

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

Department of Natural Resources  
Commissioner's Office  
Component

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

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## **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>