

AP/AL: Appropriation
Category: Development

Project Type: Construction

Location: Barrow

Contact: Gene Kane

House District: Arctic (HD 40)

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Estimated Project Dates: 07/01/2004 - 06/30/2009

Brief Summary and Statement of Need:

Grants to communities for public facilities and services. Priority is given to those communities directly or severely impacted by the leases and development of oil and gas within the National Petroleum Reserve.

| Funding: | FY2005 | FY2006 | FY2007 | FY2008 | FY2009 | FY2010 | Total |
|-----------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|
| Fed Rcpts | \$3,190,170 | \$3,000,000 | \$3,000,000 | \$3,000,000 | \$3,000,000 | \$3,000,000 | \$18,190,170 |
| Total: | \$3,190,170 | \$3,000,000 | \$3,000,000 | \$3,000,000 | \$3,000,000 | \$3,000,000 | \$18,190,170 |

| | | | | |
|---|---|---------------------------------------|---|--|
| <input type="checkbox"/> State Match Required | <input type="checkbox"/> One-Time Project | <input type="checkbox"/> Phased - new | <input type="checkbox"/> Phased - underway | <input checked="" type="checkbox"/> On-Going |
| 0% = Minimum State Match % Required | | <input type="checkbox"/> Amendment | <input type="checkbox"/> Mental Health Bill | |

Operating & Maintenance Costs:

| | Amount | Staff |
|----------------------|--------|-------|
| Project Development: | 0 | 0 |
| Ongoing Operating: | 0 | 0 |
| One-Time Startup: | 0 | 0 |
| Totals: | 0 | 0 |

Additional Information / Prior Funding History:

Refer to funding matrix in the detailed description.

Project Description/Justification:

As authorized December 12, 1980, by 42 U.S.C. Chapter 78, Sections 6501-6508, the Federal Government, through the U.S. Department of the Interior, Bureau of Land Management (BLM) manages and allows the exploration and development of oil and gas within the National Petroleum Reserve-Alaska (NPR-A). In accordance with 42 U.S.C. § 6508, fifty percent of the money received by the federal government from the "sales, rentals, bonuses, and royalties on leases issued . . ." within the NPR-A is paid to the State of Alaska.

As required by Alaska statute (AS) 37.05.530, Alaska Administrative Code (AAC) 3 AAC 150.010 – 150.090 was adopted, establishing the NPR-A Impact Program which allow municipalities impacted by oil and gas development in the NPR-A to apply for assistance (grants) to alleviate the impact. In accordance with:

- ? AS 37.05.530(c), participation is limited to municipalities.
- ? AS 37.05.530(c), (d), and (e), municipalities must demonstrate present impact or the need to determine or plan for future impact.
- ? AS 37.05.530(c), priority is given to municipalities that are experiencing or will experience the most direct or severe impact from oil and gas development.
- ? AS 37.05.530(e), municipalities may use the funds to alleviate the impact of the oil and gas development only for the following activities and services: (1) planning; (2) construction, maintenance, and operation of essential public facilities by the municipality; and (3) other necessary public services provided by the municipality.
- ? AS 37.05.530(f), funds may not be used for the retirement of municipal debt.
- ? 3 AAC 150.050(c), *impact* is defined as an effect reasonably attributable to NPR-A oil and gas activities under 42 U.S.C. § 6508 on (1) population; (2) employment; (3) finances; (4) social and cultural values; (5) air and water quality; (6) fish and wildlife habitats; (7) the ability to provide essential public services, including health care, public

safety, education, transportation, utilities, and government administration; and (8) other things of demonstrable importance to the applicant or the applicant's residents.

As required by Alaska statute (AS) 37.05.530(g) NPR-A funds received that are not appropriated for the NPR-A Impact Program are deposited as follows: (1) 25 percent to the principal of the Alaska Permanent Fund; (2) .5 percent to the Public School Trust Fund (AS 37.14.110); and (3) the remaining amount may be appropriated to the Power Cost Equalization and Rural Electric Capitalization Fund (AS 42.45.100).

DCED is anticipating the receipt of approximately \$3,190,170 in NPR-A monies from the 1999 and 2002 oil leases issued by the federal government -- the actual monies will be received in December 2003 and May 2004. In anticipation of these monies, DCED issued a Request For Grant Applications in September 2003, received applications totaling \$7,543,340, has selected \$3,030,000 in tentative grant awards, and will prepared to enter into Grant Agreements in July 2004 -- the beginning of FY05. The specific Grantees and amounts are as follows:

| Community | Project | Amount |
|---------------------|--|------------------|
| City of Barrow | Tuzzy Library | 180,000 |
| City of Wainwright | Local Government Operations | 250,000 |
| North Slope Borough | Barrow Allied Health Care Training Program | 500,000 |
| North Slope Borough | NPRA Social and Cultural Impact Study | 500,000 |
| City of Nuiqsut | Local Government Operations | 250,000 |
| North Slope Borough | Oil & Gas Development Comprehensive Plan | 400,000 |
| North Slope Borough | School Counselors Extended Program | 205,000 |
| North Slope Borough | School Resource Officers | 125,000 |
| North Slope Borough | School Based Programs | 500,000 |
| North Slope Borough | Gull Distribution, Predation, and Impact Study | 120,000 |
| Total | | 3,030,000 |

Funding History: This appropriation is routinely authorized in the language section of the capital bill. Proposed language: NATIONAL PETROLEUM RESERVE – ALASKA IMPACT GRANT PROGRM. The amount received by the National Petroleum Reserve - Alaska special revenue fund (AS 37.05.530) under 42 U.S.C. Chapter 78, Sections 6501-6508 during the fiscal year ending June 30, 2004, estimated to be \$3,000,000, is appropriated from federal receipts to the Department of Community and Economic Development for capital project grants under the National Petroleum reserve – Alaska Impact Grant Program.

| Year | Amount | Legislation | Cash Received |
|---------|------------|------------------------------|---------------|
| FY 2000 | 20,000,000 | SLA 99 Ch 2 Page 28 Line 25 | \$40,298,622 |
| FY 2002 | 1,683,900 | SLA 01 Ch 61 Page 124 Line 3 | \$ 1,683,849 |
| FY 2003 | 1,686,100 | SLA 02 Ch 1 Page 108 Line 20 | \$ 1,686,104 |
| FY 2004 | 25,011,457 | SLA 03 Ch 82 Page 86 Line 20 | \$34,556,469 |