

National Petroleum Reserve - Alaska Impact Grant Program FY2011 Request: \$4,847,165
Reference No: 38948

AP/AL: Appropriation with Allocations **Project Type:** Construction
Category: Development **Recipient:** (various)
Location: North Slope Borough **Contact:** Tara Jollie
House District: Arctic (HD 40) **Contact Phone:** (907)269-7959
Estimated Project Dates: 07/01/2010 - 06/30/2015

Brief Summary and Statement of Need:

This amendment adjusts the amount of the appropriation for actual National Petroleum Reserve - Alaska (NPR-A) allocation to be received for FY2011. The NPR-A Program provides grants to communities for public facilities and services. The NPR-A grant program provides 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 NPR-A. This program contributes to the department's mission of promoting a healthy economy and strong communities by providing economic growth in the communities it serves.

Funding:	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	Total
NPR Fund	\$4,847,165						\$4,847,165
Total:	\$4,847,165	\$0	\$0	\$0	\$0	\$0	\$4,847,165

<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:

	<u>Amount</u>	<u>Staff</u>
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, 50% 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 grant assistance to alleviate the impact. Grant applications are considered 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.

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- 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% to the principal of the Alaska Permanent Fund; (2) .5% 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).

Funding History: This appropriation is routinely authorized in the language section of the capital bill.

Year	Amount	Legislation	Cash Received
FY10	15,967,840	SLA 09, Ch 15, Sec 16(a)	
FY09	5,300,000	SLA 08, Ch 29, Sec 38(a)	\$ 14,817,195
FY08	10,563,218	SLA 06, Ch 30, Sec 30(a)	\$ 12,277,299
FY07	4,278,502	SLA 06, Ch 82, Sec 22(a)	\$ 4,478,163
FY06	24,706,539	FSSLA 05, Ch 3, Sec 10(a)	\$ 31,594,594
FY05	2,530,586	SLA 04, Ch 159, Pg 57, Ln 22	\$ 2,530,586
FY04	25,011,457	SLA 03, Ch 82, Pg 86, Ln 20	\$ 34,556,469
FY03	1,686,100	SLA 02, Ch 1, Pg 108, Ln 20	\$ 1,686,104
FY02	1,683,900	SLA 01, Ch 61, Pg 124, Ln 3	\$ 1,683,849
FY00	20,000,000	SLA 99, Ch 2, Pg 28, Ln 5	\$ 40,298,622

The following projects are approved for FY2011:

APPLICANT	PROJECT TITLE	COMMUNITY(IES) TO BENEFIT	AMOUNT REQUESTED	PROJECT TERM	AMOUNT AWARDED
City of Nuiqsut	Local Government Operations & Maintenance	Nuiqsut (NUI)	545,737	1 year	545,737
North Slope Borough	School Counselor Grant Application	NUI and BRW	251,243	1 year	251,243
City of Atkasuk	Local Government Operations & Youth Program	Atkasuk (ATQ)	403,474	1 year	403,474
City of Nuiqsut	Youth Center Operations & Maintenance	Nuiqsut (NUI)	289,000	1 year	289,000

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North Slope Borough	North Slope Borough Internship Two Year Program	All NPRA	1,200,000	4 years*	391,000
City of Wainwright	Wainwright Youth Program	Wainwright (WAIN)	327,935	1 year	327,935
North Slope Borough	North Slope Borough Mayor's Job Program	All NPRA	1,000,000	3 years**	333,000
City of Wainwright	Wainwright Local Government Operations	Wainwright (WAIN)	455,776	1 year	455,776
City of Barrow	Local Government Operations and Maintenance	Barrow (BRW)	1,900,000	1 year***	1,600,000
North Slope Borough	North Slope Borough Volunteer Search and Rescue	All NPRA	508,619	1 year****	250,000
TOTAL (10 APPLICATIONS)					4,847,165

Anticipated Funding for FY11 NPR-A Grants:
\$4,893,051.50

Application Selection Committee Funding Recommendation notes:

* North Slope Borough Internship Two Year Program:

Reduce funding to support development of program and recruitment of interns.

** North Slope Borough Mayor's Job Program:

Fund for one year only. Reduce funding based on funds available in current grant (approx. \$540,000). Current grant was also based on a 3 year project timeline beginning July1, 2008.

*** City of Barrow Local Government Operations:

Reduce funding based on current reported expenditures and availability of funds in current grant.

****North Slope Borough Volunteer Search and Rescue:

Reduce funding based on duplication of this project to similar current grant (09-NPRA-02). Much of the equipment requested was funded with the current grant.