

**Architecture and Engineering for a New Geologic Material Center in Eagle River - Phase 2 of 2**      **FY2010 Request: \$1,700,000**  
**Reference No: 45255**

**AP/AL:** Appropriation      **Project Type:** Research / Studies / Planning  
**Category:** Natural Resources  
**Location:** Eagle River (Eagle River)      **Contact:** Leta Simons  
**House District:** Eagle River (HD 17)      **Contact Phone:** (907)465-3379  
**Estimated Project Dates:** 07/01/2009 - 06/30/2010

**Brief Summary and Statement of Need:**

This request is for Phase 2 funding of the Architecture and Engineering design for the new Geologic Materials Center. Initial design work has been initiated; this final installment will complete the multi-year investment in preparation for construction in FY2011. This facility houses the entire collection of samples and core of all geologic resource exploration/development activity in Alaska and provides pertinent data for industry, academia, and government for resource development and public safety, a DGGs mandate. The current facility is completely insufficient to house the current and future sample collection. An appropriation of \$30 million GF will be requested in FY2011 for matching construction funds.

<b>Funding:</b>	<u>FY2010</u>	<u>FY2011</u>	<u>FY2012</u>	<u>FY2013</u>	<u>FY2014</u>	<u>FY2015</u>	<u>Total</u>
Gen Fund	\$1,700,000						\$1,700,000
<b>Total:</b>	\$1,700,000	\$0	\$0	\$0	\$0	\$0	\$1,700,000

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

**Operating & Maintenance Costs:**

	<u>Amount</u>	<u>Staff</u>
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	0
<b>Totals:</b>	<b>0</b>	<b>0</b>

**Additional Information / Prior Funding History:**

SLA2008/CH29      \$1,500,000      RSA with DOTPF, design contract under way  
 SLA2005/CH03      \$100,000      Federally funded concept study completed

**Project Description/Justification:**

The Geologic Materials Center (GMC) in Eagle River is the state's archive of geologic samples for supporting energy- and minerals-related exploration and development. Maintaining this archive is a statutory responsibility of the Division of Geological and Geophysical Surveys (DGGs). This valuable geologic information, the product of hundreds of millions of dollars of exploration and production drilling throughout the state and offshore waters, is at risk of damage or loss under current facility conditions; the growing collection has far exceeded the available warehouse space. Continual growth of the collection is accommodated presently by the addition of unheated and unlighted 40-foot shipping containers, currently numbering 57. A very positive aspect of the center is that a constant influx of valuable new geologic material is received yearly and, despite its serious shortcomings, the center continues to accommodate, steadily, 450-500 visitations annually, mostly from energy and mineral-industry exploration companies. The growing collection is partially the result of state lease regulations that require certain geologic samples to be turned over to the state for safe keeping and

to allow public access. The GMC also receives numerous donated collections from the private sector. Some of the larger donations have created severe space limitations, and are themselves at risk of damage or loss. The information gathered from these unique geologic samples is critical for facilitating a vibrant and competitive exploration industry.

The operating budget of the GMC is \$250,000 annually, and is primarily spent on repair, maintenance, and retrofit of the existing facility. A new facility will allow the current operating budget to be redirected from retrofitting an aged conglomeration of buildings, to upkeep of a modern, state-of-the-art facility. The new facility will allow for reasonable, timely access to geologic samples for technical analysis, thereby facilitating development of new oil, gas, and mineral exploration projects. These operations have direct revenue-generating capabilities through lease royalties and taxes. Increased exploration and development also increases private-sector jobs. Improved access to the samples, and improved ability to analyze them, will create service-industry and consulting opportunities in the high-paying resource-development industry.

Industry and federal agencies have partially supported the planning process; matching funds will be requested to fund the cost of construction. The Division of Forestry has committed approximately 9.5 acres of vacant land adjacent to their maintenance facility in Eagle River for the purpose of constructing a new Geologic Materials Center. However, other possibly better suited parcels are also being examined before design work proceeds further. State contribution of a land parcel and capital improvement funds for the architectural and engineering design phase of this project will confirm to both the industry and federal appropriators that the state is committed to the support of this facility.

A recently completed Concept Study, performed for DGGs under direction of the Department of Transportation and Public Facilities (DOTPF), describes the need for the facility, presents a conceptual design and specifications, and estimates the costs for a new structure that would house the present collection, anticipated large donations from industry, and steady growth long into the future. The Concept Study estimates the cost of the proposed 114,830-square-foot facility to be about 30 million dollars. DOTPF estimated that the architecture and engineering design for this facility will cost \$2,900,000 in 2006 dollars. The Concept Study report is available on the DGGs/GMC Web site at <http://www.dggs.dnr.state.ak.us/GeologicMaterialsCenter.htm>. The engineering design is being done in two phases, with Phase 1 involving securing of the land and detailing the A and E to the point of providing a realistic cost estimate that can be used in potential bonding and funding requests. Design work will be completed in Phase 2, paving the way for construction and demonstrating the state's commitment to this important facility.

### **Why is this Project Needed Now?**

The current Geologic Materials Center has far outgrown its available space and no longer provides adequate permanent facilities for archiving, storing, and examining samples. Valuable geologic material is continually received at the facility and is currently being archived in about 57 8-foot by 40-foot metal shipping containers that have been retrofitted to accommodate the necessary shelving. These portable trailers are unheated, have no internal or natural lighting, and put the rock core samples at risk of moisture condensation and freeze-thaw cycles that could destroy their integrity. In addition, because the facility lacks sufficient layout space for examining long cores, an exploration company that does not have its own archival core facility (currently only one company does), must take large sample collections off-site from GMC for interpretation and analysis to help identify

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possible exploration targets. This condition puts the samples at risk of loss or damage. The staff of Alaska's congressional delegation has expressed interest in supporting the construction of a new facility on the condition that the State of Alaska shows substantial contribution. At their invitation, DGGs will submit a federal appropriations request for half the cost of the proposed facility. DGGs proposes that the in-kind contribution of state land for the building site, in combination with state funding of the architectural design phase, will demonstrate the state's commitment to providing the best access possible to geologic information acquired in the best place to explore for natural resources in the nation. Providing an adequate facility for storage of these samples will increase the accessibility and usefulness of geologic information needed by industry for exploration decisions, and prevent deterioration of the valuable sample collection. Postponement of building a new structure will increase the long-term cost as the price of building materials and continued maintenance of the existing facility increase.

**Specific Spending Detail:**

LINE ITEM	DOLLAR AMOUNT	DESCRIPTION
Personal Services	\$ 90,000	Existing staff for contract management and project administration
Travel	\$ 10,000	Estimated travel cost to meetings with DOTPF and contractor
Services	\$ 1,600,000	RSA to DOTPF for administration, subcontracts, design reviews, and contingencies

**Project Support:**

Supporters for this project include: Alaska Oil and Gas Conservation Commission; AOGA; Alaska Geological Society; Alaska Miners Association; University of Alaska; numerous oil, gas, and mineral exploration and development companies.