

# **State of Alaska FY2007 Governor's Operating Budget**

## **Department of Natural Resources Claims, Permits & Leases Component Budget Summary**

## Component: Claims, Permits & Leases

### Contribution to Department's Mission

Encourage environmentally sound use and development of state land and resources for public and private purposes.

This component provides most of the state authorizations necessary for the use of State land by industry and the public. For that reason, the major outcomes for which this component is responsible are:

- I. Provide Revenue to the State Treasury
- II. Facilitate Job Creation from the Use of State Land
- III. Assure Environmentally Responsible Use of State Land

This component also provides authorizations necessary for oil and gas, mining, forestry, fishing, mariculture, commercial recreation, road-building, and other uses. There are few, if any, industries in Alaska that use state land that do not require an authorization provided by this component.

This component is budgeted based on the assumption that revenue generated by the development of state land should not only pay for its cost, but also provide a return to the state. Thus, the services provided by this component require approximately \$9.9 million. However, the direct revenue collected by this component is expected to be almost \$11.2 million. This revenue does not include all of the revenue generated by the development of state land, only the fees, rents, and royalties collected directly by this component. The figure does not include oil and gas royalties, forestry stumpage fees, mining license taxes, and other additional revenue.

### Core Services

This component provides the land use authorizations necessary for the development of Alaska's state land. Almost all industries require authorizations provided by this component to operate on state land. Examples include:

- Oil and Gas: ice roads, support facility leases, exploration camps;
- Mining: claims, leases, access, land use permits, plans of operations, reclamation plans, technical review of major projects, compliance inspections;
- Forestry: log-transfer sites, access, support camps;
- Commercial Fishing: mariculture sites; shore fishery leases; leases for processors;
- Tourism: lodge sites, recreation access, and related permits.

The Division of Mining, Land and Water is the steward of the state's land. Most authorizations for the use of state land are granted through this component. The division works with industry and the public to develop state land in a way that is efficient for industry, protects public resources, provides a return to the state and appropriately involves the public in decisions that affect them.

The division also provides much assistance through this component to private citizens by issuing permits and leases as needed, whether for a trapping cabin on a remote site or a utility line to bring services to a family. The division provides for personal use material sales to individuals and competitive material sales for those requiring larger quantities. Driveways, roads, trails, or waterlines are just a few of the rights-of-way issued to individuals. Working with private citizens to provide for their needs is an important service of the division. Much assistance provided to individuals and businesses regarding use of state land and resources does not lead to authorizations or revenue, but is required to manage state land.

Twenty separate programs are funded through this component, most of which involve a permit, lease, or other authorization. The division reports specific performance measures for each program. Detailed spreadsheets that describe the performance for each program are available upon request from the DNR Administrative Services Manager (Nico Bus 465-2406). A brief description of each program is provided below.

**UPLAND AND TIDELAND PERMITS.** Land permits are authorizations issued to use state land, on a temporary basis,

for a variety of purposes. The permits range in duration from one or two days to five years. They are intended for temporary, non-permanent uses such as floating lodges, log storage, scientific research, guide camps, equipment storage, public or private events, and commercial recreation. Beginning in 2003, permittees authorized under this program that conduct commercial recreation activities are required to register their commercial recreation day-use activities and pay a \$2 per visitor-use-day in addition to permit fees. The same requirement applies to commercial recreation permits.

**TRAPPING CABIN PERMITS.** The division issues 10-year non-exclusive permits to licensed trappers for construction and use of "shelter" cabins along established trap lines. Because of the program's narrow scope, only a few new permits are issued each year. Field visits are performed only when there are complaints that a cabin is being used for other than trapping purposes, such as for guiding or personal recreation.

**COMMERCIAL RECREATION PERMITS.** Commercial guides, outfitters, and other purveyors of commercial recreational services that remain overnight on state land are required to obtain a permit under this program. Essentially a general permit, this authorization is obtained over the counter upon application and payment of the fee. In general no permit is required for most day-use activities, only registration.

**UPLAND AND TIDELAND LEASES.** Leases are long-term authorizations for a wide variety of purposes. Examples of land uses authorized by lease include support facilities on the North Slope and community docks or marinas on state tidelands. Because leases are either awarded by bid or require payment of fair market value for the land and per visitor-use-day fees, they provide significant return to the state. A variety of factors, such as the number of years needed to amortize a project or whether it is negotiated or competitive, determine the lease duration. Leases convey an interest in state land and may, upon approval, be assigned or sublet. Because they convey an interest, the process to issue leases is more complex and lengthy, requiring survey and appraisal.

**COMMERCIAL RECREATION FACILITIES DEVELOPMENT LEASES.** This program is authorized by a specific statute, AS 38.05.073, to provide DNR with a modern set of "tools" to appropriately design and authorize a large commercial recreation development. At the present time we manage only one lease, Alyeska Resort. The Hatcher Pass lease, also developed under this statute, has been assigned to the Matanuska-Susitna Borough. These lease arrangements are much more complex than the normal leases and often are tied to borough ordinances and other investment negotiations. The Hatcher Pass lease is gaining momentum for a ski area development.

**AQUATIC FARM LEASE.** Alaskans wishing to grow and harvest shellfish and other ocean species may do so with an authorization under this program. Alaskan oysters are sold nationally and mussels are sold locally and used in many restaurants. In FY 95, this program was shut down by a court decision. The program re-established in 1999 with a new statute and regulations. Regulations require the Department to hold an opening every two years. An opening was held in 2005, and another is scheduled for 2007.

In these openings, an individual applies for a specific location. DNR, DFG, and the Office of Project Management and Permitting work together to approve, reject, or approve the application with stipulations. This can often be a 9-month process and is expensive for the state and the applicant.

An additional 123 pre-permitted sites currently are available for lease over the counter on a first-come first served basis.

**SET NET LEASE.** This long-standing program allows limited entry permit holders for gill net fishing from shore to obtain a lease for their fishing sites. The authorization does not allow any upland development. Although it is not a requirement to fish, a lease gives the fishers control over the location where they traditionally fish. The leaseholder may use the location for set-net fishing to the exclusion of others.

**PUBLIC AND CHARITABLE LEASES AND CONVEYANCES.** This long-standing program is designed to facilitate public uses of state land which are permanent in nature and require site control. This is accomplished by official land survey and conveyance of an interest in the land. Examples of leases or conveyances processed under this program include sites for local fire stations and community centers, cemeteries, land fills, Girl Scout camping facilities, public works maintenance facilities; and public facilities requested by municipalities. The processing of a lease under this authority is similar to that of a regular lease and involves a written decision, public notice and survey. The statute allows the payment by the lessee or purchaser to be less than fair market value. An appraisal may be required to establish the actual lease rate or purchase amount. The workload under this authority has decreased somewhat as local governments receive their land entitlement under the Municipal Entitlement Program. However, the complexity of each

proposed leasing action increases as land status, social issues and competition for land increases.

**LOG TRANSFER FACILITY LEASES AND PERMITS.** Log transfer and log storage leases and permits authorize the movement of logs from public and private uplands into marine waters. The lease duration is determined by a variety of factors such as the number of years that logging is expected to occur and whether the lease is negotiated or competitive. Permits are issued for authorizations for less than five years. Bark accumulation on the ocean floor for both log transfer and log storage sites is monitored to meet DEC's general permit requirements. This requires multi-agency review of remediation proposals by the lessee. The number of authorizations is expected to decline due to the completion of logging on the majority of private lands and continuing legal challenges to the USFS timber program.

**MATERIAL SALES.** Sale contracts for materials such as pit-run gravel, peat, and sand are issued to meet private and public needs. Rock, sand and gravel sales to private companies support industrial, mineral, and oil & gas development including the construction of roads and building pads. Public sales are provided to DOTPF and communities for projects such as road construction, bank stabilization, or emergency repairs due to natural disasters. If materials are sold non-competitively from an existing pit, contracts can typically be issued quickly. Limited material permits of up to 200 cubic yards (cy) are sold over-the-counter to the public; the division issues approximately 160 such permits annually. Cycle times for new material sources and competitive sales (greater than 25,000 cy per year) are variable based on location and size. These actions require best interest findings and public notice, requiring a more lengthy process. Except for public sales, materials are sold at fair market value.

**EASEMENT ASSERTION, MANAGEMENT & VACATION.** Easements are issued for the construction of roads, trails, driveways, public and private utilities, and communications facilities. They include authorizations for development projects such as ice roads for oil and gas exploration or access to mining claims. A private exclusive use easement is a disposal of state interest and requires a decision, public notice, survey, and appraisal to determine annual rental. Cycle times for processing rights-of-way are highly variable and depend upon the complexity of the competing interests and land status along with timely completion of the necessary survey and appraisal by the applicant. The division also adjudicates easement vacations where equal or better access exists.

Easement management is one of the fastest growing and most time consuming issues the division faces. The division is seeing a large increase in requests to assert RS 2477s and other easements, define exact locations for previously asserted easements, resolve use conflicts of asserted easements, and to vacate those previously asserted. The majority of demand on the easement staff comes from the public concerning easement management rather than requesting new authorizations. The staff is asked to resolve access and use conflicts, lack of access, and stop resource damage either on or off established easements. The staff time required to resolve these normally complex issues is large, ever-increasing, and largely unbudgeted.

Because of the division's limited enforcement authorities, difficult problems such as trespass, easement encroachments or resource damage caused by public access often require work with the Department of Law and frequently the court to resolve.

**PLAT APPROVAL IN THE UNORGANIZED BOROUGH.** By law, DNR is the platting authority in the unorganized borough. This project involves review and approval of survey plats submitted by surveyors for subdivision of lands and right-of-way dedications in the unorganized borough. The purpose of this project is to insure that subdivisions within the unorganized borough are surveyed, recorded and have legal access. Prior to passage of AS 40.15.300, these requirements were not addressed, allowing for paper plat subdivisions and subdivision by deed (without a field survey). These were prone to produce gaps, overlaps, and clouded boundaries, creating survey and title problems.

**INTERAGENCY LAND MANAGEMENT ASSIGNMENTS.** DNR is the major state agency with authority to hold title to land. In cases where other agency facilities are needed, DNR holds title to the land but assigns the land management authority to the requesting agency. In cases where significant public concern is involved, the assignment requires public notice and significant public discussion. The Department of Transportation and Public Facilities and the Division of Parks and Outdoor Recreation are the most frequent assignees. Almost all assignments to these agencies provide land for roads or developed facilities that are planned and funded.

**MINERAL PROPERTY MANAGEMENT.** This project processes and maintains the state's mineral location records on state-owned lands. Mineral exploration, development, and production on Alaska's lands is dependent on current and up-to-date mineral title records documenting ownership and status of locations, all of which are maintained by the

division. This project also administers the rental billings and royalty audits to assure Statehood Act 6(i) revenues are correctly paid to the state treasury and permanent fund.

There is a resurgence in claim staking activity due to regulatory improvements, improved business climate and increased prices for gold, copper, lead, zinc, silver and platinum. Gold prices are now over \$450/ounce. The division currently has 2.55 million acres under location and by next year, the anticipated to be 2.75 million acres.

The increased mining activity has contributed to a growing backlog in processing mining license tax, royalty returns and audits. Timely and accurate processing and auditing is required to maximize mining revenues to the state. Two new FY2006 staff positions are increasing the Mineral Property Management's ability to address these issues.

By the end of FY2006, the division expects to have received \$2.7 million in revenue from mining. In FY2007, the division anticipates receiving \$3.6 + million in revenue with the increase due mostly to a growing number of mineral properties maintained by the division. As a result of increased mining activity and higher metal prices, revenue from the Mining License Tax increased two fold to \$10.3 million in FY2005, and is expected to increase to \$14.0 million in FY2006.

**GENERAL MINE PERMITTING.** Large hardrock mines, placer mines and mineral exploration activities involving heavy equipment and discharge of water require permits from a variety of state and federal agencies. The mine permitting section processed approximately 350 permits, including plan of operations approvals, and mine reclamation plan approvals, in FY2005, but this is expected to increase in step with the increased location filings. Approximately 80 of these authorizations are within the coastal zone. Permits may be issued for up to 5 years. The program provides technical assistance to small miners, performs the technical review for new and existing large mine projects and conducts compliance inspections of both small and large operations. This program also administers individual reclamation bonds and operates the statewide reclamation bond pool for placer mines and exploration projects.

With the new staff positions being added in FY2006, average permitting time is expected to decrease back to 2-3 weeks and staff will be able to devote more time to field inspections. The new staff positions are also enabling the Division to address industry concerns re: the lack of adequate inspections and documentation that might leave the industry vulnerable to unwarranted challenges and criticism.

**COAL SURFACE MINING, REGULATORY.** This project administers the Alaska Surface Coal Mining Control and Reclamation Act (ASCMCRA) in a manner that protects the environment, is efficient to the coal companies, and involves the public. This program is funded by a combination of federal funds and state general fund match. To retain state primacy over the program, the coal program statutes and regulations must be administered consistent with federal standards and procedures.

**ABANDONED MINE LAND PROGRAM.** This 100% federally funded program works to reduce or eliminate hazards caused by historic mining (before the advent of modern mining methods and laws) to protect public health, safety, general welfare and property, and to restore the environment where degraded by historic mining. The federal government funds reclamation of mines that were abandoned before the passage of the federal Surface Mining Control and Reclamation Act in 1977. Alaska's program is funded 100% by the federal Office of Surface Mining. No state funds are involved.

**GENERAL PUBLIC CONTACT.** This project provides the majority of funding to DNR's Public Information Center, which expects to handle approximately 23,000 customers in FY05 (this figures reflects only direct person-to-person help to the public, and does not include visits to DNR's web site). Approximately another 6,000 people walk into or call the division offices for questions that are unrelated to a particular authorization or are not part of an application or a pre-application discussion. This is the only project in this component that does not produce an authorization to use state land. The project is included to document the significant workload and public benefit provided by the general public information and contact required of the division as the manager of state land. As the land owner, the division is requested to perform a large assortment of activities that do not relate to an authorization. Examples include: resolving use conflicts on easements, working with local government and residents to reduce substantial resource damage from public use, and investigating trespass use of state land.

|                    |                                      |
|--------------------|--------------------------------------|
| <b>End Results</b> | <b>Strategies to Achieve Results</b> |
|--------------------|--------------------------------------|

**A: Industry and individuals obtain authorizations necessary for the environmentally sound use and development of state land and resources.**

Target #1: Process 90% of new applications received.  
Measure #1: Percentage of new applications processed compared with the number received.

**A1: Provide a good business environment in Alaska by processing authorizations within expected cycle times.**

Target #1: Issue or deny land use permits within 8 weeks of receiving a complete application.

Measure #1: Median number of weeks to process new land use permits.

Target #2: Process private exclusive easement applications for new sites within 2.0 years and public easements within 12 months of receiving a complete application.

Measure #2: Median time to process private exclusive and public easement applications.

Target #3: Enter new mineral location notices into the Land Administration System within 2 weeks of receiving appropriate documentation and payment.

Measure #3: Median number of weeks to enter new mineral location notices into the Land Administration System.

Target #4: Process 100% of easement vacation requests received.

Measure #4: Percentage of new easement vacation requests processed.

Target #5: Process upland and tideland leases within 2.5 years of receiving a complete application.

Measure #5: Cycle time to process upland and tideland leases.

**A2: Monitor authorized activities to insure that regulations and stipulations are followed.**

Target #1: 100% of required mineral reclamation is accomplished without significant environmental problems.

Measure #1: Percentage of mineral reclamation projects with uncorrected significant environmental compliance issues.

Target #2: Conduct site inspections of 10% of active land use permits.

Measure #2: Percentage of active land use permits inspected.

**A3: Identify unauthorized activities and either bring activity into compliance or start trespass case.**

Target #1: Initiate trespass cases for all identified illegal activities that are not brought into compliance.

Measure #1: Number of trespass cases initiated.

**A4: Restore, reclaim, or rehabilitate damaged, polluted or abandoned sites.**

Target #1: Reduce the number of identified hazardous

|   | sites through reclamation efforts by four.<br><u>Measure #1:</u> Number of identified hazardous sites reclaimed.   |
|---|--|
| End Results   | Strategies to Achieve Results  |
| <p><b>B: The use of state land provides either direct or indirect economic benefit to the state.</b></p> <p><u>Target #1:</u> Generate \$10 million in revenue (\$3 million more than the General Fund cost to this component).<br/><u>Measure #1:</u> Amount of revenue generated by this component.</p> | <p><b>B1: Generate more revenue than the component costs.</b></p> <p><u>Target #1:</u> 5 out of 19 programs (authorization types) will generate more revenue than they cost to run.<br/><u>Measure #1:</u> Number of programs that generate more revenue than they cost to run.</p> <p><u>Target #2:</u> Generate \$3.5 million net revenue through processing of mining claims, mineral leases, and annual placer mining applications.<br/><u>Measure #2:</u> Net revenue generated by mining authorizations.</p> <p><u>Target #3:</u> Generate \$186,000 net revenue through processing of material sale applications in FY07.<br/><u>Measure #3:</u> Net revenue generated by material sale authorizations.</p> |

| Major Activities to Advance Strategies   |  |
|--|--|
| <ul style="list-style-type: none"> <li>• Process 200 new Upland and Tideland Permits and administer 1,200.</li> <li>• Process an estimated 60 new Commercial Recreation Permits.</li> <li>• Process 5 new Upland and Tideland Leases and administer 400.</li> <li>• Administer existing Alyeska Commercial Recreation Lease in Girdwood.</li> <li>• Process 15 new Set Net Leases and administer 1,050.</li> <li>• Process 6 Public and Charitable Use Leases or Sales and administer 150.</li> <li>• Process 2 permits and one long term lease on Log Transfer Facilities; administer 85; complete 30 bark monitoring analyses.</li> <li>• Process 60 new contracts and administer an estimated 650 contracts in Material Sales.</li> </ul> | <ul style="list-style-type: none"> <li>• Process 30 Easements; administer 2,400 Easements.</li> <li>• Issue 50 Plat Approvals.</li> <li>• Process 15 new ILMA applications and administer 1,000.</li> <li>• Coal Regulatory: Process 1 new mine permit, administer 4-11 existing mine permits, and 7 exploration permits.</li> <li>• AML: Eliminate 14 acres of coal fires and public safety hazards at approximately 8 facilities.</li> <li>• AML: Administer \$1,700,000 in capital projects.</li> <li>• MPM: Process 43,500 new and exist'g locations represent'g 2,750,000 acres under location; process 250 claim conversions and administer 40 coal leases.</li> <li>• GMP: Administer an est. 355 mine permits; accomplish reclamation with less than 2000 acres of cumulative disturbance for the industry.</li> </ul> |

| FY2007 Resources Allocated to Achieve Results      |  |           |     |           |   |              |            |
|--|--|-----------|-----|-----------|---|--------------|------------|
| <p><b>FY2007 Component Budget: \$9,885,400</b></p> | <p><b>Personnel:</b></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 70%;">Full time</td> <td style="text-align: right;">111</td> </tr> <tr> <td>Part time</td> <td style="text-align: right;">1</td> </tr> <tr> <td><b>Total</b></td> <td style="text-align: right; border-top: 1px solid black;"><b>112</b></td> </tr> </table> | Full time | 111 | Part time | 1 | <b>Total</b> | <b>112</b> |
| Full time  | 111  |           |     |           |   |              |            |
| Part time  | 1  |           |     |           |   |              |            |
| <b>Total</b>                                       | <b>112</b>   |           |     |           |   |              |            |

## Performance Measure Detail

### A: Result - Industry and individuals obtain authorizations necessary for the environmentally sound use and development of state land and resources.

**Target #1:** Process 90% of new applications received.

**Measure #1:** Percentage of new applications processed compared with the number received.

#### Percentage of new applications processed

| Year | YTD Total |
|------|-----------|
| 2003 | 80%       |
| 2004 | 85%       |
| 2005 | 85%       |

**Analysis of results and challenges:** In general, many types of businesses received authorizations that allowed businesses to use state land for financial gain. Authorizations in this component benefit utility, oil and gas, mining, commercial recreation, tourism, fishing, construction, and other development industries by giving them legal access to the state owned land and resources.

The target of 100% processing was not reached because the number of applications being submitted to DNR exceeds the staff's capacity to process them. As a result, there is an increasing backlog of permits, leases, easements, and other authorizations, in many cases preventing the legal use of state land for businesses. This can prevent some development projects and is a loss of revenue to the state. This is particularly true regarding applications for easements and upland leases where there are 714 easement and 205 lease applications in backlog. In part, this is because these programs require title reports, surveys and appraisals - and these support function staff are dedicated to other higher priority department work. Because these other priority programs that also require title, survey, and appraisal support, such as land sales and oil and gas lease sales, continue to grow, it is expected that this backlog will only worsen. On the other hand, there are many leases that have not been issued, but the applicants have gained the use of state land through early entry authorizations while the survey and appraisals are complete.

The division has submitted an increment for additional staffing so that 90% of new applications will be processed. This will not eliminate the backlog in easements and leases but will retard the growth of the backlog. This increment will also provide at least a \$400.0 revenue increase yearly after the first two years.

Most mining authorizations are processed in a timely fashion. 100% of mining claims and leases were processed.

### A1: Strategy - Provide a good business environment in Alaska by processing authorizations within expected cycle times.

**Target #1:** Issue or deny land use permits within 8 weeks of receiving a complete application.

**Measure #1:** Median number of weeks to process new land use permits.

#### Median Cycle time

| Year | YTD Total |
|------|-----------|
| 2002 | 8 Weeks   |
| 2003 | 8 Weeks   |
| 2004 | 8 Weeks   |
| 2005 | 8 Weeks   |

**Analysis of results and challenges:** The median cycle time to issue 186 Land Use Permits remained at 8 weeks. This does not include some of the land use permits that remain in backlogged status for various reasons.

The division seeks to allow commercial use of state land authorized by Land Use Permits where it can be done

in an environmentally responsible manner and land use conflicts can be mitigated. Land use permits are the primary authorizations that allow commercial businesses to operate or use state land for non-permanent improvements that last 5 years or less. Land use permits vary in complexity and demand on staff time. In some cases, the division must deal with extensive public comment and considerable use conflicts. This variable is very difficult to control. In addition, much staff time is spent dealing with customer requests that are related to land use but may or may not result in a land use permit but are directly related to evaluating and insuring the appropriate use of state land. The current staffing level does not allow adequate field inspections or management of existing land use permits.

**Target #2:** Process private exclusive easement applications for new sites within 2.0 years and public easements within 12 months of receiving a complete application.

**Measure #2:** Median time to process private exclusive and public easement applications.

**Median Processing Cycle Time**

| Year | Private Exclusive | Public    |
|------|-------------------|-----------|
| 2003 | 2 years           | 32 months |
| 2004 | 4 years           | 24 months |
| 2005 | 8 years           | 7 months  |
| 2006 | 4 years           | 13 months |

**Analysis of results and challenges:** Relatively few private exclusive easements are issued (8 in FY05) because most individuals and businesses do not want to pay for the yearly rental, but they are more challenging to adjudicate because they prohibit other uses. These are generally for mining roads, oil and gas development, entrances to hotels and other specific commercial purposes. Depending on location and nature of proposed use, these can engender substantial public comment and controversy. They require title report, survey and in some instances an appraisal.

The majority of the easements issued are public or non-exclusive easements (30 in FY05), but not necessarily less complex. The majority are more routine and can be processed in less time than private easements. They often require public notice, title research and survey. These can include easements for road and trail access, utilities, waterlines and other purposes.

In both of these cases the division issues early entry authorizations, often within 1-2 months, that allows some construction to begin, followed by a survey after construction. The easements are often issued once the construction and the survey requirements are fulfilled by the applicant. This can cause delays in issuance even though the use and enjoyment of the land has been obtained. The division has created some easier survey standards for trail easements in order to speed up the processing times. Some of the most routine and non-complex easements can be issued in 2 months.

Both of these cycle times are increasing. We have increasing complexity of land ownership with a higher demand on gaining legal access for a multitude of uses. In addition, we have substantial bottlenecks in the required support functions of title reporting and surveys. New regulations are required to help streamline processing by resolving some of the time consuming work that does not have clear policy. Without additional staff and new regulations, we expect that the cycle times will increase.

**Target #3:** Enter new mineral location notices into the Land Administration System within 2 weeks of receiving appropriate documentation and payment.

**Measure #3:** Median number of weeks to enter new mineral location notices into the Land Administration System.

| Year | YTD Total |
|------|-----------|
| 2002 | 4 wks     |
| 2003 | 2 wks     |
| 2004 | 2 wks     |
| 2005 | 2 wks     |

**Analysis of results and challenges:** It is very important to mining businesses to quickly get the mineral location notices entered into the case management system called the Land Administration System in order to prevent overstaking. Additionally miners want to see the claims show on the plats at the same time but the LAS entry is required first. The Department made substantial improvements to the processing procedure, customer service options, and information availability in 2002. This has enabled the division to consistently process mining claims.

**Target #4:** Process 100% of easement vacation requests received.

**Measure #4:** Percentage of new easement vacation requests processed.

**Percentage of Vacation Requests Processed**

| Year | # Requests Received | # Processed | YTD Total |
|------|---------------------|-------------|-----------|
| 2003 | 41                  | 17          | 41%       |
| 2004 | 41                  | 11          | 27%       |
| 2005 | 22                  | 3           | 14%       |

**Analysis of results and challenges:** The Division has 80 files that are pending, meaning we are waiting for them to go into agency review, we need more information from the petitioner, we are waiting for a petitioner response, or the plats need to be recorded. Vacation decisions have to gain concurrence from DOT/PF. With the more complex land ownership, receiving a vacation that provides equal or better access is becoming more difficult. Although numerous cases were worked in FY05, only 3 were taken to completion with a recorded easement vacation. We have restructured in FY05 to spread some of this workload to more than the one employee that processes easement vacations. Historically the vacation adjudication has drawn out over many months or years because of the negotiations and delayed responses from petitioners when they are not getting what they asked for. We have started implementing a new policy of placing deadlines on petitioner responses in order to determine whether to proceed or close a case. This will begin to affect the percent processed in FY06.

**Target #5:** Process upland and tideland leases within 2.5 years of receiving a complete application.

**Measure #5:** Cycle time to process upland and tideland leases.

**Processing Cycle Time**

| Year | YTD Total |
|------|-----------|
| 2003 | 5.7 years |
| 2004 | 2 years   |
| 2005 | 7 years   |

**Analysis of results and challenges:** Leases require title research, survey and appraisal before issuance of a lease. Occasionally some use can be approved through an early entry authorization while the lease is being adjudicated. Leases vary in complexity and time to complete. Only 6 leases were issued in FY05, which collaborates with the longer cycle times as they were more complex. We are experiencing a growing backlog of leases that can not be completed with existing staff. As with easements, we have a bottleneck to reach completion without adequate staffing in surveys and title. We do not expect cycle times to improve without additional staffing. This lengthy cycle time is unacceptable for businesses to make any sort of investment decisions with that type of uncertainty.

**A2: Strategy - Monitor authorized activities to insure that regulations and stipulations are followed.**

**Target #1:** 100% of required mineral reclamation is accomplished without significant environmental problems.

**Measure #1:** Percentage of mineral reclamation projects with uncorrected significant environmental compliance issues.

**Percentage of unabated compliance actions**

| Year | YTD Total |
|------|-----------|
| 2003 | 0%        |
| 2004 | 0%        |
| 2005 | 20%       |

**Analysis of results and challenges:** FY05 Results

Notice of Violation: 3 Issued, 3 Abated

Cessation Order: 0 Issued, 0 Abated

Directive: 36 Issued, 29 Abated

The coal program staff closely monitor coal reclamation projects to insure that they meet strict stipulations and standards designed to protect the environment. DNR inspects coal mining operations and can perform various levels of compliance actions. In severity from least severe to most, a Directive is an informal warning that tells the company how to fix the problem but allows operations to continue; a Notice of Violation is a monetary fine given when a company fails to meet the directive or there is immediate harm to the environment or public safety; and a Cessation Order stops operations and assesses a daily fine until the issue is resolved. DNR has taken actions to mitigate or stop environmental damage in a way to least impact the commercial ventures, and most have been successfully abated.

In FY05 there were several directives that were not abated primarily due to the timing of the fiscal year. The directives were issued late in the fiscal year but we expect that the directives will be abated early in FY06.

**Target #2:** Conduct site inspections of 10% of active land use permits.

**Measure #2:** Percentage of active land use permits inspected.

**Percentage of LUPs inspected**

| Year | YTD Total |
|------|-----------|
| 2002 | 14%       |
| 2003 | 25%       |
| 2004 | 15%       |
| 2005 | 15%       |

**Analysis of results and challenges:** Periodic inspections of a portion of the businesses authorized under land use permits insures better compliance of the stipulations and conditions. Correcting non-compliant actions protects the environment, reduces the state's potential liability, prevents trespass, and prevents social conflicts. Inspecting 20% of the authorized activities is a bare minimum that should be done. In some cases, such as when the division permits cross country travel to get equipment to a mining development, it is very important to look at whether damage has occurred in order to not only protect the environment, but also to refute accusations that may be lobbied to hurt the mining industry. The division currently gets more complaints about non-compliant permittees than we can investigate. Therefore, we need to increase site visits but are unable to do so with current staffing levels. In the highly competitive world of commercial recreation guide services, it is important to insure the legitimate businesses that we will investigate the businesses that are going beyond the authorized use, like putting up structures or staying in camps longer than authorized. Because the same staff conducts field inspections and processes the land use permits, if more time is spent in field inspections, less permits are processed.

**A3: Strategy - Identify unauthorized activities and either bring activity into compliance or start trespass case.**

**Target #1:** Initiate trespass cases for all identified illegal activities that are not brought into compliance.

**Measure #1:** Number of trespass cases initiated.

**Number of new trespass cases**

| Year | YTD Total |
|------|-----------|
| 2003 | 14        |
| 2004 | 21        |
| 2005 | 21        |

**Analysis of results and challenges:** There are many cases of trespass on state land, often unreported. There is a current inventory of 481 trespass cases. When reported with enough information, a trespass file is created to document the illegal use. This information is noted to the plats and public record. Future decisions about use of that land will consider the effects of the trespass. Unfortunately, there is not enough staff or resources to adequately address the majority of the trespass issues. Therefore, typically the more egregious cases are prosecuted. This is a very expensive and time consuming process.

Trespass often results in damage to state land and resources, prevention of lawful use of state land, delays land disposals, and is inequitable to Alaskans who get appropriate authorizations to use state land and resources. Typical examples of trespass include, hunting cabins, road and utility building without easements, long term equipment storage, and airstrip creation.

**A4: Strategy - Restore, reclaim, or rehabilitate damaged, polluted or abandoned sites.**

**Target #1:** Reduce the number of identified hazardous sites through reclamation efforts by four.

**Measure #1:** Number of identified hazardous sites reclaimed.

**Number of hazardous sites reclaimed**

| Year | YTD Total |
|------|-----------|
| 2002 | 10        |
| 2003 | 3         |
| 2004 | 14        |
| 2005 | 9         |

**Analysis of results and challenges:** The majority of this number is from the efforts of the Abandoned Mine Land Program. This includes the clean up and rehabilitation of non-coal mining properties, often abandoned. This could be hazardous equipment, containers, open adits or pits, and other hazardous remains left by miners. Current mining programs have much tighter regulation of reclamation when mines close. In addition these figures include sites on state land that had hazardous materials such as petroleum products or asbestos. Some are large projects and some are small clean ups that prepare land to be sold. In some cases, the division coordinates with other agencies and funding sources (when available) to clean up sites. The division often inherits from other agencies problem properties with hazards that are returned to DNR as the state land owner. An example would be the old Goose Bay corrections facility (previously a NIKE site) that is being cleaned up in FY05/06 at a cost of over \$300.0.

**B: Result - The use of state land provides either direct or indirect economic benefit to the state.**

**Target #1:** Generate \$10 million in revenue (\$3 million more than the General Fund cost to this component).

**Measure #1:** Amount of revenue generated by this component.

**CPL Revenues**

| Year | YTD Total |
|------|-----------|
| 2001 | \$9.8 M   |
| 2002 | \$8.5 M   |
| 2003 | \$8.5 M   |
| 2004 | \$8.5 M   |
| 2005 | \$9.9 M   |

**Analysis of results and challenges:** The Claims, Permits and Leases component brought in more revenue

than it costs to operate the component. Most of these revenues go to the general fund with some program receipt authority funding the component. These revenues come from a variety of sources and industries. Because they include Federal Receipts, Statutory Designated Program Receipts, and Interagency Receipts, it is difficult to capture this data on a quarterly basis.

**B1: Strategy - Generate more revenue than the component costs.**

**Target #1:** 5 out of 19 programs (authorization types) will generate more revenue than they cost to run.

**Measure #1:** Number of programs that generate more revenue than they cost to run.

**Number of profitable programs**

| Year | YTD Total |
|------|-----------|
| 2003 | 5         |
| 2004 | 6         |
| 2005 | 5         |

**Analysis of results and challenges:** Although profitable as a whole, not every program in this component earns a profit. Some of the programs are very effective and provide sought after services to industry in Alaska yet are not high revenue producers. This shows that less than half of the programs actually carry some of the other programs financially.

The programs that cost less than the revenue produced include Set Net Leases, Log Transfer Facilities, Material Sales, Mineral Property Management, and Large Mine Projects.

**Target #2:** Generate \$3.5 million net revenue through processing of mining claims, mineral leases, and annual placer mining applications.

**Measure #2:** Net revenue generated by mining authorizations.

**Net revenue**

| Year | YTD Total |
|------|-----------|
| 2003 | \$3.2 M   |
| 2004 | \$3.7 M   |
| 2005 | \$3.7 M   |

**Analysis of results and challenges:** The net revenue shown is the gross revenue minus the operating costs. Mineral prices continue to be high, encouraging mining activity. Therefore, rentals, royalties, and fees have created increased revenues. The division has begun to collect some of the first royalties from large mines. It is forecasted that mineral activity will remain high.

**Target #3:** Generate \$186,000 net revenue through processing of material sale applications in FY07.

**Measure #3:** Net revenue generated by material sale authorizations.

**Net revenue**

| Year | YTD Total |
|------|-----------|
| 2003 | \$718.3   |
| 2004 | \$148.2   |
| 2005 | \$532.4   |

**Analysis of results and challenges:** Material sales continue to bring in increased revenue. The majority of the revenue is generated by gravel extraction used for construction projects. Oil and gas projects on the North Slope have generally been the largest construction projects using gravel. As exploration and development increase on the North Slope, it is expected to bring in more material sale revenues. It is difficult to accurately break out the revenues in this component on a quarterly basis so they will be reported yearly. The net revenue is a new way of reporting this measure, therefore we do not have the targets for previous years.

## Key Component Challenges

**1. Providing Service to the Mining Industry.** As a result of strong metal prices combined with a supportive business climate and regulatory improvements, the state continues to see increases in mining claim staking, mineral exploration and mining activities throughout Alaska and on state lands in particular. The division processed over 4,464 claims in FY05, resulting in more acreage being staked than in any year in the past. Through FY06, we expect to have about 2.75 million acres under mining claims. Today, we have a healthier placer industry and an expanding suite of large hardrock and coal mines. In 2005, Red Dog, Greens Creek, Fort Knox/True North, and the Usibelli Coal Mine were in production, while the Pogo and Kensington Mines were in development. In late 2005, the Rock Creek/Big Hurrah gold project on the Seward Peninsula and the Chulitna Coal Project near Tyonek began meetings with agencies preliminary to the submittal of formal permit applications. The large Donlin Creek and Pebble projects are expected to initiate permitting in 2006. The workload of expanded mining activities in 2005 lead to permitting time for placer mining and mineral exploration activities of up to 4-6 weeks, rather than the desired time frame of 2-3 weeks. Additionally, the technical staff for permit reviews and site inspections were challenged to provide adequate coverage of mining and mineral exploration activities and a backlog in processing and auditing mining license tax and royalty returns delayed revenue owed to the state. As of late 2005, additional staff positions authorized through an FY2006 budget increment are being filled to enable the Mining Section to address these issues in a more timely fashion.

**2. Easement and Access Management.** The Division of Mining, Land and Water is responsible for permitting, through issuance of easements and other authorizations, and managing public and private access on and across state lands. In addition, that authority includes the management of easements created or accepted by the state that now cross privately owned lands, such as easements created under RS 2477. Due to increasing public and private sector demand for access across state land, DMLW is not able to process all requests for such access. As indicated in Performance Measure A. Target 1, the division is processing only 85% of applications it receives and is seeing a significant growth in the backlog of unprocessed applications. We would like to briefly explain why this backlog has increased and why it is significant.

The Division issues easements for access that range from major transportation and utility corridors that access mineral or oil and gas development to access (trails) used for recreational dog sledding and snow machines. The division issues easements for public, private exclusive, and private non-exclusive use. The division's workload associated with issuing and managing these easements, and public access in general, has increased substantially in recent years.

This is due to a number of factors, including:

- increased access that is needed to reach new economic activities on state lands, particularly mining, natural gas exploration, and commercial recreation;
- increased needs for access across state land for economic activity on adjacent private land;
- increased recreational use of state land, including increased use of off road vehicles;
- increased concerns from adjacent land owners about the impact of DNR's access policies on their land;
- increased land transfers into private ownership (by the state and federal governments), such as ANCSA and allotment conveyances that result in restrictions on public access.

At the same time that demands for access are increasing, the process that DMLW's staff must go through to issue easements and the day to day management problems associated with easements and access are becoming more complex and time consuming. Increased uses and access of all types results in greater real and perceived conflicts that staff must resolve.

The two primary challenges that the division faces regarding easement and access issues are:

- 1) providing for the timely, predictable, and efficient issuance of easements that are needed to allow for construction or use of access across state land;
- 2) resolving the increasingly frequent conflicts and other issues associated with the use of state lands for access, including recreational activities.

**Providing for the timely, predictable, and efficient issuance of easements.** In general, the amount of staff time required to process individual easement and similar applications has increased significantly in recent years. Some of the easement applications are fairly routine such as most utility easements, while others that involve use conflicts or open up new areas of state land for access and development take much more time. The scope of our work has changed from straightforward adjudication, to the much more complex workload of conflict resolution between user groups and with affected private landowners.

When the division fails to process an easement, either the access or utility is not built, or it is built without proper authorization. While the impact of not building an easement is clear, building without completing an authorization is also problematic. When DNR conveys land to the university, municipalities, or in some cases to private ownership, the legal access right (easement) has not been created or reserved. Therefore the access right is not protected in the conveyance documentation to the new land owner, compelling the affected companies to then purchase a right of way from the new land owner at often a much higher cost than if it was first acquired from the state.

**Resolving the increasingly frequent conflicts associated with the use of state lands for access.** The division is being called upon more frequently to resolve conflicts between trail users and seeing increased instances where the use of public easements is blocked by adjacent land owners. In addition, because DMLW lacks staff to be pro-active in managing access, the division is spending more staff time to address use conflicts, trespass, trash, junked cars, and damaged trail systems (erosion and siltation). This detracts from other division work, including processing of easement applications.

As a result of these issues, the division will only be able to process 90% of easement applications and will see its backlog of unprocessed applications increase in FY07.

**3. Permit/Lease Processing.** The division issues land leases to authorize long term uses of state land such as for hunting and fishing camps, commercial recreation facilities, ski areas, oil industry support facilities, and other uses. The division is seeing an increase in the demand for such leases at the same time the public process for issuing these leases is becoming more complex, contentious and time consuming. Some complicated leases take over 6 years for processing (including survey, appraisal, etc.) and many cases are backlogged indefinitely. That length of time is too long for most businesses to plan for. To be responsive to the needs of commerce and industry in a way that protects public resources, the division must improve the processing time required for authorizations and on-the-ground management. Methods to increase efficiency and improve the quality of the division's land management include making better use of technology through such techniques as allowing on-line payment and applications, and through streamlining procedures and processes. This will account for some reduction in processing times, but for many of the same reasons explained above in easements, without adequate staffing the backlog of incomplete lease cases will increase.

**4. Extending the North Slope Oil Exploration Season.** The division is responsible for authorizing off-road (tundra) travel on the North Slope for oil exploration and seismic operations. Last winter (2004-2005), the division was able to open the North Slope tundra to off road travel for the longest period of time in recent years, reversing recent trends for shorter seasons. This longer season was enabled because the division, through funding from the federal Department of Energy, developed a scientific method for evaluating impacts of off road travel under different ground conditions. The purpose was to see if the state could extend the oil exploration season in an environmentally responsible manner (known as the Tundra Travel Model). The initial study was completed and implemented in 2004. The study determined that 6 or 9 inches of snow (depending on location) and a ground temperature of -5 degrees Centigrade was need to minimize environmental damage from off-road travel. In 2004/05, the division conducted a field verification study and a collected a second summer of data to verify the results of the study. The verification report of the Tundra Travel Model is being prepared. The challenge is to continue data collection and to further evaluate management implications with changing equipment used by the oil and gas industry, the weather conditions, finding reliable instruments to record the ground temperature, and to determine if there are any long-term impacts from equipment on the tundra. The expectation of the Tundra Travel Model is that the winter exploration season will be lengthened over past seasons to allow for a greater window of opportunity to conduct exploration activities in Alaska.

**5. Compliance and Enforcement.** With increased use and development of state land, combined with limited DNR field presence, we are seeing increased unauthorized use of state land and increased trespass. Use of state land for illegal activities such as dumping of trash and junked vehicles, party sites and other such activities is also increasing. State statutes in most cases do not allow DNR to fine or penalize people for illegal use and trespass. The division must rely on time consuming and expensive civil action, a very ineffective way to gain compliance. As a result, unauthorized uses are increasing and staff is required to address the problems created by this use.

## Significant Changes in Results to be Delivered in FY2007

**1. A longer Winter Oil Exploration Season for the North Slope.** See Key Component Challenges, above.

2. **Permit/Lease Processing.** The division has developed a better management tool to track adjudicator workloads and processing times for leases, permits and other land use authorizations in the northern region. This mixed with some reorganization of the staff in the northern region was implemented to reduce cycle times. We expect to expand some of the tools to the southcentral region this year. In addition, if additional staff is added as the result of a requested increment, we expect to process 90% of the new applications received. This will increase yearly revenues by \$400.0 after the first two years. Although this does not eliminate the processing backlog in leases and easements it will reduce the growth of the backlog. This additional staffing mixed with new regulations will help to reduce processing times.
3. **Service to the Mining Industry.** The division has added additional staff to the Mining Section to improve turnaround time for placer mining and mineral exploration permits to the targeted 2-3 weeks, to provide adequate capacity to process mining license tax, royalty returns and audits so that mining revenues to the state are timely and accurate, and to provide additional technical personnel for inspections, technical reviews of permits and for providing technical assistance to miners so that adequate coverage can be provide to the rapidly expanding mining industry in Alaska.

## Major Component Accomplishments in 2005

This component has contributed greatly to economic and job growth over the years in the various regions of the state.

**Mining.** In its role in permitting and in the technical review of large mine projects, in FY05 the division completed the following:

- Completed the reclamation at the *Illinois Creek Mine Project*. Full reclamation and closure of the site has been accomplished and a long-term fund to monitor the site has been established
- Completed process working with USFS resulting in issuance of permits to construct the Kensington Gold Mine, Mine began construction in 2005.
- Completed the process initiated in FY2000 in working with EPA on the *Pogo Mine Project*. Federal EIS and all state permits were issued in December 2003, Monitoring construction of access road and mine site on state land.
- Continued process to issue DEC Waste Management Permit, DNR Reclamation Plan and revised financial assurances for the *Red Dog Mine Project*. Completion of these efforts scheduled for late 2005.
- Also made progress on important planning and permitting work on: *Rock Creek/Big Hurrah, Nixon Fork, Chulitna Coal Project, Fort Knox/True North, Donlin Creek, and Pebble Copper*.

**Permit/Lease/Claim Processing; Revenues to the State of Alaska.** This component of the division processed a wide variety of permits, mining claims, and leases. In FY05, this work resulted in approximately \$10.6 million dollars in revenue to the state including fees, rents, and royalties, primarily from mining activities. Of this amount, approximately \$1.3 million was deposited to the permanent fund and \$245.7 thousand was deposited to the school fund. The figure also includes federal revenue to the component. It does not include revenues such as taxes, royalties, or timber stumpage that accrue through other divisions or departments. The cost of this component in FY05 was \$7.8 million. For FY06, the revenue is expected to be \$10.1 million.

**Revenue Backlog Project.** In FY 05, the Division was funded for an up-to-three-year experiment to see if increased staff to process certain revenue-generating backlogged authorizations would more than pay for the staff required to do the work. Two positions in the Northern and Southcentral region worked a total of 14 months. The employees completed detailed audits on 25 leases, rights-of-way, and permits. Ten were finished and paid a total of \$213,254 in fees, current rents, and back rents (three of these represent 80% of the total collected). Therefore the division, even with positions filled only part of the year in FY05, produced net revenue of \$147.0. In addition, the authorizations also represent over \$25,000 in annual rents that will come in for many years in the future. The remaining 15 represent a potential \$400,000 in fees and back rent with additional funds being paid annually.

### Examples of Other Land Management Accomplishments.

- Initiated clean up the former Goose Bay Air Force station near Point Mackenzie contaminated with asbestos and other hazardous materials. DNR inherited responsibility for clean-up of this contaminated site when it was abandoned by the department of Corrections. Expect the cleanup to be complete in FY06.
- Continued to work with local residents to clean up parcels of state land that have been used as illegal dumping sites and other illegal uses. Sites include Jim Creek near Palmer and Exit Glacier near Seward. We have

- removed over 50 destroyed vehicles from Jim Creek.
- Resolve the reroute of the RS2477 leading to Tolsona Lake. The division negotiated a settlement that protected equal or better access along with providing legal access to adjacent land owners that was not previously in place.
  - Collected outstanding permit rental payments and negotiated future permit conditions on a gravel pad in Deadhorse. This was done in conjunction with the initiation of a clean up of the hazardous materials on the site. It is expected that the clean up will be complete in FY06.
  - Coordinated with Large Mine Project staff to issue two tideland leases and one land use permit for the Kensington Mine development.
  - Coordinated cleanup and rehabilitation of State land that has been used for illegal dumping and other illegal uses, including parcels in Whale Pass and Petersburg.
  - Signed agreements with Goldbelt, Inc. and Kootznoowoo, Inc. for the final cleanup and closure of several expired authorizations in Hobart Bay and near Prince of Wales Island, respectively, which had remained unresolved for many years.

## Statutory and Regulatory Authority

AS 38, AS 29, 11 AAC

### Contact Information

**Contact:** Richard Mylius, Acting Director  
**Phone:** (907) 269-8600  
**Fax:** (907) 269-8904  
**E-mail:** dickm@dnr.state.ak.us

**Claims, Permits & Leases  
Component Financial Summary**

*All dollars shown in thousands*

|  | <b>FY2005 Actuals</b> | <b>FY2006<br/>Management Plan</b> | <b>FY2007 Governor</b> |
|--|-----------------------|-----------------------------------|------------------------|
| <b>Non-Formula Program:</b>                        |                       |                                   |                        |
| <b>Component Expenditures:</b>                     |                       |                                   |                        |
| 71000 Personal Services                            | 6,615.5               | 7,787.8                           | 8,515.3                |
| 72000 Travel                                       | 221.0                 | 199.5                             | 211.5                  |
| 73000 Services                                     | 745.0                 | 1,027.4                           | 962.0                  |
| 74000 Commodities                                  | 226.1                 | 84.6                              | 196.6                  |
| 75000 Capital Outlay                               | 5.5                   | 0.0                               | 0.0                    |
| 77000 Grants, Benefits                             | 0.0                   | 0.0                               | 0.0                    |
| 78000 Miscellaneous                                | 0.0                   | 0.0                               | 0.0                    |
| <b>Expenditure Totals</b>                          | <b>7,813.1</b>        | <b>9,099.3</b>                    | <b>9,885.4</b>         |
| <b>Funding Sources:</b>                            |                       |                                   |                        |
| 1002 Federal Receipts                              | 707.4                 | 955.4                             | 877.7                  |
| 1003 General Fund Match                            | 125.9                 | 193.2                             | 201.7                  |
| 1004 General Fund Receipts                         | 2,645.4               | 3,177.5                           | 3,353.4                |
| 1005 General Fund/Program Receipts                 | 2,399.9               | 2,576.1                           | 3,179.0                |
| 1007 Inter-Agency Receipts                         | 235.2                 | 449.9                             | 449.9                  |
| 1055 Inter-agency/Oil & Hazardous Waste            | 11.1                  | 19.2                              | 19.2                   |
| 1061 Capital Improvement Project Receipts          | 88.3                  | 0.0                               | 0.0                    |
| 1105 Alaska Permanent Fund Corporation<br>Receipts | 1,251.1               | 1,321.4                           | 1,394.2                |
| 1108 Statutory Designated Program<br>Receipts      | 35.7                  | 62.7                              | 66.4                   |
| 1154 Shore Fisheries Development Lease<br>Program  | 313.1                 | 343.9                             | 343.9                  |
| <b>Funding Totals</b>                              | <b>7,813.1</b>        | <b>9,099.3</b>                    | <b>9,885.4</b>         |

**Estimated Revenue Collections**

| <b>Description</b>                        | <b>Master<br/>Revenue<br/>Account</b> | <b>FY2005<br/>Actuals</b> | <b>FY2006<br/>Management<br/>Plan</b> | <b>FY2007<br/>Governor</b> |
|---|---------------------------------------|---------------------------|---------------------------------------|----------------------------|
| <b>Unrestricted Revenues</b>              |                                       |                           |                                       |                            |
| General Fund Program<br>Receipts          | 51060                                 | 2,647.3                   | 2,798.6                               | 2,098.7                    |
| Shore Fisheries<br>Development Lease Prog | 51074                                 | 0.0                       | 5.0                                   | 0.0                        |
| Unrestricted Fund                         | 68515                                 | 2,925.8                   | 2,336.9                               | 2,793.3                    |
| <b>Unrestricted Total</b>                 |                                       | <b>5,573.1</b>            | <b>5,140.5</b>                        | <b>4,892.0</b>             |
| <b>Restricted Revenues</b>                |                                       |                           |                                       |                            |
| Federal Receipts                          | 51010                                 | 707.4                     | 955.4                                 | 877.7                      |
| Interagency Receipts                      | 51015                                 | 235.2                     | 449.9                                 | 449.9                      |
| General Fund Program<br>Receipts          | 51060                                 | 2,399.9                   | 2,576.1                               | 3,179.0                    |
| Statutory Designated<br>Program Receipts  | 51063                                 | 35.7                      | 62.7                                  | 66.4                       |

| <b>Estimated Revenue Collections</b>    |                               |                       |                               |                        |
|---|-------------------------------|-----------------------|-------------------------------|------------------------|
| <b>Description</b>                      | <b>Master Revenue Account</b> | <b>FY2005 Actuals</b> | <b>FY2006 Management Plan</b> | <b>FY2007 Governor</b> |
| Shore Fisheries Development Lease Prog  | 51074                         | 313.1                 | 343.9                         | 343.9                  |
| Capital Improvement Project Receipts    | 51200                         | 88.3                  | 0.0                           | 0.0                    |
| Permanent Fund Earnings Reserve Account | 51373                         | 1,251.1               | 1,321.4                       | 1,394.2                |
| Interagency Recs./Oil & Hazardous Waste | 51395                         | 11.1                  | 19.2                          | 19.2                   |
| <b>Restricted Total</b>                 |                               | <b>5,041.8</b>        | <b>5,728.6</b>                | <b>6,330.3</b>         |
| <b>Total Estimated Revenues</b>         |                               | <b>10,614.9</b>       | <b>10,869.1</b>               | <b>11,222.3</b>        |

**Summary of Component Budget Changes  
From FY2006 Management Plan to FY2007 Governor**

*All dollars shown in thousands*

|   | <u>General Funds</u> | <u>Federal Funds</u> | <u>Other Funds</u> | <u>Total Funds</u> |
|---|----------------------|----------------------|--------------------|--------------------|
| <b>FY2006 Management Plan</b>   | <b>5,946.8</b>       | <b>955.4</b>         | <b>2,197.1</b>     | <b>9,099.3</b>     |
| <b>Adjustments which will continue current level of service:</b>  |                      |                      |                    |                    |
| -Transfer in Program Receipt Authorization from Geological Development component for Building Lease Costs | 10.1                 | 0.0                  | 0.0                | 10.1               |
| -FY 07 Wage Increases for Bargaining Units and Non-Covered Employees                                      | 109.0                | 11.5                 | 22.9               | 143.4              |
| -FY 07 Health Insurance Cost Increases for Bargaining Units and Non-Covered Employees                     | 14.2                 | 1.4                  | 3.2                | 18.8               |
| -FY 07 Retirement Systems Cost Increase   | 199.4                | 21.4                 | 42.4               | 263.2              |
| <b>Proposed budget decreases:</b>   |                      |                      |                    |                    |
| -Program reduction in federally-funded Abandoned Mine Lands project                                       | 0.0                  | -116.0               | 0.0                | -116.0             |
| <b>Proposed budget increases:</b>   |                      |                      |                    |                    |
| -Increased use and development of state land - economic stimulation                                       | 415.9                | 0.0                  | 0.0                | 415.9              |
| -Risk Management Self-Insurance Funding Increase  | 38.7                 | 4.0                  | 8.0                | 50.7               |
| <b>FY2007 Governor</b>  | <b>6,734.1</b>       | <b>877.7</b>         | <b>2,273.6</b>     | <b>9,885.4</b>     |

**Claims, Permits & Leases  
Personal Services Information**

| Authorized Positions |   | Personal Services Costs          |                                  |                  |
|----------------------|---|----------------------------------|----------------------------------|------------------|
|                      | <u>FY2006</u><br><u>Management</u><br><u>Plan</u> | <u>FY2007</u><br><u>Governor</u> |                                  |                  |
| Full-time            | 106   | 111                              | Annual Salaries                  | 5,501,980        |
| Part-time            | 1   | 1                                | COLA                             | 151,720          |
| Nonpermanent         | 2   | 1                                | Premium Pay                      | 13,090           |
|                      |   |                                  | Annual Benefits                  | 3,230,091        |
|                      |   |                                  | <i>Less 4.29% Vacancy Factor</i> | (381,581)        |
|                      |   |                                  | Lump Sum Premium Pay             | 0                |
| <b>Totals</b>        | <b>109</b>  | <b>113</b>                       | <b>Total Personal Services</b>   | <b>8,515,300</b> |

**Position Classification Summary**

| Job Class Title           | Anchorage | Fairbanks | Juneau    | Others   | Total      |
|---------------------------|-----------|-----------|-----------|----------|------------|
| Accounting Tech I         | 3         | 1         | 0         | 0        | 4          |
| Administrative Clerk II   | 2         | 1         | 1         | 0        | 4          |
| Administrative Clerk III  | 2         | 0         | 0         | 0        | 2          |
| Analyst/Programmer III    | 3         | 0         | 0         | 0        | 3          |
| Appraiser I               | 1         | 0         | 0         | 0        | 1          |
| Appraiser II              | 1         | 0         | 0         | 0        | 1          |
| Appraiser III             | 1         | 0         | 0         | 0        | 1          |
| Cartographer II           | 1         | 0         | 0         | 0        | 1          |
| Environ Program Spec III  | 1         | 0         | 0         | 0        | 1          |
| Geologist I               | 0         | 1         | 0         | 0        | 1          |
| Geologist II              | 3         | 1         | 0         | 0        | 4          |
| Geologist III             | 1         | 2         | 0         | 0        | 3          |
| Geologist IV              | 1         | 1         | 0         | 0        | 2          |
| Hydrologist I             | 1         | 0         | 0         | 0        | 1          |
| Land Survey Asst II       | 3         | 0         | 0         | 0        | 3          |
| Land Surveyor I           | 3         | 0         | 0         | 0        | 3          |
| Land Surveyor II          | 2         | 0         | 0         | 0        | 2          |
| Micro/Network Tech II     | 0         | 0         | 1         | 0        | 1          |
| Mining Engin Assoc        | 1         | 0         | 0         | 0        | 1          |
| Natural Resource Mgr I    | 5         | 2         | 2         | 0        | 9          |
| Natural Resource Mgr II   | 3         | 2         | 0         | 0        | 5          |
| Natural Resource Mgr III  | 3         | 1         | 1         | 0        | 5          |
| Natural Resource Mgr IV   | 1         | 0         | 0         | 0        | 1          |
| Natural Resource Spec I   | 10        | 3         | 1         | 0        | 14         |
| Natural Resource Spec II  | 14        | 9         | 5         | 0        | 28         |
| Natural Resource Spec III | 4         | 2         | 0         | 0        | 6          |
| Natural Resource Spec IV  | 0         | 1         | 0         | 0        | 1          |
| Natural Resource Tech II  | 4         | 0         | 0         | 0        | 4          |
| Supply Technician I       | 0         | 1         | 0         | 0        | 1          |
| <b>Totals</b>             | <b>74</b> | <b>28</b> | <b>11</b> | <b>0</b> | <b>113</b> |