1,952.5
Statutory Designated Program Receipts	51063	49.7	87.1	80.0	80.1	80.1
Capital Improvement Project Receipts	51200	279.9	0.0	0.0	0.0	0.0
Investment Loss Trust Fund	51393	0.0	52.5	52.5	0.0	0.0
<b>Restricted Total</b>		<b>2,258.0</b>	<b>2,142.6</b>	<b>2,162.5</b>	<b>2,148.3</b>	<b>2,157.3</b>
<b>Total Estimated Revenues</b>		<b>2,403.3</b>	<b>2,142.6</b>	<b>2,237.5</b>	<b>2,223.3</b>	<b>2,232.3</b>

## Parks Management

### Proposed Changes in Levels of Service for FY2002

- 1) The purchasing power of the budget has declined from cuts, increased charges from other units of government passing on their cuts, and inflationary loss. This problem is exacerbated by Parks assuming additional operation and maintenance responsibilities for new or rehabilitated facilities brought on line by ISTEA. In FY 2002, an increment of \$160.0 will help begin to reverse the negative slide as a result of increased operations costs and declining purchasing power. Our focus in FY02 will be on increasing management presence in Wood-Tikchik State Park and providing more maintenance months for routine, annual park maintenance.
- 2) To cope with the downward pressure on the budget, Parks has established private contract operations at nine campgrounds to date, including two new contracts in FY2000. We will be evaluating options at newly improved campgrounds on the Glenn Highway in FY01 for possible contracts that would begin in FY2002.
- 3) To mitigate the impact of increasing personnel and inflationary costs in FY 02 beyond that supported by the increment, additional personnel and maintenance functions will be reduced impacting the overall level of services in campgrounds and on trail maintenance. Some facilities will open later and some will close earlier. The increment should eliminate the need to close any units in FY02.
- 4) The deferred maintenance backlog continues to grow. An inventory completed in FY 98 showed a \$35 million backlog. This level of deferred maintenance is completely overwhelming to the small maintenance staff at Parks. Without significant resources focused on deferred maintenance, the Park system will continue to degrade resulting in fewer park users at the most "broken" facilities and visitor dissatisfaction throughout the park system. The increment does not address deferred maintenance. It supports increased annual maintenance which should slow down the rate of deferred maintenance needs.
- 5) There continues to be an increase in the number of park users. This will have an impact on our ability to provide services at the existing level. More users will require more attention to routine maintenance and daily operational costs. While the increment will help Parks address its growing operational costs, it is not at a level that will address the cumulative loss in service resulting from the past five years of a flat budget amidst a growing park system and increased visitor demand.

### Summary of Component Budget Changes

#### From FY2001 Authorized to FY2002 Governor

*All dollars in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b>FY2001 Authorized</b>	<b>5,456.0</b>	<b>0.0</b>	<b>171.8</b>	<b>5,627.8</b>
<b>Adjustments which will continue current level of service:</b>				
-Convert Special FY2001 Labor Cost Fund Sources to GF	7.1	0.0	-7.1	0.0
-Year 2 Labor Costs - Net Change from FY2001	-2.3	0.0	-5.1	-7.4
<b>Proposed budget increases:</b>				
-Maintenance Needs for Health and Safety Issues	160.0	0.0	0.0	160.0
-Small Federal Grants for Improvement and Restoration Projects	0.0	40.0	0.0	40.0

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b>FY2002 Governor</b>	<b>5,620.8</b>	<b>40.0</b>	<b>159.6</b>	<b>5,820.4</b>

## Parks Management

## Personal Services Information

Authorized Positions			Personal Services Costs	
	FY2001 Authorized	FY2002 Governor		
Full-time	33	34	Annual Salaries	2,961,123
Part-time	48	46	COLA	44,331
Nonpermanent	57	57	Premium Pay	0
			Annual Benefits	1,031,194
			<i>Less 6.09% Vacancy Factor</i>	(245,848)
			Lump Sum Premium Pay	0
<b>Totals</b>	<b>138</b>	<b>137</b>	<b>Total Personal Services</b>	<b>3,790,800</b>

## Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Accounting Tech II	1	0	0	0	1
Administrative Assistant	1	1	1	1	4
Administrative Clerk II	0	1	0	1	2
Administrative Manager III	1	0	0	0	1
Alaska Conservation Corps	8	12	9	28	57
Division Director	1	0	0	0	1
Engineer/Architect III	1	0	0	0	1
Maint Gen Journey	1	1	0	2	4
Maint Gen Sub - Journey I	1	0	0	0	1
Maint Gen Sub - Journey II	0	1	0	1	2
Natural Resource Mgr IV	1	0	0	0	1
Natural Resource Off I	1	0	0	0	1
Natural Resource Off II	1	0	0	0	1
Natural Resource Tech I	0	0	0	2	2
Natural Resource Tech II	1	0	1	10	12
Park Ranger I	3	3	0	16	22
Park Ranger II	2	1	1	11	15
Park Superintendent	1	1	1	2	5
Radio Dispatcher I	0	0	0	2	2
Radio Dispatcher III	0	0	0	1	1
Secretary	1	0	0	0	1
<b>Totals</b>	<b>26</b>	<b>21</b>	<b>13</b>	<b>77</b>	<b>137</b>

## **Component: Parks & Recreation Access**

**Contact: Jim Stratton, Director**

**Tel:** (907) 269-8700 **Fax:** (907) 269-8907 **E-mail:** Jim\_Stratton@dnr.state.ak.us

### **Component Mission**

The Division of Parks and Outdoor Recreation provides outdoor recreation opportunities including development of local park and recreation facilities and programs; and conserves and interprets natural, cultural, and historic resources for the use, enjoyment, and welfare of the people.

### **Component Services Provided**

- A. Facility design and construction: Access to park resources is improved and expanded through coordinated site planning with local communities. Design, engineering and construction management will be done by parks staff with actual construction done by the private sector contractors. Access includes new or improved trails, boat launch ramps, docks, campgrounds, public use cabins, and trailhead parking lots. To the extent possible, all facilities are ADA accessible.
- B. Improve public health and safety: Developing roadside scenic overlooks provides travelers with a safe, off the road facility from which to view Alaska's scenic and wildlife wonders. Regularly spaced roadside rest areas provide the public with clean and regularly serviced toilets.
- C. Trail development and administration: Creating the opportunity for a coordinated statewide trail system for all seasons with motorized and non-motorized trails for residents, and to support the visitor industry. Protection of existing trail system through acquisition of easements and dedication of rights-of-way
- D. Grants Administration: Support for outdoor recreation opportunities beyond state park boundaries is provided by two federal grants programs administered by parks; Recreational Trails Program (RTP) and Land and Water Conservation Fund (LWCF). In FY00, RTP provided grants to local trail clubs and municipalities.
- E. Improve recreational boater safety: Recreational boating safety responsibility is under the purview of the Alaska State Parks. Under this Authority, safe boating practices will be encouraged through development of training and education programs and distribution of boating safety materials.
- F. Provide Interpretive and Education Opportunities: Develop displays containing safety, educational and informational messages to aid the visitor's welfare and enjoyment on the resources. Management of the natural and cultural resources will be improved by the development of interpretive displays. The displays will educate and inform the visitors about specific resource topics and concerns.

### **Component Goals and Strategies**

To enhance the state park system, outdoor recreation, and community parks through land acquisition, facility improvement and development of new facilities.

- A. Plan and prepare a \$750.0 Parks Emergency Repair capital budget for legislative consideration. Prepare other CIP requests as requested by Commissioner.
- B. Prepare a \$175.0 Parks Capital Improvement capital budget request for legislative consideration.
- C. Manage capital budget funding to efficiently repair 2.5% of the park system's existing maintenance backlog.
- D. Be a lead agency in the Governor's Trails and Recreational Access for Alaska, or TRAAK, project. Help plan the agenda and attend three board meetings a year.

- E. Secure funds and manage funds and development of park facilities through DOT's TEA21/TRAAK program. Existing transportation enhancement projects include Anchor Point Pedestrian Beach Access, Bird Creek Pedestrian Facilities, Bird Point to Bird Flats Pathway, Byers Lake RV Dumpstation, Canyon Creek Wayside, Central Gold Rush Signs, Chena River SRA - Phase 1, Deep Creek Beach Access, Eagle Beach SRA Trailhead and Wayside, East Fork Chulitna Wayside, Gulkana River Wayside, Hatcher Pass Scenic Overlooks and Trailheads - Phase 1 & 2, Potter Marsh Trailhead and Access Improvements, and Totem Bight SHP Wayside.
- F. Targeted new projects include Alaska Road Commission Interpretive Center, Bird Point to Potter Safety Improvements, Byers Lake Scenic Overlook, Chena River SRA - Phase 2, Chena Pump Wayside, Clam Gulch Beach Access, Cooper River Trail, Eagle River Green Belt Access and Pathway, Kenai River Flats, Kenai River Sportsman's Boardwalk, Long Lake SRS, Robertson River Wayside, and Yukon Quest Trail Parking Areas
- G. Manage all ongoing facility development projects within budget.
- H. Secure funds and manage funds and development of park facilities through ADF&G federal grant programs. Existing access projects include Birch Lake SRS Boating Access, Cooper Landing Boat Ramp, Finger Lake Boating Access, Harding Lake SRA Boating Access, Pile Driver Slough Boat Ramp, Susitna Landing ADA Improvements, and Willow Creek Boat Launch Study,
- I. Targeted new projects include Chilkat State Park Boat Ramp, Deep Creek Beach Boat Ramp, and Nancy Lake SRS Boating Access
- J. Request and administer \$750.0 in federal Recreational Trails grant program funds for statewide trail development
- K. Provide technical assistance to local government and other state agencies on the design and operation of outdoor recreation facilities.
- L. Continue work on two land exchanges at Independence Mine SHP.
- M. Implement a grant program for the recently reauthorized Land And Water Conservation Fund program.
- N. Work with private property owners willing to donate lands to the state park system.
- O. Administer Statewide Snowmobile trail grant program.
- P. Work Closely with DOT on design of roadside facilities for safety rest areas.
- Q. Prepare the necessary environmental documents and begin design of the Copper River Trail.

### **Key Component Issues for FY2001 – 2002**

1. Some reduction in the almost \$35 million in deferred maintenance backlog is possible through capital appropriations such as TEA/21, Marine Recreation Restoration and Sportfish Restoration. Major attention to the deferred maintenance backlog will take a significant commitment of state resources. A bond issue is probably the best option. Minimal annual maintenance is possible through capital appropriations.
2. Seek new TEA 21 projects ONLY where they replace or improve existing facilities. Just say NO to development of new park facilities that have a budget impact.
3. Ensure efficient granting of National Recreational Trails grants and Alaska Snowmobile trails grants in accordance with grant guidelines and rules.
4. Reauthorization of the stateside program of the Land and Water Conservation Fund to provide funding for state and local parks and outdoor recreation facilities

5. Implement an erosion control plan to arrest the bank displacement of the Tanana River at Big Delta State Historic Site, and with federal funds, stop the erosion before the river impacts park improvements valued at over \$3,000,000 at the site.
6. Prepare the necessary environmental documents and begin the design for the Copper River Trail.
7. Support Protection of Alaska's existing trail system through a program that identifies and projects those trails with dedicated easements and rights of way. Take this information and assist local trail organizations and local governments to increase the activity statewide for trail protection.
8. Passage of the Alaska Safe Boating Act requires that 75% of federal funds be dedicated to safety education programs. Developing and implementing this program to provide quality educational programs for Alaskan Boaters is a key issue.
9. Complete restoration and development of outdoor recreation opportunities in the spill region funded through the Marine Recreation Project.

### **Major Component Accomplishments for FY2000**

1. Marine Recreation Facilities Development. Completed the sixth year of managing the \$11 million Marine Recreation Project in the Exxon Valdez Oil Spill Area. Project will be completed after one more season.
2. Alaska Snowmobile Trails Program. Granted Alaska's first statewide snowmobile trail grants with capital grant from legislature. Secured funding for second year of program.
3. National Recreational Trails Program. Administered Recreational trails grant program. Issued new grants to organizations and agencies statewide. Continued to monitor existing and continuing recreational trails grants.
4. Boating Safety. The Alaska Boating Safety Act was signed by Governor Knowles.
5. The Alaska Recreational Trails Plan was published.
6. Anchor River SRA Water System
7. Big Lake South Water Well
8. Bird Flats Avalanche Memorial
9. Bird Point Scenic Overlook
10. Central Gulf Coast Storm Repairs
11. DOF Palmer Fire Facility Parking Lot
12. Geologic Materials Center Electrical Upgrades
13. Halibut Cove Lagoon Dock Repairs
14. Hammond River Asbestos Clean Up
15. Harding Lake Boat Channel Dredging
16. Hatcher Pass Scenic Overlook - Phase 1
17. Lake Aleknagik Boating Access
18. Little Susitna PUF ADA Gratewalk and Trail
19. Little Susitna PUF Dumpstation Water Tower
20. Matanuska Glacier Scenic Overlook
21. McKinley Mine Shaft Closure
22. North Jones and Upper Knob Creek 2000 Revegetation
23. Northwood Avenue Access
24. Plant Material Center Screenhouse Construction
25. Sanitary Water Well Surveys
26. Wood-Tikchik State Park Maintenance Building
27. Wrangell Petroglyph Beach Access

**Statutory and Regulatory Authority**

AS 41

**Key Performance Measures for FY2002**

**Measure: Maintain Park Access (e.g. properly maintained and open for business ) for 3.5 million visits at 100% (120) of park units.**  
*(Revised from Legislature's FY2000 version.)*

**Background and Strategies:**

Additional output and measurement information available upon request from DNR Admin Services Manager (Nico Bus 465-2406).

**Measure: Provide continued state assistance for economic development by raising money from sources other than state government for trail maintenance and site development.**  
*(Revised from Legislature's FY2000 version.)*

**Background and Strategies:**

Additional output and measurement information available upon request from DNR Admin Services Manager (Nico Bus 465-2406).

**Status of FY2001 Performance Measures**

	<i>Achieved</i>	<i>On track</i>	<i>Too soon to tell</i>	<i>Not likely to achieve</i>	<i>Needs modification</i>
<ul style="list-style-type: none"> <li>Maintain Park Access (e.g. properly maintained and open for business ) for 3.5 million visits at 100% (120) of park units.</li> </ul>		X			
<ul style="list-style-type: none"> <li>Provide continued state assistance for economic development, by raising money from sources other than state government for trail maintenance and site development.</li> </ul>		X			

**Parks & Recreation Access**  
**Component Financial Summary**

All dollars in thousands

	FY2000 Actuals	FY2001 Authorized	FY2002 Governor
<b>Non-Formula Program:</b>			
<b>Component Expenditures:</b>			
71000 Personal Services	1,697.0	2,028.9	2,060.0
72000 Travel	16.3	3.9	3.9
73000 Contractual	77.1	6.0	6.0
74000 Supplies	6.6	1.6	1.6
75000 Equipment	94.0	0.0	0.0
76000 Land/Buildings	0.0	0.0	0.0
77000 Grants, Claims	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
<b>Expenditure Totals</b>	<b>1,891.0</b>	<b>2,040.4</b>	<b>2,071.5</b>
<b>Funding Sources:</b>			
1002 Federal Receipts	53.1	23.4	23.4
1007 Inter-Agency Receipts	263.6	883.8	886.9
1061 Capital Improvement Project Receipts	1,574.3	1,133.2	1,161.2
<b>Funding Totals</b>	<b>1,891.0</b>	<b>2,040.4</b>	<b>2,071.5</b>

**Estimated Revenue Collections**

Description	Master Revenue Account	FY2000 Actuals	FY2001 Authorized	FY2001 Cash Estimate	FY2002 Governor	FY2003 Forecast
<b>Unrestricted Revenues</b>						
None.		0.0	0.0	0.0	0.0	0.0
<b>Unrestricted Total</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Restricted Revenues</b>						
Federal Receipts	51010	53.1	23.4	23.4	23.4	23.4
Interagency Receipts	51015	263.6	883.8	883.8	886.9	886.9
Capital Improvement Project Receipts	51200	1,574.3	1,133.2	1,133.2	1,161.2	1,161.2
<b>Restricted Total</b>		<b>1,891.0</b>	<b>2,040.4</b>	<b>2,040.4</b>	<b>2,071.5</b>	<b>2,071.5</b>
<b>Total Estimated Revenues</b>		<b>1,891.0</b>	<b>2,040.4</b>	<b>2,040.4</b>	<b>2,071.5</b>	<b>2,071.5</b>

**Parks & Recreation Access**

**Proposed Changes in Levels of Service for FY2002**

No changes in service anticipated.

**Summary of Component Budget Changes**

**From FY2001 Authorized to FY2002 Governor**

*All dollars in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b>FY2001 Authorized</b>	<b>0.0</b>	<b>23.4</b>	<b>2,017.0</b>	<b>2,040.4</b>
<b>Adjustments which will continue current level of service:</b>				
-Year 2 Labor Costs - Net Change from FY2001	0.0	0.0	1.1	1.1
<b>Proposed budget increases:</b>				
-Increase CIP Receipts to Reflect Spending Plan	0.0	0.0	30.0	30.0
<b>FY2002 Governor</b>	<b>0.0</b>	<b>23.4</b>	<b>2,048.1</b>	<b>2,071.5</b>

**Parks & Recreation Access****Personal Services Information**

Authorized Positions			Personal Services Costs	
	FY2001 Authorized	FY2002 Governor		
Full-time	31	32	Annual Salaries	1,586,052
Part-time	7	6	COLA	20,518
Nonpermanent	0	0	Premium Pay	0
			Annual Benefits	580,169
			<i>Less 5.80% Vacancy Factor</i>	<i>(126,739)</i>
			Lump Sum Premium Pay	0
<b>Totals</b>	<b>38</b>	<b>38</b>	<b>Total Personal Services</b>	<b>2,060,000</b>

**Position Classification Summary**

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Accounting Tech I	2	0	0	0	2
Accounting Tech II	1	0	0	0	1
Administrative Assistant	1	0	0	0	1
Administrative Clerk II	1	0	0	0	1
Engineer/Architect I	1	0	0	0	1
Engineer/Architect II	1	0	0	0	1
Engineering Assistant I	5	0	0	0	5
Engineering Assistant II	6	0	0	0	6
Engineering Assistant III	5	0	0	0	5
Grants Administrator II	1	0	0	0	1
Graphic Artist II	1	0	0	0	1
Landscape Specialist	2	0	0	0	2
Landscape Supervisor	1	0	0	0	1
Natural Resource Mgr I	1	0	0	0	1
Natural Resource Mgr II	2	0	0	0	2
Natural Resource Off I	1	0	0	0	1
Natural Resource Off II	1	0	0	0	1
Natural Resource Tech II	1	0	0	2	3
Park Ranger I	2	0	0	0	2
<b>Totals</b>	<b>36</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>38</b>

## **Agricultural Development Budget Request Unit**

**Contact: Robert Wells, Director**

**Tel:** (907) 745-7200 **Fax:** (907) 745-7112 **E-mail:** Robert\_Wells@dnr.state.ak.us

### **BRU Mission**

Promote and encourage development of an agriculture industry in the state.

### **BRU Services Provided**

The Director of Agriculture manages the following programs:

1. Agricultural Development provides services aimed at improving agriculture enterprises.
2. North Latitude Plant Materials Center providing basic support for Alaska agriculture through testing, production and development of plant materials.
3. Agricultural Revolving Loan Fund an agricultural bank extending credit to borrowers based on their ability to repay.

The Division of Agriculture, in cooperation with industry representatives and at the direction of the Commissioner of the Department of Natural Resources, administers the Governor's agricultural policy for Alaska. The division seeks to create opportunities by providing consistency and stability in state agricultural programs. The agricultural assets owned by the division are managed to encourage privatization, maximize return to the state and promote economically viable development.

### **BRU Goals and Strategies**

- Initiate Governor's goals for agriculture at the division level.
- Prepare budgets and develop policies to allow for delivery of effective state government services to the agricultural industry in the state.
- Encourage employee efficiency and industry service.
- Maintain economic development opportunities for agricultural producers, processors, and marketers to use natural resources for sustainable agricultural production.
- Encourage division staff and industry leaders to identify and promote new markets for farm products, both in state and for export.
- Maintain industry liaison with other state, federal, and municipal government agencies to influence issues related to agricultural development in Alaska.
- Coordinate activities related to USDA agreements in produce inspection, plant material, agricultural statistics, Federal Seed Act, shell eggs, and phytosanitary certificates for exports.
- Work to finalize the transfer of the Palmer Trading Post and Warehouse to a private sector firm obligated to restore the buildings to National Historic Standards.
- Work with the Department of Community and Economic Development on organic certification of wild Alaska fish by the United States Department of Agriculture. Work with organic vegetable farmers on approval of Alaska Fish fertilizer on the national approved list.
- Maintain cooperative services with USDA commodity control, insurance, conservation and lending agencies serving Alaska producers.
- Provide testing, production, development and distribution of plant materials to resource industries, meeting environmental requirements.
- Continue to develop a native seed industry.
- Assist the United States Department of Agriculture in the operation of the Arctic Germplasm Repository.
- Provide leadership and create opportunities for economic development.

## **Key BRU Issues for FY2001 – 2002**

Initiate and comply with legislative changes which sunset the Agricultural Revolving Loan Fund Board and created the Board of Agriculture and Conservation. Work with the new board to educate and inform of statutory responsibilities and assist with regulation preparation for implementation of the new law.

Lack of General Funds to perform services and responsibilities and continued use of Agricultural Revolving Loan Fund source creates a long-term negative impact on the ARLF program.

Simplified regulatory services, marketing services, lending programs, and cooperation with other agencies involved in resource development.

Make agricultural land available in various parcel sizes as dictated by regional and local demand for land sales, leases, and permits as funding allows. Emphasize selling previously sold land, returned to the state through foreclosure. It is important to resell these parcels before they re-grow and the clearing investment is lost.

Provide soil and water resources to the private sector and lands that are suitable for agriculture in sufficient amounts to encourage viable enterprises.

The Plant Materials Center provides stability in seed and potato production. It is also the leading marketer of native seed. Reclamation in the north frequently requires difficult-to-obtain plants and development of unconventional revegetation methods. In addition, seedlings, work with vegetables, berries, and revegetation plants can provide opportunities for producers to compete successfully in the marketplace. Locally adapted high-yielding grain, seed and forage plants are in demand.

Inspection and marketing activities enable Alaska's agricultural products to be sold commercially. Individuals would not be able to market these items without the Division of Agriculture's assistance. Improvements can be facilitated with commodity commission or marketing order legislation to allow for producer input and control. We will provide small-scale grants for commodity group promotion efforts.

Cooperative agreements with the USDA, Federal Seed Act, National Plant Board, Animal and Plant Health Inspection Service (APHIS) have continued to generate revenue. We expect to expand our service to the military, and grocery wholesalers and retailers statewide. Potential new programs are organic product certification, feed and fertilizer registration, as well as increased bee registration and brand program assistance.

## **Major BRU Accomplishments for FY2000**

Offered a co-operative marketing program that helped producers make Alaska grown products more visible to the public. We assisted farmers in overcoming barriers in the Alaska marketing infrastructure by identifying barriers, providing consumer awareness and targeting specific markets.

Worked with the Department of Health and Social Services to expand the Farmers Market Program. A redemption value of market coupons exceeded \$85.7 in the FY 01 season. This was an increase from \$40.6 in the FY 00 season.

Worked with the University of Alaska Fairbanks to produce a Marketing Alaska Action Plan for Potato and Vegetable Producers. This plan is in process and we expect it to be complete in FY 02.

Prepared request for proposal documents and offered for sale the Mt. McKinley Meat and Sausage Facility. No offers were received.

In cooperation with the Department of Corrections, Correctional Industries partially funded and accomplished Hazard Analysis and Critical Point (HACCP) approval for the Mt. McKinley Meat and Sausage facility for United States Department of Agriculture mandatory compliance.

Provided an intern for marketing assistance, in cooperation with the University of Alaska Fairbanks.

Export and sale of potatoes and carrots to Taiwan.

No late blight has been detected in Alaska potatoes for the past two years.

Provided a pest scout in cooperation with the University of Alaska Fairbanks.

Held successful agricultural land sales that increased revenue to the state.

Provided greater consumer availability of quality Alaskan grown products for market and export.

Worked with Retail Industry (Safeway) and growers to comply with Independent Third Party Audits required for certain crops before they can be sold to the retail industry. We are working to identify private sector provider for future years.

Monitored the state's investment in agriculture science and technology to protect and enhance the quality of Alaska's agricultural soils, seeds, plants, livestock, and associated products.

Secured federal funding to assist in developing a strong native seed industry.

Supplied essential plant materials, and new technology.

Decreased import of plant material poorly adapted to Alaska conditions.

Participated at United States - China Bi-Lateral Trade Negotiations for agricultural products, including seed potato entry into China. Worked with subsequent mission of Chinese inspection authorities to verify Alaska growing conditions and standards.

**Agricultural Development**  
**BRU Financial Summary by Component**

*All dollars in thousands*

	FY2000 Actuals				FY2001 Authorized				FY2002 Governor			
	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds
<b>Formula Expenditures</b> None.												
<b>Non-Formula Expenditures</b>												
Agricultural Development	142.7	170.1	547.9	860.7	1.5	205.3	955.1	1,161.9	1.5	205.4	1,021.1	1,228.0
N. Latitude Plant Material Ctr	14.0	642.1	536.8	1,192.9	14.5	1,163.5	651.9	1,829.9	14.5	1,471.5	649.1	2,135.1
<b>Totals</b>	<b>156.7</b>	<b>812.2</b>	<b>1,084.7</b>	<b>2,053.6</b>	<b>16.0</b>	<b>1,368.8</b>	<b>1,607.0</b>	<b>2,991.8</b>	<b>16.0</b>	<b>1,676.9</b>	<b>1,670.2</b>	<b>3,363.1</b>

## Agricultural Development

### Proposed Changes in Levels of Service for FY2002

Increment in federal funding for a new programs at the North Latitude Plant Material Center.

The United States Cold Regions Plant Materials Evaluation Network \$300.0, will be responsible for the acquisition, storage and evaluation of plant material/seed of plants indigenous to regions north of the 52 degrees North Latitude and equivalent vegetated regions in the southern hemisphere. A national systematic and uniform trial program does not exist for cold region plants.

The Alaska Post Entry Plant Quarantine Facility will allow for controlled examination, evaluation and phytosanitary inspection of prohibited and otherwise restricted plant material primarily from circumpolar regions. This will be accomplished under growing conditions to which the plant materials were adapted.

## Agricultural Development

### Summary of BRU Budget Changes by Component

#### From FY2001 Authorized to FY2002 Governor

*All dollars in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b>FY2001 Authorized</b>	<b>16.0</b>	<b>1,368.8</b>	<b>1,607.0</b>	<b>2,991.8</b>
<b>Adjustments which will continue current level of service:</b>				
-Agricultural Development	0.0	0.1	3.7	3.8
-N. Latitude Plant Material Ctr	0.0	8.0	-2.8	5.2
<b>Proposed budget increases:</b>				
-Agricultural Development	0.0	0.0	62.3	62.3
-N. Latitude Plant Material Ctr	0.0	300.0	0.0	300.0
<b>FY2002 Governor</b>	<b>16.0</b>	<b>1,676.9</b>	<b>1,670.2</b>	<b>3,363.1</b>

## **Component: Agricultural Development**

**Contact: Robert Wells, Director**

**Tel:** (907) 745-7200 **Fax:** (907) 745-7112 **E-mail:** Robert\_Wells@dnr.state.ak.us

### **Component Mission**

Promote and encourage development of an agriculture industry in the state.

### **Component Services Provided**

The Director of Agriculture through the Agricultural Development components manages the following programs:

1. Agricultural Development provides services aimed at improving agriculture enterprises.
2. North Latitude Plant Materials Center providing basic support for Alaska agriculture and other Natural Resource agencies through testing, production and development of plant materials.
3. Agricultural Revolving Loan Fund an agricultural bank extending credit to borrowers based on their ability to repay.

The Division of Agriculture, in cooperation with industry representatives and at the direction of the Commissioner of the Department of Natural Resources, and the Board of Agriculture and Conservation administers the Governor's agricultural policy for Alaska. The division seeks to create opportunities by providing consistency and stability in state agricultural programs. The agricultural assets owned by the division are managed to promote economically viable development, maximize return to the state, and encourage privatization.

Agricultural Development supports the Alaska agriculture industry. The Division of Agriculture is a one-stop center for Alaska agriculture. The division provides opportunities for local producers and marketers of food, fiber, and re-vegetation materials and for other industries as well. Ultimately, this translates into expansion of the economy by providing stability and consistency to Alaska farmers. The Alaska consumer is the beneficiary of freshness, quality, and competition.

The Division of Agriculture provides marketing and production expertise to Alaska growers by increasing their ability to market Alaska grown products and maintain viable farms. The division, through its Plant Materials Center, provides testing, production, development, and distribution of materials to resource industries, while meeting environmental requirements and developing a native seed industry. The division sells and leases agricultural and grazing land and conducts field inspection for contract compliance with farm development and farm conservation plans. Effective marketing service programs are maintained, providing quality assurance of production. The entry of potentially harmful plants and products is regulated and controlled through inspection programs.

Title 38 land disposals for FY2002 are projected to include the following: 10 parcels of land in the Kenai, Southcentral and Northern Regions aggregating about 1,620 acres with an estimated new contract receivable value \$518.0. More properties may be offered when we have accomplish the necessary surveys, appraisals, easements and access. Preliminary work may begin on a proposed fiscal year 2003 sale of Tonsina North / Kenney Lake properties with a total of 3,000 acre. Expected revenues will be in excess of \$600.0

### **Component Goals and Strategies**

- Initiate Governor's goals for agriculture at the division level.
- Prepare budgets and develop policies to allow for delivery of effective state government services to the agricultural industry in the state.
- Encourage employee efficiency and industry service.
- Increase economic development opportunities for agricultural producers, processors, and marketers to use natural resources for sustainable agricultural production.
- Encourage division staff and industry leaders to identify and promote new markets for farm products, both in state and for export.

- Maintain industry liaison with other state, federal, and municipal government agencies to influence issues related to agricultural development in Alaska.
- Coordinate activities related to maintaining USDA cooperative agreements in produce inspection, plant material, agricultural statistics, Federal Seed Act, shell eggs, and phytosanitary certification for exports.
- Maintain cooperative services with USDA commodity control, insurance, conservation and lending agencies serving Alaska producers.
- Provide leadership and create opportunities for economic development in the wholesaler, retailer and processor sectors. Organize farm industry meetings, and publish directories.
- Monitor approximately 200 land sale contracts for compliance with the sales contract.
- Monitor approximately 275 patented farms to ensure they comply with regulation.
- Work with the Board of Agriculture and Conservation and local Soil and Water Districts to identify and initiate land disposal projects.
- Monitor approximately 30 grazing leases and permits on roughly 180,000 acres for compliance with terms and conditions of the lease and permits.
- Develop new statewide grazing policy and regulations for public lands classified for grazing purposes.
- Review status of unsold land classified as agricultural and participate in state and local land planning projects.
- Respond to written and verbal requests for agricultural land disposal and leasing information.
- Continue management of foreclosed properties to maintain production capabilities and comply with Federal farm program requirements.
- Sell agricultural tracts - 10 parcels with 1,620 acres for an estimated \$518.0.
- Work with contract holders and patent holders to update farm conservation plans.
- Work with Soil and Water Districts (SWCD) and NRCS in preparation of federal and state conservation plans.
- Review and recommend updates in regulations for agricultural sales, branding, and grazing fee structure.
- Increase direct funding of EPA projects to support locally led conservation priorities.
- Increase USDA funding of Environmental Quality Incentives Program (EQIP) and Wildlife Habitat Incentives Program (WHIP) conservation projects.
- Work with USDA, NRCS to expand the range specific GIS system to support Reindeer Herders Association.
- Work with the US Department of Defense and Plant Materials Center on projects to restore native grasses in areas damaged by military operations.
- Provide conservation planning advice to municipalities' planning and development commissions. Obtain federal funding to develop an "Alaska specific" agricultural education program for public schools.
- Increase volunteer low cost participation by SWCDs in DEC water sampling programs.
- Conserve soil and water resources in the state; conduct field inspection for contract compliance with farm development and conservation plans.
- The Matanuska Maid Creamery and Mt. McKinley Meats facilities play a major role in the survival of the livestock and dairy industry in Alaska and operate with a business orientation. Disposal of the Mt. McKinley Meats facility was attempted in FY 01 through a request for proposal process. No purchasers were interested. We continue to protect the interest of Alaska milk and meat producers.
- Comply with state and federal regulations which provide quality control for agricultural production through inspections and grading services; conduct produce inspections for USDA grade and buyer specifications; provide field inspections for seed certification and disease control; issue phytosanitary certificates on export products from the agriculture industry; produce information and training on packaging and quality control. Encourage use of local products by state and federal agencies.

### **Key Component Issues for FY2001 – 2002**

Lack of General Funds to perform services and statutory responsibilities and continued use of Agricultural Revolving Loan Fund source creates a long-term negative impact on the ARLF program.

Structure regulatory services, marketing services, lending programs, as simply as possible. Increase cooperation with other agencies involved in resource development.

Make agricultural land available in various parcel sizes as dictated by regional and local demand for land sales, leases, and permits as funding allows. Emphasize selling previously sold land, returned to the state through foreclosure. It is important to resell these parcels before they re-grow and the clearing investment is lost.

Sell lands that are suitable for agriculture in sufficient amounts to encourage viable enterprises. The long-term economic value of these lands is protected through the use of contractual farm conservation plans.

Provide inspection and marketing activities that enable Alaska's agricultural products to be sold commercially. Demand for inspection services is growing as contract requirements for inspections increase. New farms statewide have produced opportunities in the produce, meat and dairy areas. Increased production will impact the Fairbanks region and central office inspection staff. Marketing program improvements can be facilitated with commodity commission or marketing order legislation to allow for producer input and control. We will provide small-scale grants for commodity group promotion efforts.

Revenue is generated from produce and egg inspections. Cooperative agreements with the USDA, Federal Seed Act, National Plant Board, Animal and Plant Health Inspection Service (APHIS) have continued to generate revenue. We expect to expand our service to the military, and grocery wholesalers and retailers statewide. Potential new programs are organic product certification, feed and fertilizer registration, as well as increased bee registration and brand program assistance.

The Natural Resource Conservation & Development Board (NRC&DB) represents the State of Alaska and the Department of Natural Resources in grass roots management of natural resource conservation efforts throughout Alaska. These efforts are enhanced by the Soil and Water Conservation Districts (SWCD) located throughout the state, which provide local planning, conservation project implementation, and resource education in schools. Since there are enormous areas in Alaska which are not included in local SWCDs, the NRC&DB serves as the board of supervisors for the Alaska Soil and Water Conservation District. The Alaska District covers all of the land not included in other districts.

The US Department of Agriculture (USDA), Natural Resource Conservation Service (NRCS) provides technical support to SWCDs for development and implementation of conservation efforts.

- This synergy results in substantial federal funding for important ongoing agricultural conservation programs in Alaska (e.g. Conservation Reserve Program (CRP), Wildlife Habitat Incentives Program (WHIP), Environmental Quality Incentives Program (EQIP), etc.
- Through a cooperative effort, SWCDs and NRCS plan and implement emergency erosion protection projects in Alaska. The current Delta-Clearwater Flood Control Project totals nearly \$6 million.
- The SWCD's have become increasingly involved in Environmental Protection Agency (EPA) programs to resolve non-point pollution problems in both agricultural and urban areas. Two districts have received EPA funding (\$100,000) this year for water quality sampling projects.

### **Major Component Accomplishments for FY2000**

Cooperative marketing program helped producers make Alaska grown products more visible to the public.

Provided an intern for marketing assistance, in cooperation with the University of Alaska Fairbanks.

Chinese inspectors visit in consideration of export and sale of potatoes and carrots to China.

No late blight detected in Alaska potatoes for the past two years.

Provided a pest scout in cooperation with the University of Alaska Fairbanks.

Successful agricultural land sales were held and increased revenue to the state.

Provided greater consumer availability of quality Alaskan grown products for market and export.

Monitored the state's investment in agriculture science and technology to protect and enhance the quality of Alaska's agricultural soils, seeds, plants, livestock, and associated products.

The Agricultural Land and Contract Management program managed all current and active agricultural land sales and grazing lease contracts and managed an aggressive agricultural land portfolio for eventual disposal. Thirteen parcels with a total of 4,500 acres were sold in FY 01.

The farm products inspection program worked to prevent loss of product sales due to poor quality and prevent fraud and misrepresentation of agricultural products sold in Alaska.

The agricultural marketing program promoted and increased use and sales of competitively priced Alaska grown commodities.

Provided consumer protection through produce inspections at retail/wholesale outlets to insure produce for sale meets grade. For sale to military, inspection is mandatory.

Greenhouse and nursery inspection: spot checked and responded to complaints relating to control quality, prevent contamination from pest and disease import, enhanced market for local products. Provided consumer protection by ensuring that insect and disease pests are spotted and controlled.

Provided egg grading/inspection under a cooperating federal agreement and funding. Maintained quality product, and worked to prevent consumer disease and fraud by inspection of eggs at retail/wholesale outlets to ensure eggs met Alaska state and federal regulatory requirements.

Conducted phytosanitary certificate inspections to facilitate foreign log exports, plant material, seedlings, cabbage and carrots.

Seed sampling and testing was done to maintain quality, protect the environment, prevent deception, and promote marketability. If the services were not available, many local and export market opportunities would be lost.

Made apiary inspections. Control pests and disease; prevent adulteration of local product, and enhanced markets. Without this assistance, disease and pest problems could destroy Alaska's growing industry.

Responded to noxious weed/pest control complaints and import requests; protected environment, reduced production costs; enhanced local clean markets with phytosanitary certificates on exports. Noxious weeds not previously found in Alaska have been discovered. These infestations need to be controlled and prevented from reoccurring.

Maintained cooperative agreements and inspector licensing requirements with USDA, National Plant Board, Animal and Plant Health Inspection Service (APHIS), Agricultural Marketing Service (AMS); Fresh Fruit and Vegetable (FFV); Poultry Division; and Meat Division.

Provided official USDA meat grading services through a cooperative agreement with USDA, AMS. Mt. McKinley Meat Plant in Palmer and Delta Meat and Sausage in Delta Junction have the potential of doubling current meat grading requirements.

Assisted in the formation of the Alaska Organic Association. And assisting with clarification on the National Organic Approved list.

Maintained an inventory of unsold lands, classified for agriculture, for future sale. Prior to offering land for sale we consult with the Board of Agriculture and Conservation. The Agricultural Land and Contract Management Section reviewed parcels for legal survey and status, provided for appraisal, conducted Title 38.945 notice, formulated terms and conditions of sale, and issued land sale and lease contracts. After sale or lease, this section monitored contract holders for compliance with their contractual agreements including farm conservation plans and development requirements. Payment schedules were monitored. If development or payments fall behind schedule and are not corrected within times set by agreement, Agricultural Land and Contract Management initiates collection and foreclosure actions. This program also monitors patented agriculture lands for compliance with statutory and regulatory requirements

By identifying and influencing demands for Alaska Grown products, the Division of Agriculture worked to keep the market share of Alaska agriculture products. Recent mergers and new businesses entering the market place made effective marketing service programs even more necessary. We worked to ensure quality grading, and to facilitate

commercial transactions between producers, processors, wholesalers, and retailers based on sound market information. We have also helped with export to northwest states. We published information to promote the qualities and benefits of Alaska Grown production.

We worked to develop export markets in the Lower 48 and other countries. Although some Alaska Grown products are being successfully exported, there is a need to identify competitive advantages of Alaska products. Activities in this area include cooperating with USDA Foreign Agricultural Service (FAS) and Western U.S. Agriculture Trade Association (WUSATA).

Alaska conditions favor production of potatoes, carrots, peas, cole crops, and other vegetables of unique quality. Current fresh market share held by local producers ranges from 10-50 percent and can be increased. Our clean environment provides advantages to organic production, which will require additional certification assistance with new federal standards being adopted.

### **Statutory and Regulatory Authority**

AS 03, AS 03.10, AS 03.22, AS 38.05, AS 41.10, AS 41.17

### **Key Performance Measures for FY2002**

**Measure: The number of acres of agricultural land sold and placed in production.**

*(Added by Legislature in FY2000 version.)*

**Current Status:**

One or two sales of Title 38 agriculture land are held annually.

**Benchmark:**

At least one sale held annually.

**Background and Strategies:**

The Division of Agriculture has an inventory of returned land, which it is now reselling. This inventory will be gone in one to two years. The next step will be to start selling raw land, a more difficult and expensive process, but critical to continued agriculture development.

Because clearing land to place in production is a multiple year process this measure is difficult to quantify. Agricultural statistics are on a one-year lagging schedule. Over multiple budget cycles. Our disposals should show a net increase placed in production.

**Measure: The percentage change in the monetary value of agricultural products grown in the state that are sold domestically and exported.**

*(Added by Legislature in FY2000 version.)*

**Current Status:**

1997 - \$28,468,000  
1998 - \$27,511,000  
1999 - \$28,538,000  
2000 - Not available

**Benchmark:**

Over a five year and ten year average we would like to show an average increase of 2 to 3 percent. The national averages have struggled over the last five years to show any net increase. Because Alaska agriculture is still in a development phase we hope to show small annual increases.

**Background and Strategies:**

The statistics are always one year behind the current year. We pull the number from Alaska Cash Receipts from Farm Marketings excluding the Aquaculture industry.

We expect increases each year but the last three reporting years show this number can quickly change due to weather conditions, marketing factors, plant or animal disease, or other factors that affect our ability to assist the industry.

**Status of FY2001 Performance Measures**

	<i>Achieved</i>	<i>On track</i>	<i>Too soon to tell</i>	<i>Not likely to achieve</i>	<i>Needs modification</i>
<ul style="list-style-type: none"> <li>• The number of acres of agricultural land sold and placed in production.</li> </ul>			X		
<ul style="list-style-type: none"> <li>• The percentage change in the monetary value of agricultural products grown in the state that are sold domestically and exported.</li> </ul>		X			
<ul style="list-style-type: none"> <li>• Sell land for agricultural purposes and realize revenue from land sales.</li> </ul>			X		
<ul style="list-style-type: none"> <li>• Inspect agricultural products for grade and quality.</li> </ul>		X			

## Agricultural Development

### Component Financial Summary

*All dollars in thousands*

	FY2000 Actuals	FY2001 Authorized	FY2002 Governor
<b>Non-Formula Program:</b>			
<b>Component Expenditures:</b>			
71000 Personal Services	612.5	780.2	818.6
72000 Travel	27.6	41.5	41.5
73000 Contractual	189.1	317.6	345.3
74000 Supplies	21.8	22.6	22.6
75000 Equipment	9.7	0.0	0.0
76000 Land/Buildings	0.0	0.0	0.0
77000 Grants, Claims	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
<b>Expenditure Totals</b>	<b>860.7</b>	<b>1,161.9</b>	<b>1,228.0</b>
<b>Funding Sources:</b>			
1002 Federal Receipts	170.1	205.3	205.4
1005 General Fund/Program Receipts	142.7	1.5	1.5
1007 Inter-Agency Receipts	43.6	59.7	72.9
1021 Agricultural Loan Fund	409.6	648.1	671.2
1061 Capital Improvement Project Receipts	94.7	101.5	102.3
1153 State Land Disposal Income Fund	0.0	145.8	174.7
<b>Funding Totals</b>	<b>860.7</b>	<b>1,161.9</b>	<b>1,228.0</b>

### Estimated Revenue Collections

Description	Master Revenue Account	FY2000 Actuals	FY2001 Authorized	FY2001 Cash Estimate	FY2002 Governor	FY2003 Forecast
<b>Unrestricted Revenues</b>						
General Fund Program Receipts	51060	135.4	0.0	0.0	0.0	0.0
State Land Disposal Income Fund	51434	0.0	92.7	87.7	177.9	161.6
Unrestricted Fund	68515	4.0	0.0	6.2	7.0	7.0
<b>Unrestricted Total</b>		<b>139.4</b>	<b>92.7</b>	<b>93.9</b>	<b>184.9</b>	<b>168.6</b>
<b>Restricted Revenues</b>						
Federal Receipts	51010	170.1	205.3	202.4	205.4	205.4
Interagency Receipts	51015	43.6	59.7	57.5	72.9	72.9
General Fund Program Receipts	51060	142.7	1.5	1.5	1.5	2.0
Capital Improvement Project Receipts	51200	94.7	101.5	100.0	102.3	145.0
<b>Restricted Total</b>		<b>451.1</b>	<b>368.0</b>	<b>361.4</b>	<b>382.1</b>	<b>425.3</b>
<b>Total Estimated Revenues</b>		<b>590.5</b>	<b>460.7</b>	<b>455.3</b>	<b>567.0</b>	<b>593.9</b>

## Agricultural Development

### Proposed Changes in Levels of Service for FY2002

The Executive Director of the Alaska Natural Resources Conservation and Development Board has historically been a full-time position. Due to budgetary considerations in previous years, funding was reduced and the Executive Director's duties were split between two components within the Department of Natural Resources. The Executive Director will concentrate efforts on future agricultural land disposals, increased communication with the Soil & Water Districts, collaboration and coordination with the Natural Resource Conservation Service, and soil and water quality issues. The S&W Districts have been receiving more federal funding which has resulted in an increase of activities and a corresponding need to interact with the S&W Executive Director.

In FY2002 staff will focus more on the agricultural land sale program will focus on resale of land in an effort to get it back into production. A small increment of \$27.7 from the Land Disposal Income Account is requested. The projected revenues will far exceed these cost.

### Summary of Component Budget Changes

#### From FY2001 Authorized to FY2002 Governor

*All dollars in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b>FY2001 Authorized</b>	<b>1.5</b>	<b>205.3</b>	<b>955.1</b>	<b>1,161.9</b>
<b>Adjustments which will continue current level of service:</b>				
-Year 2 Labor Costs - Net Change from FY2001	0.0	0.1	3.7	3.8
<b>Proposed budget increases:</b>				
-Agricultural Land Sale Program Increase	0.0	0.0	27.7	27.7
-Natural Resources Conservation and Development Board Executive Director Increase in Staff Months	0.0	0.0	34.6	34.6
<b>FY2002 Governor</b>	<b>1.5</b>	<b>205.4</b>	<b>1,021.1</b>	<b>1,228.0</b>

**Agricultural Development**  
**Personal Services Information**

Authorized Positions			Personal Services Costs	
	FY2001 Authorized	FY2002 Governor		
Full-time	11	12	Annual Salaries	607,974
Part-time	2	1	COLA	10,768
Nonpermanent	0	0	Premium Pay	1,566
			Annual Benefits	216,551
			<i>Less 2.18% Vacancy Factor</i>	(18,259)
			Lump Sum Premium Pay	0
<b>Totals</b>	<b>13</b>	<b>13</b>	<b>Total Personal Services</b>	<b>818,600</b>

**Position Classification Summary**

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Administrative Assistant	0	0	0	1	1
Administrative Clerk II	0	0	0	1	1
Agricultural Inspect I	0	1	0	2	3
Dev Spec II, Option B	0	0	0	1	1
Division Director	0	0	0	1	1
Natural Resource Mgr II	0	1	0	0	1
Natural Resource Off II	0	1	0	2	3
Secretary	0	0	0	1	1
Spec Asst To The Comm I	1	0	0	0	1
<b>Totals</b>	<b>1</b>	<b>3</b>	<b>0</b>	<b>9</b>	<b>13</b>

## **Component: North Latitude Plant Material Center**

**Contact: Stoney J. Wright, Plant Materials Center Manager**

**Tel:** (907) 745-4469 **Fax:** (907) 746-1568 **E-mail:** stoney\_wright@dnr.state.ak.us

### **Component Mission**

The North Latitude Plant Materials Center (PMC) promotes Alaska-produced agricultural crops for use in revegetation and seed production. The facility encourages the wise use of adapted species for crop production and revegetation.

### **Component Services Provided**

The North Latitude Plant Materials Center provides testing, production, development, and distribution of materials to resource industries to meet environmental requirements that include the development of a native seed industry. They also provide cost-effective practices and testing, production, and distribution of disease-free seed potatoes and plant materials to the produce and forage industries. The PMC provides native and introduced seed for research and industry through the Germplasm Repository. The potato and seed industries encompass the production of seed potatoes and native plant seed and are a healthy sector of Alaska agriculture. The industry employs more than 500 people in Alaska. Both potato and grass seed production are expected to increase. Local grass seed is expected to capture 40% of the market.

The North Latitude Plant Materials Center is recognized as the authority on reclamation, revegetation, wetland rehabilitation and commercialization of native species through release of new crops and expands on the more basic research undertaken at the University of Alaska to answer real life questions. For example, potato improvement research was initiated when plummeting yields and an outbreak of pathogens caused growers to request the PMC's help in developing a reliable source of clean potato seed. As a result of this program, virus infection rates have dropped from 100 to 10 percent. The dramatic success of the project has made Alaska a possible seed potato exporter as well.

Through a program of systematic evaluation throughout the state, data on revegetation is collected and distributed by way of reports. This data on plant performance is also used to develop new commercial crops for Alaska promotion. In addition to new native crops designed for rehabilitation and reclamation, breeder seed and foundation seed of traditional grasses and grain are also produced for later sale to commercial seed producers for further multiplication and sale. Cost effective rehabilitation techniques are also developed in using the plant materials. Solutions to common rehabilitation techniques are also developed and found. Forty-seven species are currently being tested. In 1996, the production of breeder seed of all University of Alaska developed grass varieties had been transferred to the PMC. This makes the program the sole germplasm source for the State of Alaska.

### **Component Goals and Strategies**

The North Latitude Plant Materials Center (PMC) will promote Alaska produced agricultural crops for use in revegetation and seed production. The facility will encourage the wise use of adapted species for crop production and revegetation.

The PMC will assist all aspects of commercial development in Alaska needing adapted crops, revegetation material, applied research and appropriate, cost-effective technology. The PMC also assists the USDA/ARS in the operation of the Arctic Germplasm Repository.

- Encourage private seed producers to grow certified, registered, and in some cases, foundation native seed.
- Develop cost-effective reclamation techniques for industry and develop supplies of native seed needed by industry.
- Maintain forty-seven accessions of seed and thirty potato varieties.
- Develop new cultivars of needed species.
- Test, produce and distribute disease-free seed stock.
- Develop cost-effective production practices.

- Assist industry in compliance of environmental regulations in revegetation and erosion control.
- Provide seed industry and seed users with northern latitude adapted species.
- Increase stocks of foundation seed and grass for commercial production.
- Provide the basic seed needs for Alaska agriculture.
- Develop techniques for cleaning seed.
- Transfer knowledge to end users through demonstration and education programs.
- Market seed through specifications.
- Encourage private seed producers to grow certified, registered, and in some cases, foundation seed.
- Cooperatively develop reclamation techniques with industry.
- Develop supplies of native seed needed by industry and produced by industry.
- Attempt to establish an APHIS Animal Plant Health Inspection Service Quarantine Station in Alaska.

### **Key Component Issues for FY2001 – 2002**

Lack of General Funds to perform services and responsibilities and continued use of Agricultural Revolving Loan Fund source creates a long-term negative impact on the ARLF program.

### **Major Component Accomplishments for FY2000**

Economic returns: In 1999, the PMC secured federal funding to assist in developing a strong native seed industry in Alaska. This is expected to be a five-year program.

The Northern Latitude Plant Materials Center provides seed that produces within Alaskan climate conditions. Alaskan seed growers have acquired the needed seed and seed potatoes from the Plant Materials Center during the last year. The PMC has also provided new native seed to the producers thereby increasing the variety of material available to commercial growers and expanding the market for their products. None of this material is being produced outside of Alaska giving the instate producers a competitive advantage. Many contractors have been involved in the seed developed by the PMC. This last year has been no exception. Alyeska Pipeline Company, Cominco and countless smaller companies have utilized the PMC's talent in restoration and revegetation issues. The PMC will continue to work with industry as it has in the past twenty years assuring users that plant material and technology needed for sound development will be available. In the last FY the PMC established new breeder blocks of the important revegetation species, including Polar Brome, a species not available for the last ten years.

The PMC has also secured continued federal funding from Agricultural Research Service, and the U.S. Army. Initial contacts have been made with Animal and Plant Health Inspection Service (APHIS) and National Science Foundation (NSF) for additional funding. These could at long last result in the establishment of a Quarantine Station in Alaska and, funding for increased circumpolar plant material exchange and acquisition. The PMC has in the last year expanded its international cooperation with the Falkland Islands and Northern Ireland. The PMC was also a major cooperator in the Late Blight control effort last year.

### **Statutory and Regulatory Authority**

AS 03.22

### **Key Performance Measures for FY2002**

**Measure: The number of improved crop accessions produced by the plant material center and grown on farms in the state.**

*(Revised from Legislature's FY2000 version.)*

#### **Current Status:**

The Plant Materials Center (PMC) documents field plantings and records planting sites. We also list sales and production in the annual report. The PMC tests and develops new crops for industry. We have and have had an

extensive program in new crop development. This is the basic purpose of the PMC. By doing demonstration projects, we market commercial production. By developing revegetation specifications, we market seed produced in Alaska. We are the state's repository for Alaska developed crops.

New crop collections grown on the PMC are 52 in initial stage, 12 in the intermediate stage and 14 in the final stage. Grown at the PMC Nursery are 18 in research stage. Potatoes - 224 varieties are maintained on PMC soil, 86 varieties are in tissue culture, 44 varieties are in greenhouse production and 104 varieties were sold to producers. Grain - 26 varieties.

**Background and Strategies:**

The word "new" was replaced by "improved". Eventually we will reach a point where nothing is "new", only improved. The word "variety" was replaced by "accessions". Variety is a specific term describing a specifically named variety.

**Status of FY2001 Performance Measures**

	<i>Achieved</i>	<i>On track</i>	<i>Too soon to tell</i>	<i>Not likely to achieve</i>	<i>Needs modification</i>
• The number of improved crop accessions produced by the plant material center and grown on farms in the state.		X			
• To encourage private seed producers to grow registered, and in some cases, foundation seed.		X			
• Cooperatively develop reclamation techniques with industry.		X			
• Develop supplies of native seed needed by industry and produced by industry.		X			
• Produce forty-seven certified seed varieties and maintain thirty potato varieties.		X			

**North Latitude Plant Material Center  
Component Financial Summary**

All dollars in thousands

	FY2000 Actuals	FY2001 Authorized	FY2002 Governor
<b>Non-Formula Program:</b>			
<b>Component Expenditures:</b>			
71000 Personal Services	784.1	1,083.3	1,491.3
72000 Travel	29.7	103.0	81.0
73000 Contractual	206.7	213.6	185.8
74000 Supplies	122.0	114.0	106.0
75000 Equipment	50.4	316.0	271.0
76000 Land/Buildings	0.0	0.0	0.0
77000 Grants, Claims	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
<b>Expenditure Totals</b>	<b>1,192.9</b>	<b>1,829.9</b>	<b>2,135.1</b>
<b>Funding Sources:</b>			
1002 Federal Receipts	642.1	1,163.5	1,471.5
1005 General Fund/Program Receipts	14.0	14.5	14.5
1007 Inter-Agency Receipts	3.9	69.4	67.7
1021 Agricultural Loan Fund	501.6	523.4	522.0
1061 Capital Improvement Project Receipts	24.6	0.0	0.0
1108 Statutory Designated Program Receipts	6.7	59.1	59.4
<b>Funding Totals</b>	<b>1,192.9</b>	<b>1,829.9</b>	<b>2,135.1</b>

**Estimated Revenue Collections**

Description	Master Revenue Account	FY2000 Actuals	FY2001 Authorized	FY2001 Cash Estimate	FY2002 Governor	FY2003 Forecast
<b>Unrestricted Revenues</b>						
None.		0.0	0.0	0.0	0.0	0.0
<b>Unrestricted Total</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Restricted Revenues</b>						
Federal Receipts	51010	642.1	1,163.5	1,013.5	1,471.5	1,360.0
Interagency Receipts	51015	3.9	69.4	5.9	67.7	69.4
General Fund Program Receipts	51060	14.0	14.5	14.5	14.5	14.5
Statutory Designated Program Receipts	51063	6.7	59.1	31.2	59.4	59.1
Capital Improvement Project Receipts	51200	24.6	0.0	0.0	0.0	0.0
<b>Restricted Total</b>		<b>691.3</b>	<b>1,306.5</b>	<b>1,065.1</b>	<b>1,613.1</b>	<b>1,503.0</b>
<b>Total Estimated Revenues</b>		<b>691.3</b>	<b>1,306.5</b>	<b>1,065.1</b>	<b>1,613.1</b>	<b>1,503.0</b>

**North Latitude Plant Material Center****Proposed Changes in Levels of Service for FY2002**

Increment in federal funding for a new programs at the North Latitude Plant Material Center.

The United States Cold Regions Plant Materials Evaluation Network \$300.0, will be responsible for the acquisition, storage and evaluation of plant material/seed of plants indigenous to regions north of the 52 degrees North Latitude and equivalent vegetated regions in the southern hemisphere. A national systematic and uniform trial program does not exist for cold region plants.

The Alaska Post Entry Plant Quarantine Facility will allow for controlled examination, evaluation and phytosanitary inspection of prohibited and otherwise restricted plant material primarily from circumpolar regions. This will be accomplished under growing conditions to which the plant materials were adapted.

**Summary of Component Budget Changes****From FY2001 Authorized to FY2002 Governor***All dollars in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b>FY2001 Authorized</b>	<b>14.5</b>	<b>1,163.5</b>	<b>651.9</b>	<b>1,829.9</b>
<b>Adjustments which will continue current level of service:</b>				
-Year 2 Labor Costs - Net Change from FY2001	0.0	8.0	-2.8	5.2
<b>Proposed budget increases:</b>				
-U. S. Cold Regions Plant Materials Evaluation Network	0.0	300.0	0.0	300.0
<b>FY2002 Governor</b>	<b>14.5</b>	<b>1,471.5</b>	<b>649.1</b>	<b>2,135.1</b>

## North Latitude Plant Material Center

## Personal Services Information

Authorized Positions			Personal Services Costs	
	FY2001 Authorized	FY2002 Governor		
Full-time	7	13	Annual Salaries	1,093,177
Part-time	18	23	COLA	21,043
Nonpermanent	0	0	Premium Pay	0
			Annual Benefits	437,824
			<i>Less 3.91% Vacancy Factor</i>	(60,744)
			Lump Sum Premium Pay	0
<b>Totals</b>	<b>25</b>	<b>36</b>	<b>Total Personal Services</b>	<b>1,491,300</b>

## Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Administrative Clerk II	0	0	0	1	1
Administrative Clerk III	0	0	0	1	1
Agronomist I	0	0	0	10	10
Agronomist II	0	0	0	2	2
Agronomist III	0	0	0	1	1
Equip Operator Journey I	0	0	0	1	1
Maint Gen Journey	0	0	0	2	2
Maint Gen Sub - Journey I	0	0	0	16	16
Maint Gen Sub - Journey II	0	0	0	1	1
Maint Spec Bfc Jrny II/Lead	0	0	0	1	1
<b>Totals</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>36</b>	<b>36</b>

## **BRU/Component: Agriculture Revolving Loan Program Administration**

(There is only one component in this BRU. To reduce duplicate information, we did not print a separate BRU section.)

### **Contact: Robert Wells, Director**

**Tel:** (907) 745-7200 **Fax:** (907) 745-7112 **E-mail:** Robert\_Wells@dnr.state.ak.us

### **Component Mission**

Promote and encourage development of an agriculture industry in the state.

The Board of Agriculture and Conservation administers the Agricultural Revolving Loan Fund (ARLF) through the Director of Agriculture. The ARLF works to create agricultural opportunities through consistent and stable agricultural loan programs. The ARLF agricultural assets are managed to encourage privatization, maximize return to the state, and promote economically viable development.

### **Component Services Provided**

The Board of Agriculture and Conservation provides various types of loans, including farm development, chattel, operating, irrigation, product processing, and clearing. The Board of Agriculture and Conservation also provides installment credit for the purchase of ARLF assets.

The main responsibilities of the Agricultural Revolving Loan Fund include: Processing new loan application/modification requests; closing loans/modifications; servicing loans/leases; servicing account delinquencies, collections, defaults, and facilitating settlements; providing asset management for real properties, livestock, and equipment; providing inspections and protection of ARLF collateral; and responding to requests by the public, legislature, and state agencies.

### **Component Goals and Strategies**

The goal of the Board of Agriculture and Conservation is to provide direct, moderate interest rate loans to borrowers with good production history, assist the agricultural community, and expand production of Alaska grown products. An additional goal is to increase loan volume and make funds available for agricultural development and expansion in Alaska.

- Finance new farms as a result of an agricultural land disposal program.
- Service the ARLF \$27.4 million portfolio with a clientele of 128 borrowers and 193 accounts.
- Manage 29 asset properties until disposal by sale or lease.
- Process approximately 35 new loan applications with an expected \$2.2 million in new loans.
- Work with the Attorney General's Office through the director on an annual average of 10 cases involving delinquent borrowers to minimize loss through aggressive collection action.
- Coordinate a minimum of eight Board of Agriculture and Conservation meetings for a seven -member board.
- Provide billing and receipts for \$2.1 million cash payments from loans and leasing of ARLF assets.
- Attend agricultural lending functions and forums with other industry representatives.
- Continue servicing of the ARLF portfolio in order to maintain the present low percentage of loan delinquencies.
- Pursue regulatory changes to meet the needs of the agricultural community and industry and implement recent statutory revisions.
- Continue operation oversight of the Matanuska Maid Creamery and Mt. McKinley Meats operations. These facilities play a major role in the survival of the livestock industry in Alaska and operate with a business orientation. We continue to protect the interest of Alaska milk and meat producers.
- Expand the agricultural base by preparing new land disposal packages and property lease opportunities. This will ultimately reduce contractual costs. The property will be back in production and the Board of Agriculture and Conservation will not be required to maintain it in a saleable condition. A two year Agricultural Land Disposal Capital Project provides funding. A Loan/Collection Officer position oversees an Agricultural Land Sale and

disposal of the Agricultural Revolving Loan Fund land asset inventory, creating sale revenue. Our land disposal plan for fiscal year 2002 includes ten parcels of land in the Kenai, Southcentral, and Northern Regions, aggregating over 2,000 acres with an estimated new contract receivables value of \$1.6 million dollars. More properties may be offered when we receive title and accomplish the necessary surveys and appraisals. We expect at least \$1.55 million in new contract receivables.

### **Key Component Issues for FY2001 – 2002**

Erosion of ARLF funds jeopardizes the continued operation of this project since funding is being used for program-wide division operation. The Board of Agriculture and Conservation through the Agricultural Revolving Loan Fund provides moderate interest rate loans for agricultural development. Conventional financing and federal loan programs are not generally available to agriculture in Alaska.

On going servicing of the ARLF portfolio will help to maintain the present low percentage of loan delinquencies.

Regulatory changes are in process to implement recent statutory revisions and to streamline the application process.

Matanuska Maid operates under the direction of the Creamery Corporation Board and is part of a highly competitive industry. Mat Maid creates jobs and revenue in the Alaska economy by marketing Alaska produced items. Using out of state raw milk to supplement the local product and a diverse market line, Matanuska Maid makes it possible for state producers to compete with industries in the Lower 48. This plant is critical to the survival of 10 dairy farm businesses, 45 plant employees, and all the related industries in the Interior and Southcentral Alaska, some with over 40 years of operation history in Alaska. These producers are economically stable and viable, but continue to be dependent on Matanuska Maid.

### **Major Component Accomplishments for FY2000**

The delinquency rate of the ARLF portfolio has continued to be consistently low. Many cases in default have been settled and new buyers/producers have been found for repossessed property. Settlements of defaulted loans are accomplished in coordination with the Attorney General's Office through a Reimbursable Services Agreement with the Department of Law.

Low risk loans to borrowers with good repayment production history have been provided to develop industry stability.

Development of new resource opportunities in the agriculture industry has been expanded.

In FY 01 we have offered or are in the process of offering twelve parcels of land in the South Central and Northern Region of the state, privatizing over 6,000 acres of agricultural land with an estimated new contract receivables value of \$2.6 million dollars to the Agricultural Revolving Loan Fund.

### **Statutory and Regulatory Authority**

AS 03.10

### **Key Performance Measures for FY2002**

**Measure: The loan to equity ratio in the Agricultural Revolving Loan Fund.**

*(Added by Legislature in FY2000 version.)*

**Current Status:**

FY01 - 28.9%

FY02 - Too soon to measure

**Benchmark:**

The Board of Agriculture and Conservation has expressed interest in increasing the amount of funds loaned to generate additional income for the fund.

**Background and Strategies:**

Due to rapid development policies twenty years ago the Agricultural Revolving Loan Fund loaned money to borrowers who were unable to repay. A large repossessed portfolio resulted which required increased work to maintain the assets.

We continue to sell these assets at a responsible rate thus bringing them back into production. This helps maintain the fund balance through liquid assets and decreases maintenance responsibilities allowing us to focus on lending and program enhancement.

**Status of FY2001 Performance Measures**

	<i>Achieved</i>	<i>On track</i>	<i>Too soon to tell</i>	<i>Not likely to achieve</i>	<i>Needs modification</i>
• The loan to equity ratio in the Agricultural Revolving Loan Fund.		X			
• Maintain is saleable condition and dispose of repossessed properties.		X			
• Make Loans		X			

**Agriculture Revolving Loan Program Administration**  
**Component Financial Summary**

*All dollars in thousands*

	FY2000 Actuals	FY2001 Authorized	FY2002 Governor
<b>Non-Formula Program:</b>			
<b>Component Expenditures:</b>			
71000 Personal Services	221.0	267.4	270.7
72000 Travel	14.7	28.0	30.4
73000 Contractual	332.5	395.9	394.9
74000 Supplies	7.0	15.8	11.9
75000 Equipment	0.0	0.0	0.0
76000 Land/Buildings	0.0	0.0	0.0
77000 Grants, Claims	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
<b>Expenditure Totals</b>	<b>575.2</b>	<b>707.1</b>	<b>707.9</b>
<b>Funding Sources:</b>			
1021 Agricultural Loan Fund	557.5	652.5	653.7
1061 Capital Improvement Project Receipts	17.7	54.6	54.2
<b>Funding Totals</b>	<b>575.2</b>	<b>707.1</b>	<b>707.9</b>

**Estimated Revenue Collections**

Description	Master Revenue Account	FY2000 Actuals	FY2001 Authorized	FY2001 Cash Estimate	FY2002 Governor	FY2003 Forecast
<b>Unrestricted Revenues</b>						
None.		0.0	0.0	0.0	0.0	0.0
<b>Unrestricted Total</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Restricted Revenues</b>						
Capital Improvement Project Receipts	51200	17.7	54.6	54.6	54.2	54.2
<b>Restricted Total</b>		<b>17.7</b>	<b>54.6</b>	<b>54.6</b>	<b>54.2</b>	<b>54.2</b>
<b>Total Estimated Revenues</b>		<b>17.7</b>	<b>54.6</b>	<b>54.6</b>	<b>54.2</b>	<b>54.2</b>

**Agriculture Revolving Loan Program Administration**

**Proposed Changes in Levels of Service for FY2002**

No proposed changes in levels of service.

**Summary of Component Budget Changes**

**From FY2001 Authorized to FY2002 Governor**

*All dollars in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b>FY2001 Authorized</b>	<b>0.0</b>	<b>0.0</b>	<b>707.1</b>	<b>707.1</b>
<b>Adjustments which will continue current level of service:</b>				
-Year 2 Labor Costs - Net Change from FY2001	0.0	0.0	0.8	0.8
<b>FY2002 Governor</b>	<b>0.0</b>	<b>0.0</b>	<b>707.9</b>	<b>707.9</b>

**Agriculture Revolving Loan Program Administration**

**Personal Services Information**

Authorized Positions			Personal Services Costs	
	FY2001 Authorized	FY2002 Governor		
Full-time	5	5	Annual Salaries	198,811
Part-time	0	0	COLA	2,432
Nonpermanent	0	0	Premium Pay	1,536
			Annual Benefits	77,924
			<i>Less 3.56% Vacancy Factor</i>	(10,003)
			Lump Sum Premium Pay	0
<b>Totals</b>	<b>5</b>	<b>5</b>	<b>Total Personal Services</b>	<b>270,700</b>

**Position Classification Summary**

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Accountant II	1	0	0	0	1
Administrative Clerk II	0	0	0	1	1
Loan/Collection Off I	0	0	0	3	3
<b>Totals</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>4</b>	<b>5</b>

## **BRU/Component: RS 2477/Navigability Assertions and Litigation Support**

(There is only one component in this BRU. To reduce duplicate information, we did not print a separate BRU section.)

### **Contact: Nancy Welch, Chief of Operations/Natural Resource Manager IV**

**Tel:** (907) 269-8501 **Fax:** (907) 269-8904 **E-mail:** nancywe@dnr.state.ak.us

### **Component Mission**

To defend and assert the State's rights under RS2477 and navigable and public waters thereby allowing access for economic development and use of the state's land and resources.

### **Component Services Provided**

#### RS2477

This component provides the funding for ongoing activities associated with RS2477 research management and litigation. Since 1992, the Department has researched more than 1900 routes, identified approximately 585 routes as routes qualifying as RS2477s, and certified 12 routes through the regulatory process in place prior to enactment of AS 19.30.400. Examples of tasks are:

1. Routes in litigation:
  - \* Provide litigation support to Department of Law, including further research for select number of routes.
  - \* Do initial identification of landowners and title search at Recorder's Office, Bureau of Land Management, and through other means, as necessary.
2. Continue to complete quality control on files:
  - \* Standardize casefile summaries and LAS input.
  - \* Compare file contents with casefile summaries to verify information is complete in files.
3. Public Information:
  - \* Respond to public or Web page inquiries received,
  - \* Maintain website with up-to-date information, and
  - \* Attend public meetings and speak to interested organizations.
4. Record RS2477 routes as they become surveyed, if they meet minimum standards established by DNR.
5. Research identified and potential RS2477s for easement vacation requests; prepare annual legislative report regarding research efforts, and give annual public notice of new routes identified in current fiscal year.

#### NAVIGABILITY

This component provides funding for on-going activities associated with the Navigability program that provides information to the public and agencies on the location and rights to navigable and public waters; does research and other work to support state litigation asserting state ownership; and reviews all federal decisions and plans to assure that state ownership and public use are protected. Examples of tasks are:

1. Public/agency information:
  - \* Respond to public and agency requests for navigability determinations or information.
  - \* Maintain/update database and web site that provides information on navigability status.
  - \* Develop and distribute maps and public informational brochures for specific waterbodies.
2. Research in support of on-going or new litigation, including litigation with both US Department of Interior and US Forest Service. Includes research into public use, historical use, and possibly hydrology of specific waterbodies. Research done in coordination with Departments of Law and Fish and Game.
3. Review all BLM administrative decisions and all federal land use plans and regulations that may affect state ownership or public use. Provide comments and file appeals as necessary.

### **Component Goals and Strategies**

The Division of Land has two primary responsibilities under this component:

1. RS 2477 Rights-of-way.
2. Navigability.

The goals of this component are:

- Assert and defend the state's rights under RS 2477 to protect public access to state land and resources.
- Assert and defend state ownership of and public rights to navigable and public waters.

Includes support of litigation, review of all federal administrative actions affecting RS 2477s and navigable waters, and providing agencies and the public with information on RS 2477s and navigable and public waters.

### **Key Component Issues for FY2001 – 2002**

The state must continue its efforts to defend its rights associated with RS2477 access and pursuit of the state's rights to navigable and public waters. Otherwise, public access and use will be curtailed in certain areas by adjacent landowners or the federal government.

This component provides the funding for ongoing activities associated with RS2477 research, management and litigation. Most of the efforts by the Division has been focused on easement management. With the listing of the 602 routes in statute, conflicts with users and landowners is ever-increasing, leaving little time for new research. For more information see the discussion within the Claims, Permits and Leases component.

### **Major Component Accomplishments for FY2000**

#### RS 2477

1. Reviewed all land conveyances for RS2477 conflicts.
2. Assisted the Attorney General's Office in research related to RS2477 litigation and final settlement agreement for Harrison Creek-Portage Creek RST 8.
3. Responded to requests submitted by phone, e-mail, RS2477 Web site, letters, etc.
4. Prepared January 2000 annual legislative report showing 12 new trails researched and found to meet RS 2477 criteria. Made the information available to the public by newspaper and on the DNR RS 2477 website prior to the report to the legislature.
5. Updated mapped and tabular data. Made data available for public and agency use.
6. Reviewed requests for easement vacations to ensure viable alternative access is provided.

#### Navigability

1. Issued navigability determinations and reviewed navigability determinations prepared by ADF&G.
2. Responded to all BLM navigability decisions and reviewed BLM land conveyances.
3. Assisted the Attorney General's Office in research related to administrative appeals and litigation regarding navigable waters.
4. Provided information to agencies and the public on the navigability of waterbodies. Respond to requests submitted by phone, e-mail, navigability website, letters, etc.
5. Prepared public information brochures for three more waterbodies. Brochures provide the public with information about land ownership and public access to specific waterways where conflicts/problems have been occurring.
6. Updated mapped and tabular statewide navigability data. Made data available for public and agency use.

### **Statutory and Regulatory Authority**

AS 19.30.400  
AS 38.05  
11 AAC 51

### Key Performance Measures for FY2002

**Measure: RS 2477 Case file summaries completed.**  
*(Not yet addressed by Legislature.)*

**Benchmark:**

In FY00, the division completed 2 case file summaries and responded to requests for information and further research to the Department of Fish and Game.

**Background and Strategies:**

Continue to conduct research and respond to public requests as information becomes available. In FY02, expect to complete two RS 2477s for report to the legislature in January 2003.

**Measure: Number of actions taken for RS 2477 Assertion/Litigation Support.**  
*(Not yet addressed by Legislature.)*

**Benchmark:**

In FY00, the division responded to 3 litigation actions, including the proposed settlement for Harrison Creek-Portage Creek litigation between the State and the Federal government.

**Background and Strategies:**

Continue to provide litigation support as necessary and begin one new case in federal court.

**Measure: Number of actions taken for Navigability Assertion/Litigation Support.**  
*(Not yet addressed by Legislature.)*

**Benchmark:**

In FY00, the division completed 70 actions in response to litigation, assertions, and review of federal actions.

**Background and Strategies:**

Continue to conduct research and respond to public requests as information becomes available. In FY02, expect to complete 75 actions.

### Status of FY2001 Performance Measures

	<i>Achieved</i>	<i>On track</i>	<i>Too soon to tell</i>	<i>Not likely to achieve</i>	<i>Needs modification</i>
• RS 2477 Case file summaries completed			X		
• Number of actions taken for RS 2477 Assertion/Litigation Support		X			
• Number of actions taken for Navigability Assertion/Litigation Support.		X			

**RS 2477/Navigability Assertions and Litigation Support**

**Component Financial Summary**

*All dollars in thousands*

	<b>FY2000 Actuals</b>	<b>FY2001 Authorized</b>	<b>FY2002 Governor</b>
<b>Non-Formula Program:</b>			
<b>Component Expenditures:</b>			
71000 Personal Services	0.0	0.0	0.0
72000 Travel	0.0	0.0	0.0
73000 Contractual	80.1	115.0	115.0
74000 Supplies	0.0	0.0	0.0
75000 Equipment	0.0	0.0	0.0
76000 Land/Buildings	0.0	0.0	0.0
77000 Grants, Claims	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
<b>Expenditure Totals</b>	<b>80.1</b>	<b>115.0</b>	<b>115.0</b>
<b>Funding Sources:</b>			
1004 General Fund Receipts	80.1	115.0	115.0
<b>Funding Totals</b>	<b>80.1</b>	<b>115.0</b>	<b>115.0</b>

**RS 2477/Navigability Assertions and Litigation Support**

**Proposed Changes in Levels of Service for FY2002**

No service changes anticipated.

**Summary of Component Budget Changes**

**From FY2001 Authorized to FY2002 Governor**

*All dollars in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b>FY2001 Authorized</b>	115.0	0.0	0.0	115.0
<b>FY2002 Governor</b>	115.0	0.0	0.0	115.0

## **Facilities Maintenance Budget Request Unit**

**Contact: Nico Bus, Administrative Services Manager**

**Tel:** (907) 465-2406 **Fax:** (907) 465-3886 **E-mail:** nico\_bus@dnr.state.ak.us

### **BRU Mission**

See specific information at component level.

### **BRU Services Provided**

See specific information at component level.

### **BRU Goals and Strategies**

See specific information at component level.

### **Key BRU Issues for FY2001 – 2002**

See specific information at component level.

### **Major BRU Accomplishments for FY2000**

See specific information at component level.

**Facilities Maintenance  
BRU Financial Summary by Component**

*All dollars in thousands*

	FY2000 Actuals				FY2001 Authorized				FY2002 Governor			
	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds
<b>Formula Expenditures</b> None.												
<b>Non-Formula Expenditures</b>												
Facilities Maintenance	0.0	0.0	237.9	237.9	0.0	0.0	1,100.0	1,100.0	0.0	0.0	1,100.0	1,100.0
Fbks. Office Bldg. Chargeback	103.6	0.0	0.0	103.6	103.6	0.0	0.0	103.6	103.6	0.0	0.0	103.6
DNR State Facilities Rent	0.0	0.0	0.0	0.0	1,268.6	0.0	0.0	1,268.6	1,268.6	0.0	3.2	1,271.8
<b>Totals</b>	<b>103.6</b>	<b>0.0</b>	<b>237.9</b>	<b>341.5</b>	<b>1,372.2</b>	<b>0.0</b>	<b>1,100.0</b>	<b>2,472.2</b>	<b>1,372.2</b>	<b>0.0</b>	<b>1,103.2</b>	<b>2,475.4</b>

**Facilities Maintenance**

**Proposed Changes in Levels of Service for FY2002**

See specific information at component level.

**Facilities Maintenance**

**Summary of BRU Budget Changes by Component**

**From FY2001 Authorized to FY2002 Governor**

*All dollars in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b>FY2001 Authorized</b>	1,372.2	0.0	1,100.0	2,472.2
<b>Proposed budget increases:</b>				
-DNR State Facilities Rent	0.0	0.0	3.2	3.2
<b>FY2002 Governor</b>	1,372.2	0.0	1,103.2	2,475.4

## **Component: Facilities Maintenance**

**Contact: Nico Bus, Administrative Services Manager**

**Tel:** (907) 465-2406 **Fax:** (907) 465-3886 **E-mail:** nico\_bus@dnr.state.ak.us

### **Component Mission**

To provide a tracking system for DNR's facility maintenance costs, as required by legislation enacted as SLA98/CH90.

### **Component Services Provided**

This component is set up to receive "authorization" from the DNR operating components that expend money on facility maintenance. Over the course of the fiscal year, individual components will track their expenditures for facility maintenance, and at year-end we will do an accounting adjustment to move the expenditures into this component. On an annual basis, this component will contain all facility maintenance costs incurred by DNR's operating divisions.

### **Component Goals and Strategies**

Not applicable.

### **Key Component Issues for FY2001 – 2002**

To reduce the duplication of accounting and record keeping DNR chose to collect this information at the point of origin in the specific components and then at the end of the year to adjust and collect departmentwide information in this budget.

Although the intent of creating this component is a good, the definitions for facilities maintenance are not clear, but we will do our best to comply with the legislative intent.

### **Major Component Accomplishments for FY2000**

FY2000 is the first year of implementation. We hope to report the statistics at the completion of this year.

### **Statutory and Regulatory Authority**

SLA98/Ch90

**Facilities Maintenance**  
**Component Financial Summary**

*All dollars in thousands*

	FY2000 Actuals	FY2001 Authorized	FY2002 Governor
<b>Non-Formula Program:</b>			
<b>Component Expenditures:</b>			
71000 Personal Services	0.0	0.0	0.0
72000 Travel	0.0	0.0	0.0
73000 Contractual	45.4	1,100.0	1,100.0
74000 Supplies	186.7	0.0	0.0
75000 Equipment	5.8	0.0	0.0
76000 Land/Buildings	0.0	0.0	0.0
77000 Grants, Claims	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
<b>Expenditure Totals</b>	<b>237.9</b>	<b>1,100.0</b>	<b>1,100.0</b>
<b>Funding Sources:</b>			
1007 Inter-Agency Receipts	237.9	1,100.0	1,100.0
<b>Funding Totals</b>	<b>237.9</b>	<b>1,100.0</b>	<b>1,100.0</b>

**Estimated Revenue Collections**

Description	Master Revenue Account	FY2000 Actuals	FY2001 Authorized	FY2001 Cash Estimate	FY2002 Governor	FY2003 Forecast
<b>Unrestricted Revenues</b>						
None.		0.0	0.0	0.0	0.0	0.0
<b>Unrestricted Total</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Restricted Revenues</b>						
Interagency Receipts	51015	237.9	1,100.0	1,100.0	1,100.0	1,100.0
<b>Restricted Total</b>		<b>237.9</b>	<b>1,100.0</b>	<b>1,100.0</b>	<b>1,100.0</b>	<b>1,100.0</b>
<b>Total Estimated Revenues</b>		<b>237.9</b>	<b>1,100.0</b>	<b>1,100.0</b>	<b>1,100.0</b>	<b>1,100.0</b>

**Facilities Maintenance**

**Proposed Changes in Levels of Service for FY2002**

Not applicable.

**Summary of Component Budget Changes  
From FY2001 Authorized to FY2002 Governor**

*All dollars in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b>FY2001 Authorized</b>	<b>0.0</b>	<b>0.0</b>	<b>1,100.0</b>	<b>1,100.0</b>
<b>FY2002 Governor</b>	<b>0.0</b>	<b>0.0</b>	<b>1,100.0</b>	<b>1,100.0</b>

## **Component: Fairbanks Office Building Chargeback**

**Contact: Nico Bus, Administrative Services Manager**

**Tel:** (907) 465-2406 **Fax:** (907) 465-3886 **E-mail:** nico\_bus@dnr.state.ak.us

### **Component Mission**

To provide a clean, well maintained, safe and accessible building for the citizens of Alaska to do business at, and the employees to work at.

### **Component Services Provided**

All funding is transferred via RSA to the Department of Transportation/Public Facilities, who maintain the facility. Located in the building are portions of the Division Mining, Land & Water; Division of Agriculture; Division of Parks; and the Division of Forestry.

### **Component Goals and Strategies**

Not applicable.

### **Key Component Issues for FY2001 – 2002**

Funding to provide these services to the Fairbanks Office Building has been decreased from \$144.9 in 1989, to \$103.6 since 1995. The fixed costs for the building, including utilities, is \$75.0 annually. Since this amount has not decreased, the funding cuts have been absorbed by reducing the maintenance staff position from full-time to 2.5 hours per day. This leaves only \$4.7 of funds available for purchase of all supplies and minor repairs and maintenance. As a result, much of the regular maintenance of the building has been scaled back to absolute minimum levels to keep the building operational. In addition, the last several years the Department of Transportation has covered necessary expenditures above the amount appropriated. The potential for this to continue to occur will only increase each year as the discretionary funds for building maintenance decreases each year. As the building continues to age, the importance of keeping all systems functional and operating efficiently must be the primary goal of this appropriation.

### **Major Component Accomplishments for FY2000**

Not applicable.

### **Statutory and Regulatory Authority**

Not applicable.

**Fairbanks Office Building Chargeback****Component Financial Summary***All dollars in thousands*

	<b>FY2000 Actuals</b>	<b>FY2001 Authorized</b>	<b>FY2002 Governor</b>
<b>Non-Formula Program:</b>			
<b>Component Expenditures:</b>			
71000 Personal Services	0.0	0.0	0.0
72000 Travel	0.0	0.0	0.0
73000 Contractual	103.6	103.6	103.6
74000 Supplies	0.0	0.0	0.0
75000 Equipment	0.0	0.0	0.0
76000 Land/Buildings	0.0	0.0	0.0
77000 Grants, Claims	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
<b>Expenditure Totals</b>	<b>103.6</b>	<b>103.6</b>	<b>103.6</b>
<b>Funding Sources:</b>			
1004 General Fund Receipts	103.6	103.6	103.6
<b>Funding Totals</b>	<b>103.6</b>	<b>103.6</b>	<b>103.6</b>

**Fairbanks Office Building Chargeback**

**Proposed Changes in Levels of Service for FY2002**

No changes in service or funding is requested.

**Summary of Component Budget Changes**

**From FY2001 Authorized to FY2002 Governor**

*All dollars in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b>FY2001 Authorized</b>	103.6	0.0	0.0	103.6
<b>FY2002 Governor</b>	103.6	0.0	0.0	103.6

## **Component: DNR State Facilities Rent**

### **Contact: Pat Pourchot, Commissioner**

**Tel:** (907) 465-2400 **Fax:** (907) 465-3886 **E-mail:** pat\_pourchot@dnr.state.ak.us

### **Component Mission**

To fund necessary maintenance and help prevent future deferred maintenance problems in the eight buildings in the new state facilities rent pool.

### **Component Services Provided**

Maintain the State Facilities Rent Program for our offices in the Atwood Building in Anchorage. DNR occupied this facility in FY00 and in FY01 we had some minor Tenant Agreement adjustments to increase for implementation of our Land Disposal Program and added staff.

### **Component Goals and Strategies**

Improve the condition of state buildings and help prevent future deferred maintenance problems by implementing the first year phase of a state facilities rent structure.

### **Key Component Issues for FY2001 – 2002**

During years of budget constraints, state buildings have not been adequately maintained, resulting in a serious and expensive deferred maintenance backlog. By implementing a rent structure, the state will be able to recover an estimated \$1.5 million (statewide) in federal and other non-general funds for space occupied in state buildings. General funds now spent on building maintenance and operations by the Department of Transportation and Public Facilities (DOT/PF) for seven state buildings and by the Department of Administration (DOA) for the Atwood Building in Anchorage are being transferred from DOT/PF and DOA to the agencies occupying the buildings in the facilities rent pool. The agencies will pay rent, using these transferred general funds to pay for space occupied by general fund programs and collecting rent from non-general fund sources as appropriate.

### **Major Component Accomplishments for FY2000**

Not applicable.

### **Statutory and Regulatory Authority**

Not applicable.

**DNR State Facilities Rent**  
**Component Financial Summary**

All dollars in thousands

	FY2000 Actuals	FY2001 Authorized	FY2002 Governor
<b>Non-Formula Program:</b>			
<b>Component Expenditures:</b>			
71000 Personal Services	0.0	0.0	0.0
72000 Travel	0.0	0.0	0.0
73000 Contractual	0.0	1,268.6	1,271.8
74000 Supplies	0.0	0.0	0.0
75000 Equipment	0.0	0.0	0.0
76000 Land/Buildings	0.0	0.0	0.0
77000 Grants, Claims	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
<b>Expenditure Totals</b>	<b>0.0</b>	<b>1,268.6</b>	<b>1,271.8</b>
<b>Funding Sources:</b>			
1004 General Fund Receipts	0.0	1,268.6	1,268.6
1007 Inter-Agency Receipts	0.0	0.0	3.2
<b>Funding Totals</b>	<b>0.0</b>	<b>1,268.6</b>	<b>1,271.8</b>

**Estimated Revenue Collections**

Description	Master Revenue Account	FY2000 Actuals	FY2001 Authorized	FY2001 Cash Estimate	FY2002 Governor	FY2003 Forecast
<b>Unrestricted Revenues</b>						
None.		0.0	0.0	0.0	0.0	0.0
<b>Unrestricted Total</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Restricted Revenues</b>						
Interagency Receipts	51015	0.0	0.0	0.0	3.2	3.2
<b>Restricted Total</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>3.2</b>	<b>3.2</b>
<b>Total Estimated Revenues</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>3.2</b>	<b>3.2</b>

**DNR State Facilities Rent****Proposed Changes in Levels of Service for FY2002**

The change in rent is only a minor adjustment for the price of utilities. We also expanded our lease space in FY01 which added square footage for the Land Disposal Program.

**Summary of Component Budget Changes****From FY2001 Authorized to FY2002 Governor***All dollars in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b>FY2001 Authorized</b>	<b>1,268.6</b>	<b>0.0</b>	<b>0.0</b>	<b>1,268.6</b>
<b>Proposed budget increases:</b>				
-Increase in Facility Rental Pool Rate	0.0	0.0	3.2	3.2
<b>FY2002 Governor</b>	<b>1,268.6</b>	<b>0.0</b>	<b>3.2</b>	<b>1,271.8</b>

## **BRU/Component: Fire Suppression**

(There is only one component in this BRU. To reduce duplicate information, we did not print a separate BRU section.)

### **Contact: Jeff J. Jahnke, State Forester**

**Tel:** (907) 269-8474 **Fax:** (907) 269-8931 **E-mail:** JJahnke@dnr.state.ak.us

## **Component Mission**

The Division of Forestry's mission is to manage wildland fires in the most efficient and cost-effective manner possible, meeting statutory requirements to provide wildland fire protection to all state, municipal and private lands.

## **Component Services Provided**

This component enables the Division of Forestry to meet its statutory responsibility AS41.15.010 for wildland fires on all state, municipal and private lands in Alaska.

The Division will provide rapid and aggressive initial attack on wildland fires consistent with the Alaska Interagency Fire Management Plan. This will be accomplished through cooperative agreements with federal and local government fire cooperators.

This component funds wildland fire suppression operations and fixed operating costs to provide for critical supplies, services, equipment, and personnel. Helicopters, air tankers and light fixed-wing aircraft will be contracted from private vendors to provide detection, transportation of initial attack firefighters, and application of fire retardant to wildland fires. Village emergency firefighting crews, incidental emergency firefighters, local government and federal cooperator personnel will be hired in emergency situations to supplement the Division's firefighters.

Additional detail on fire suppression average year costs available upon request from DNR Admin Services Manager (Nico Bus 465-2406).

## **Component Goals and Strategies**

The goal of this component is to manage wildland fire in order to protect human life, inhabited improvements, Alaska's natural resources and other critical sites.

Strategies to be utilized are to provide for immediate and effective initial attack to suppress all fires in the populated areas of the state and to protect critical sites in areas of the state as specified in the Alaska Interagency Fire Management Plan. Additional strategies are to coordinate emergency response efforts with local government, other state agencies and federal agency cooperators and to employ residents of Alaska in fighting wildland fires.

## **Key Component Issues for FY2001 – 2002**

Responding to the rising numbers of urban interface fires as Alaska's population continues to move into the forested areas of the state is one of the key issues facing the Division and its cooperators. In 1999 the Division suppressed six serious urban interface fires that directly threatened inhabited structures. During 2000, Forestry responded to 16 fires that involved structures threatened by wildland fire.

The increasing wildland fire protection responsibility is also one of the key issues the Division is facing. Fixed costs continue to rise and the state's wildland fire seasons are longer than in past years.

The Division's Wildland Fire Management Program consists of two components. This component funds fire suppression and the Forest Management and Development Component funds preparedness. The annual cost of wildland fire suppression over the past ten years has consistently exceeded budgeted funding. This has been recognized by both the administration and legislature and additional funding has been received funded through the

use of supplemental appropriations. Until FY99 intent language to this effect was included in the budget act. The issue of making funding available through either supplemental or reappropriation for wildland fire management needs to be resolved.

### Major Component Accomplishments for FY2000

- Managed and responded to a total of 324 wildland fire occurrences on 134 million acres. Provided fire weather forecasting a minimum of 3 days per week during fire season.
- Analyzed daily lightning occurrence data and provided rapid response to fire starts in areas with high value natural resources and human improvements.
- Provided 12 aircraft contracted from private vendors and 3 Division operated aircraft including helicopters, air tankers, and fixed wing.
- Provided payment to Alaska vendors who supplied additional aircraft detection, commodities, and supplies during fire suppression actions.
- Purchased smokejumper capabilities from the federal government.
- Provided employment opportunities for 33 EFF village crews and numerous individual Alaskans as firefighters and support personnel.
- Successfully suppressed 97% of 266 fires in critical and full protection at 10 acres or less. These urban interface fires were suppressed by firefighters from the Tok, Fairbanks, Delta, Copper River, McGrath, Palmer/Big Lake, Soldotna, and Haines Area Offices.
- Successfully suppressed 98% of 211 fires in critical protection at 10 acres or less.

### Statutory and Regulatory Authority

Alaska Statutes - Title 41

Section 41.15.010 - 41.15.170

Section 41.15.200 - 41.15.240

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### Key Performance Measures for FY2002

**Measure: Reduce the overall percentage of human-caused wildland fires in the Division's protection area.**  
*(Not yet addressed by Legislature.)*

**Current Status:**

Too soon to tell.

**Benchmark:**

Reduce the overall percentage of human-caused wildland fires in the Division's protection area.

**Background and Strategies:**

Humans cause approximately 83 percent of the wildland fires occurring each season on the Division's protection area.

Strategies include maintaining an aggressive wildland fire prevention program and continued support of the defensible space and Firewise concepts in an effort to reduce the overall percentage of human-caused fires.

### Status of FY2001 Performance Measures

<i>Achieved</i>	<i>On track</i>	<i>Too soon to tell</i>	<i>Not likely to achieve</i>	<i>Needs modification</i>
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Component — Fire Suppression

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	<i>Achieved</i>	<i>On track</i>	<i>Too soon to tell</i>	<i>Not likely to achieve</i>	<i>Needs modification</i>
• Percentage of fires in full and critical protection categories that are held to less than 10 acres.		X			

**Fire Suppression**  
**Component Financial Summary**

All dollars in thousands

	FY2000 Actuals	FY2001 Authorized	FY2002 Governor
<b>Non-Formula Program:</b>			
<b>Component Expenditures:</b>			
71000 Personal Services	5,828.9	3,009.3	3,309.8
72000 Travel	278.5	34.7	56.7
73000 Contractual	10,130.7	4,746.9	4,765.4
74000 Supplies	1,298.8	704.5	711.5
75000 Equipment	296.0	20.0	23.5
76000 Land/Buildings	0.0	0.0	0.0
77000 Grants, Claims	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
<b>Expenditure Totals</b>	<b>17,832.9</b>	<b>8,515.4</b>	<b>8,866.9</b>
<b>Funding Sources:</b>			
1002 Federal Receipts	3,815.4	5,321.3	5,321.0
1004 General Fund Receipts	13,993.4	3,182.3	3,545.9
1007 Inter-Agency Receipts	24.1	0.0	0.0
1053 Investment Loss Trust Fund	0.0	7.9	0.0
1108 Statutory Designated Program Receipts	0.0	3.9	0.0
<b>Funding Totals</b>	<b>17,832.9</b>	<b>8,515.4</b>	<b>8,866.9</b>

**Estimated Revenue Collections**

Description	Master Revenue Account	FY2000 Actuals	FY2001 Authorized	FY2001 Cash Estimate	FY2002 Governor	FY2003 Forecast
<b>Unrestricted Revenues</b>						
None.		0.0	0.0	0.0	0.0	0.0
<b>Unrestricted Total</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Restricted Revenues</b>						
Federal Receipts	51010	3,815.4	5,321.3	9,110.0	5,321.0	5,321.3
Interagency Receipts	51015	24.1	0.0	12.6	0.0	0.0
Statutory Designated Program Receipts	51063	0.0	3.9	3.9	0.0	0.0
Investment Loss Trust Fund	51393	0.0	7.9	7.9	0.0	0.0
<b>Restricted Total</b>		<b>3,839.5</b>	<b>5,333.1</b>	<b>9,134.4</b>	<b>5,321.0</b>	<b>5,321.3</b>
<b>Total Estimated Revenues</b>		<b>3,839.5</b>	<b>5,333.1</b>	<b>9,134.4</b>	<b>5,321.0</b>	<b>5,321.3</b>

## Fire Suppression

### Proposed Changes in Levels of Service for FY2002

"Mobile Fire Attack Force" - This increment would provide a quick response, mobile attack force to respond to the increased potential for wildland-urban interface fires statewide. A 20-person initial attack workforce would be utilized together as a crew or individually in the highest-risk areas on engines or helitack. This force could augment initial attack forces, be pre-positioned statewide for immediate response based on fire danger, and provide support to structure fire departments in wildland-urban interface response. This force can be used throughout the season to increase initial attack response in critical areas. The state has experienced an earlier fire season of up to three weeks for the last three years and twice has prevented project fires near urban areas because an experienced crew was coincidentally available locally and utilized immediately. There has been limited ability to respond to the high-risk areas with pre-positioning due to the early season and lack of available firefighters (they are needed where they are for fires).

### Summary of Component Budget Changes

#### From FY2001 Authorized to FY2002 Governor

*All dollars in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b>FY2001 Authorized</b>	<b>3,190.2</b>	<b>5,321.3</b>	<b>3.9</b>	<b>8,515.4</b>
<b>Adjustments which will continue current level of service:</b>				
-Convert Special FY2001 Labor Cost Fund Sources to GF	3.9	0.0	-3.9	0.0
-Year 2 Labor Costs - Net Change from FY2001	1.8	-0.3	0.0	1.5
<b>Proposed budget increases:</b>				
-Mobile Initial Attack Force	350.0	0.0	0.0	350.0
<b>FY2002 Governor</b>	<b>3,545.9</b>	<b>5,321.0</b>	<b>0.0</b>	<b>8,866.9</b>

## Fire Suppression

### Personal Services Information

Authorized Positions			Personal Services Costs	
	FY2001 Authorized	FY2002 Governor		
Full-time	8	8	Annual Salaries	1,166,523
Part-time	33	53	COLA	17,016
Nonpermanent	0	0	Premium Pay	0
			Annual Benefits	456,336
			<i>Less 3.27% Vacancy Factor</i>	<i>(53,675)</i>
			Lump Sum Premium Pay	1,723,600
<b>Totals</b>	<b>41</b>	<b>61</b>	<b>Total Personal Services</b>	<b>3,309,800</b>

### Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Accounting Tech I	0	0	0	1	1
Aircraft Maint Inspector	0	0	0	1	1
Aircraft Pilot II	0	1	0	2	3
Aircraft Supervisor	0	0	0	1	1
Food Service Journey	0	0	0	1	1
Food Service Lead	0	0	0	1	1
Food Service Sub Journey	0	0	0	2	2
Forest Tech II	0	7	0	7	14
Forest Tech III	0	3	0	4	7
Forest Tech IV	0	1	0	1	2
Forester I	0	1	0	1	2
Forester II	0	1	0	1	2
Forester III	1	0	0	0	1
Forester IV	1	0	0	0	1
Maint Gen Sub - Journey I	0	0	0	4	4
Maint Gen Sub - Journey II	0	0	0	1	1
Personnel Asst I	0	0	1	0	1
Procurement Spec I	0	0	0	1	1
Stock & Parts Svcs Journey I	0	0	0	2	2
Stock & Parts Svcs Journey II	0	1	0	2	3
Stock & Parts Svcs Lead	0	1	0	0	1
Stock & Parts Svcs Sub Journey	0	3	0	6	9
<b>Totals</b>	<b>2</b>	<b>19</b>	<b>1</b>	<b>39</b>	<b>61</b>