

State of Alaska FY2002 Governor's Operating Budget

Department of Natural Resources

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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
Total	2,925,990	961,710	3,887,700

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"> • Volume of timber offered annually, including volume of timber offered for in-state value-added processing. • Level of compliance with best management practices, as measured by implementation of a monitoring program of the Forest Practices Act • Percent of fire incidents in the full and critical categories held at less than 10 acres • Acres of land sold and the revenue generated from land sales • Acres of land conveyed to Municipalities • Acres of ground under private-sector mineral exploration • The number of completed geophysical and geological mineral surveys • The number of visits by site and type of visitor • The Revenue received by the development and sale of natural resources 			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
Formula Expenditures	None.											
Non-Formula Expenditures												
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	80.1	0.0	0.0	80.1	115.0	0.0	0.0	115.0	115.0	0.0	0.0	115.0
Facilities 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
Totals	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
Totals	69,689.5	68,484.2	70,938.3

Position Summary

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

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
Department Total	5,629,600	11,390,000	2,445,000	19,464,600

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>
FY2001 Authorized	37,600.3	11,132.2	19,751.7	68,484.2
Adjustments which will continue current level of service:				
-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
Proposed budget decreases:				
-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
Proposed budget increases:				
-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
FY2002 Governor	39,054.9	11,215.2	20,668.2	70,938.3