

Abandoned Mine Lands Reclamation Federal Program

FY2007 Request: \$3,525,000

Reference No: 6855

AP/AL: Appropriation

Project Type: Health and Safety

Category: Public Protection

Location: Statewide

Contact: Nico Bus

House District: Statewide (HD 1-40)

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Estimated Project Dates: 07/01/2006 - 06/30/2009

Brief Summary and Statement of Need:

The Legislature enacted the Alaska Surface Coal Mining Control and Reclamation Act in 1983 (AS 27.21). One of the main purposes of the act was to promote the reclamation of areas mined and left without adequate reclamation before enactment of the federal Surface Mining Control and Reclamation Act of 1977. These mined areas endanger public health and safety, substantially degrade the environment, and prevent the beneficial use of or cause damage to land and water resources. This program will employ up to 50 Alaskans in private sector jobs as part of the reclamation efforts.

Funding:	<u>FY2007</u>	<u>FY2008</u>	<u>FY2009</u>	<u>FY2010</u>	<u>FY2011</u>	<u>FY2012</u>	<u>Total</u>
Fed Rcpts	\$3,525,000	\$1,525,000	\$1,525,000	\$1,525,000	\$1,525,000	\$1,525,000	\$11,150,000
Total:	\$3,525,000	\$1,525,000	\$1,525,000	\$1,525,000	\$1,525,000	\$1,525,000	\$11,150,000

<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:

FSSLA05/CH3 - \$1,500,000

SLA04/CH159 - \$1,500,000

SLA03/CH82 - \$1,500,000

SSLA02/CH1 - \$1,500,000

SLA01/CH61 - \$1,500,000

Project Description/Justification:

Funds from the AML Trust Fund can only be spent for reclamation of AML sites (AS 27.21 and 11 AAC 90). The AML Program covers 100% of the cost of hazard mitigation on qualifying problem sites regardless of ownership. The AML program has thus far identified 16 coal sites and 124 non-coal sites requiring reclamation at a cost of \$42,000,000. It is estimated that Alaska will receive an additional \$15,000,000 to \$24,000,000 by the end of the program. The highest priority sites will be worked on first. Innovative methods of mine site closure, more "privatization" within the program, and more effective/efficient contract management are being implemented to allow available funding to address more problem areas. The highest priority sites are those that are an extreme danger to public health and safety. The types of hazards are mine pit highwalls, open portals and shafts, dilapidated structures and equipment, dangerous impoundments, clogged streams, dangerous mine waste piles, surface coal fires, polluted water, and industrial and residential waste. AML sites occur on private, state, native and federal lands.

The AML program has committed most of the state's funding to a single large multi-year construction contract totaling approximately \$3,220,000 to one Alaskan contractor providing employment for 50-100 Alaskans and many more indirectly in the adjacent communities. This contract will effectively utilize all available funding from the basic \$1.525 million grant for this fiscal year. This project includes fire suppression efforts at the Jonesville mine near Sutton, where fires have burned underground for many years.

Several private entities are promoting that Alaska receive an additional \$2.0 million in federal funds for this fiscal year, which, if granted, will allow for an additional 4 to 6 projects and contracts to be let during the fiscal year. As a result, DNR is requesting authorization to receive an additional \$2 million in the FY 05 CIP. The benefit to Alaska is that public health and safety hazards on private, state, native and federal land will be reclaimed improving the quality of life in Alaska, save lives, reduce injuries and enhance land values and allow a wide variety of future beneficial uses on these sites.

In addition to the federal grant the AML program receives small amounts of money from other federal agencies for cooperative projects. This funding is less than \$50,000 annually.

As part of the CIP authorization the AML program receives roughly \$600,000 for administrative costs in its annual federal grant. These funds are authorized in the operating budget. Administrative costs are 100% federally funded.

Why is this Project Needed Now:

Federal funding for the reclamation of AML sites is currently available to the State, but will not continue in perpetuity. The AML Trust Fund may sunset at any time between fiscal 2008 and 2027. There are no other sources of funding for AML reclamation in Alaska at this time. Alaska is better served by taking advantage of these funds while they are available.

Specific Spending Detail:Line Item Expenditures:

- Personal Services \$445,000 - Costs are for program management, project design, contract preparation and contract administration.
- Indirect Chargeback by Department of Administration \$72,000
- Travel \$12,000 - Cost of transportation, lodging and per diem for contract administration.
- Services - \$2,984,000 if full authorization amount is appropriated by Congress (\$984,000 - Cost for 4-6 construction contracts per year at minimum continuation funding level).
- Commodities - \$12,000
- Equipment \$-0-

Project Support: Project support varies from project to project but is usually from the landowner/land manager, mineral owner, adjacent community, the construction industry and special interest groups such as environmental and historical groups. The present day mining industry also supports the AML Program efforts to address safety issues left from past development practices as the public often erroneously equates these old sites with modern practices.

Project Opposition: There is no known opposition to the stated objectives of the program. The program has substantial flexibility in its hazard abatement methods and concerns can generally be overcome.