

**2015 Legislature - Operating Budget
Transaction Compare - Governor Structure
Between 16Adj Base and 16Gov**

Numbers and Language Differences Agencies: DNR

Agency: Department of Natural Resources

	Column	Trans Type	Total Expenditure	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants	Misc	PFT	PPT	TMP
Administration and Support													
North Slope Gas Commercialization													
Restore Gas Pipeline; AGDC; Oil and Gas Production Tax, Sec2 Ch16 SLA2014 P48 L12 (SB138)	16Gov	IncM	8,986.7	1,769.7	102.0	7,115.0	0.0	0.0	0.0	0.0	6	0	0
1004 Gen Fund (UGF)			8,986.7										
Preliminary Estimate for Gas Pipeline; AGDC; Oil and Gas Production Tax	16Gov	Inc	4,900.0	0.0	0.0	4,900.0	0.0	0.0	0.0	0.0	0	0	0
<i>This is the preliminary amount for the AKLNG project. Exact figures to follow.</i>													
1004 Gen Fund (UGF)			4,900.0										
* Allocation Difference *			13,886.7	1,769.7	102.0	12,015.0	0.0	0.0	0.0	0.0	6	0	0
** Appropriation Difference **			13,886.7	1,769.7	102.0	12,015.0	0.0	0.0	0.0	0.0	6	0	0

**Administration & Support Services
State Pipeline Coordinator's Office**

Spending and Receipt Authority for Pipeline and Gas Line Projects	16Gov	Inc	1,085.2	635.1	55.2	374.8	20.1	0.0	0.0	0.0	0	0	0
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Issue:

This request assumes an overall increase in activities proposed by pipeline projects authorized under AS 38.35. A number of projects in exploratory stage are expected to significantly ramp up during FY2016. It is assumed that: the Alaska Liquefied Natural Gas (AKLNG) project will accelerate its Right-of-Way (ROW) leasing, permitting, National Environmental Policy Act (NEPA) and Federal Energy Regulatory Commission (FERC) pre-file processes; Point Thomson will commence operations in FY2016; the Donlin project pre-construction and ROW processes will accelerate; construction on the Alaska Industrial Development and Export Authority (AIDEA) North Slope LNG will continue and the project will commence operations in FY2016; the Trans-Foreland project will commence operations in FY2016; and all other current pipelines are expected to remain status quo. This request increases SPCO's authority for Statutory Designated Program Receipts (SDPR) as direct reimbursements for actual costs.

Status Quo:

SPCO would not have the spending or receipt authority necessary to perform its statutorily mandated duties in a timely fashion. Projects would be delayed.

Accomplished With Prior Year Funding:

SPCO met its performance objectives and obligations as authorized under AS 38.35.

1108 Stat Desig (Other)			1,085.2										
Increased Workload for Alaska Stand Alone Pipeline (ASAP)	16Gov	Inc	1,802.0	864.4	192.1	732.1	13.4	0.0	0.0	0.0	0	0	8

Issue:

HB4 created a new funding source ISPF-I/A.

The SPCO submitted a fiscal note for HB4 related to the mission of delivering natural gas from Alaska's North Slope to Fairbanks and Southcentral Alaska. In FY2016, SPCO will continue to coordinate the participation of DNR divisions and other agencies that did not submit fiscal notes, in pre-construction permitting and work associated with Alaska Gasline Development Corporation (AGDC) plan and process development. It is estimated the project will progress from pre-construction to construction phase in FY2016.

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Administration & Support Services (continued)													
State Pipeline Coordinator's Office (continued)													
Increased Workload for Alaska Stand Alone Pipeline (ASAP) (continued)													
<i>Estimated expenditures include contractual costs that will be managed by SPCO permanent employees either via Reimbursable Services Agreements (RSA) with other state entities, or through procurement of professional services.</i>													
<i>SPCO anticipates, and included on the original fiscal note, a need for eight (8) long-term, non-permanent (LTNP) employees to assist with increased activities on the project.</i>													
<i>Status Quo: SPCO would not have sufficient receipt authority to receive reimbursement for costs associated with performing its duties related to the Alaska Gasline Development Corporation (AGDC) Alaska Stand Alone Pipeline (ASAP). Activities and tasks that would not be performed, or would be significantly delayed include: coordinating the participation of other entities in pre-construction permitting and review processes; monitoring performance of field work by sub-agencies and contractors; providing technical expertise navigating federal and state requirements; and other work associated with the AGDC FY2016 work plan.</i>													
<i>Accomplished With Prior Year Funding: Per SPCO's mission, the office coordinated efforts of multiple agencies according to the FY2015 AGDC work plan, which included work from the following departments: Natural Resources, Environmental Conservation, Health & Social Services, Fish & Game, Public Safety, and Transportation. Additionally, the SPCO coordinated all permitting efforts for the project, to include numerous permits and authorizations from the above-listed agencies. Detailed work included initial efforts on the Supplemental Environmental Impact Statement (SEIS); moderation of regular meetings related to the applicant's geotechnical borehole and other field programs; management of the Health Impact Assessment (HIA) contract with an external vendor; and other tasks associated with managing and coordinating a large project.</i>													
<i>FY2014 efforts on the project were coordinated by SPCO; however, SPCO was not directly funded -- its funding came through AGDC via Reimbursable Services Agreement (RSA). The \$911.0 RSA included funding for multiple agencies according to the FY2014 AGDC project work plan.</i>													
<i>Position Detail: 8 - Natural Resource Specialist III, Anchorage, LTNP</i>													
1232 ISPF-1/A (Other) 1,802.0													
* Allocation Difference *			2,887.2	1,499.5	247.3	1,106.9	33.5	0.0	0.0	0.0	0	0	8
Mental Health Trust Lands Administration													
MH Trust: Cont - Grant 129.08 Maintain Trust 16Gov IncM 4,071.4 2,619.4 123.2 1,274.3 54.5 0.0 0.0 0.0 0 0 0													
Land Office Administrative Budget													
<i>The FY2016 Operating Budget will continue funding the annual operation costs for the Trust Land Office (TLO). The TLO was established by statute to manage the lands and other non-cash assets of the Alaska Mental Health Trust Authority. The mission is two-fold: (1) to protect and enhance the value of Alaska Mental Health Trust lands; and (2) to maximize revenues from Trust lands over time. Operating costs include personal services and</i>													

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Administration & Support Services (continued)																
Mental Health Trust Lands Administration (continued)																
MH Trust: Cont - Grant 129.08 Maintain Trust																
Land Office Administrative Budget (continued)																
<i>travel expenses for staff, contractual expenses such as professional services, advertising, postage, and general office supplies. The TLO is advised by the Trust Authority Resource Management Committee.</i>																
			1092 MHTAAR (Other)	4,071.4												
			MH Trust: Cont - Grant 129.08 Expand Trust	16Gov	Inc	255.6	121.0	20.5	112.6	1.5	0.0	0.0	0.0	0	0	0
Land Office Administrative Budget																
<i>Issue:</i>																
<i>The Alaska Mental Health Trust Land Office (TLO) is requesting a 253.6 increase for the FY2016 Operating Budget. This represents a 255.6 increase over FY2015. This briefing paper discusses only the difference between the two budget years.</i>																
 <i>The FY2016 Operating Budget will continue funding the annual operation costs for the TLO. The TLO was established by statute to manage the lands and other non-cash assets of the Alaska Mental Health Trust Authority (Trust). The mission is two-fold: (1) to protect and enhance the value of Alaska Mental Health Trust lands; and (2) to maximize revenues from Trust lands over time. Operating costs include personal services and travel expenses for staff, contractual expenses such as professional services, advertising, postage, and general office supplies. The increase in the FY2016 budget will maintain the status quo.</i>																
 <i>Personal Services: COLA and merit-based salary increases (and related benefit increases) and small organizational changes are included. The TLO maintains a near-zero vacancy factor to allow the office to be fully staffed for a full year.</i>																
 <i>Travel: As the real estate program grows, more travel is necessary to monitor these assets.</i>																
 <i>Contractual: Used for engineering, surveying, and legal services contracts relating to land management and development.</i>																
 <i>Status Quo:</i>																
<i>The TLO budgets for a zero vacancy factor and must include all anticipated increases in costs in order to maintain the status quo. This includes merit, cost-of-living adjustment (COLA), and other benefit increases. If these increases are not funded, the TLO will need to scale back on activities that maximize revenue generated from Trust land for beneficiaries.</i>																
			1092 MHTAAR (Other)	255.6												
* Allocation Difference *				4,327.0	2,740.4	143.7	1,386.9	56.0	0.0	0.0	0.0	0	0	0		
** Appropriation Difference **				7,214.2	4,239.9	391.0	2,493.8	89.5	0.0	0.0	0.0	0	0	8		
Oil & Gas																
Oil & Gas																
			L Reverse Cook Inlet Energy Reclamation Bond	16Gov	OTI	-150.0	0.0	0.0	-150.0	0.0	0.0	0.0	0	0	0	
			Interest S20(a) Ch16 SLA 2014 P77 L24													
<i>In 2009, Pacific Energy Resources Ltd. (PERL) abandoned Redoubt Unit as a result of bankruptcy. The bond in the amount of \$6,600,000 along with interest earned for abandonment liabilities for the Redoubt Unit between PERL and DNR, Division of Oil and Gas was transferred to DNR in October 2009.</i>																

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Oil & Gas (continued)

Oil & Gas (continued)

Reverse Cook Inlet Energy Reclamation Bond
Interest S20(a) Ch16 SLA 2014 P77 L24
(continued)

The assets were purchased in December 2009 by Cook Inlet Energy (CIE). The remaining funds from the original bond will be used as a part of the new bond posted by CIE. This bond will be used toward abandonment and reclamation if CIE abandons the facilities or begins reclamation.

The original bond was held in an escrow account at First National Bank, where interest was earned on the principle. However, it cost over \$1,800/mo in bank fees to hold the money in escrow. The department would prefer to hold the bond in Treasury. Interest earnings on the bond would then require an annual appropriation to the bond.

The Department of Natural Resources requests that the interest earned be applied to the bond. The earned interest would maximize the value of the bond funds available for abandonment and reclamation costs.

\$150.0 is the estimate of interest to be earned on the bond for FY2015.

Unless abandonment or reclamation occurs, all earned interest and bond funds will remain in the bond account.

If funding is not received, interest earned on the bond held by DOR's Division of Treasury cannot be applied toward future bond requirements, imposing additional financial burden on this small and producing company.

Language

The interest earned during the fiscal year ending June 30, 2015, on the reclamation bond posted by Cook Inlet Energy for operation of an oil production platform in Cook Inlet under lease with the Department of Natural Resources, estimated to be \$150,000, is appropriated from interest held in the General Fund to the Department of Natural Resources for the purpose of the bond for the fiscal years ending June 30, 2015, June 30, 2016, and June 30, 2017.

	1217 NGF Earn (Other)	-150.0											
L	Restore Cook Inlet Energy Reclamation Bond Interest	16Gov	IncM	150.0	0.0	0.0	150.0	0.0	0.0	0.0	0	0	0

In 2009, Pacific Energy Resources Ltd. (PERL) abandoned Redoubt Unit as a result of bankruptcy. The bond in the amount of 6,600,000 along with interest earned for abandonment liabilities for the Redoubt Unit between PERL and DNR, Division of Oil and Gas was transferred to DNR in October 2009.

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Oil & Gas (continued)													
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Restore Cook Inlet Energy Reclamation Bond Interest (continued)													
<i>The Department of Natural Resources requests that the interest earned be applied to the bond. The earned interest would maximize the value of the bond funds available for abandonment and reclamation costs.</i>													
<i>150.0 is the estimate of interest to be earned on the bond for FY2015.</i>													
<i>Unless abandonment or reclamation occurs, all earned interest and bond funds will remain in the bond account.</i>													
<i>If funding is not received, interest earned on the bond held by DOR's Division of Treasury cannot be applied toward future bond requirements, imposing additional financial burden on this small and producing company.</i>													
<i>Language</i>													
<i>The interest earned during the fiscal year ending June 30, 2016, on the reclamation bond posted by Cook Inlet Energy for operation of an oil production platform in Cook Inlet under lease with the Department of Natural Resources, estimated to be 150,000, is appropriated from interest held in the general fund to the Department of Natural Resources for the purpose of the bond for the fiscal years ending June 30, 2016, June 30, 2016, and June 30, 2016.</i>													
1217 NGF Earn (Other)	16Gov	Dec	150.0										
Reduce Excess Designated Program Receipt Authority From Oil and Gas Royalty Modifications	16Gov	Dec	-430.0	0.0	0.0	-430.0	0.0	0.0	0.0	0.0	0	0	0
<i>This authorization was initially added to the operating budget via the fiscal note for HB28 (SLA2003/CH73), and was intended to be used as necessary to receive reimbursement funding from applicants to hire contractors to assist the DNR Commissioner in evaluating the applicant's financial and technical data prior to making a determination on royalty modification. This provision and budget authorization is not used and keeping the authorization on the books overstates actual budget funding available for operations.</i>													
1108 Stat Desig (UGF)			-430.0										
* Allocation Difference *			-430.0	0.0	0.0	-430.0	0.0	0.0	0.0	0.0	0	0	0
Petroleum Systems Integrity Office													
Delete Petroleum Systems Integrity Office	16Gov	Dec	-607.6	-539.2	-15.6	-43.3	-8.5	-1.0	0.0	0.0	0	0	0
<i>The Petroleum Systems Integrity Office, established via Administrative Order No. 234 on April 18, 2007, is deleted in the FY2016 operating budget. The work completed by the PSIO office has implemented a number of changes in department procedures that have closed gaps and improved efficiency in the process of adjudicating oil & gas infrastructure regulatory applications and oversight. The discoveries and recommendations made by the PSIO office have help guide oil & gas infrastructure decisions made by the department and will be used to identify and mitigate potential risk to environmental and public safety. Now that the analysis and recommendations are complete, there is no need for PSIO analysis, and recommendations will be implemented by the appropriate divisions that have adjudication responsibility.</i>													
1004 Gen Fund (UGF)			-607.6										
* Allocation Difference *			-607.6	-539.2	-15.6	-43.3	-8.5	-1.0	0.0	0.0	0	0	0
** Appropriation Difference **			-1,037.6	-539.2	-15.6	-473.3	-8.5	-1.0	0.0	0.0	0	0	0

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Land & Water Resources													
Mining, Land & Water													
L	Reverse Settlement of Claims Against Reclamation Bonds Sec20(c) Ch14 SLA2014 P78 L3	16Gov	OTI	-25.0	0.0	0.0	-25.0	0.0	0.0	0.0	0	0	0
	<i>Reverse language section appropriation estimates for the Division of Mining, Land and Water. This authority is used for settlement of claims against a bond guaranteeing the reclamation of state, federal, or private land.</i>												
	1108 Stat Desig (Other)			-25.0									
L	Reverse Mine Reclamation Trust Sec20(b) Ch14 SLA2014 P77 L30	16Gov	OTI	-50.0	0.0	0.0	-50.0	0.0	0.0	0.0	0	0	0
	<i>Reverse language section appropriation estimates for the Division of Mining, Land and Water. This authority is used for reclamation of state land by utilizing bonding funds if necessary.</i>												
	1192 Mine Trust (Other)			-50.0									
L	Restore Settlement of Claims Against Reclamation Bonds	16Gov	IncM	25.0	0.0	0.0	25.0	0.0	0.0	0.0	0	0	0
	<i>Restore amount in settlement of a claim against a bond guaranteeing the reclamation of state, federal, or private land, including the plugging or repair of a well, estimated to be \$25.0 for the Mining, Land and Water component.</i>												
	<i>Language</i>												
	<i>The amount received in settlement of a claim against a bond guaranteeing the reclamation of state, federal, or private land, including the plugging or repair of a well, estimated to be \$50,000, is appropriated to the agency secured by the bond for the fiscal year ending June 30, 2016, for the purpose of reclaiming the state, federal, or private land affected by a use covered by the bond.</i>												
	<i>Note: The Division of Forestry utilizes the same language section, also with an estimated amount of \$25.0, for a total of \$50.0 referenced in the language.</i>												
	1108 Stat Desig (Other)			25.0									
L	Restore Mine Reclamation Trust Fund Bond Authority	16Gov	IncM	50.0	0.0	0.0	50.0	0.0	0.0	0.0	0	0	0
	<i>Restore estimate appropriated from the mine reclamation trust fund operating account (AS37.4.800(a)) to the Mining, Land, and Water component. This authority is used for reclamation of state land by utilizing bond funds as necessary.</i>												
	<i>Language</i>												
	<i>The amount necessary for the purposes specified in AS 37.14.820 for the fiscal year ending June 30, 2016, estimated to be \$50,000, is appropriated from the mine reclamation trust fund operating account (AS 37.14.800(a)) to the Department of Natural Resources for those purposes for the fiscal year ending June 30, 2016.</i>												
	1192 Mine Trust (Other)			50.0									
	* Allocation Difference *			0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
Forest Management & Development													
L	Reverse Settlement of Claims Against Reclamation Bonds Sec20(c) Ch14 SLA2014 P77 L3	16Gov	OTI	-25.0	0.0	0.0	-25.0	0.0	0.0	0.0	0	0	0
	<i>Reverse language section appropriation estimates for the Division of Forestry. This authority is used for reclamation of state land by utilizing bonding funds if necessary.</i>												

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Parks & Outdoor Recreation (continued)													
Parks Management & Access													
Maintenance and Operating Costs for South Denali Visitor Center (SDVC) Complex	16Gov	Inc	104.0	62.0	2.0	33.8	6.2	0.0	0.0	0.0	0	0	0
<i>Issue:</i>													
<i>The 35 RV campsites at K'esugi Ken campground in Denali State Park will open for public use in the 2015 season. The first new Alaska State Parks campground constructed in 20 years, it is located two miles from the Parks Highway and the first facility to be built as part of the South Denali Visitor Center Complex. Each RV site will have electrical hookups. Fifteen walk-in tent campsites will be added to the campground in the summer of 2015 and open in the fall of 2015. This new development requires additional staff to open, operate and maintain the facility for public access.</i>													
<i>Status Quo:</i>													
<i>The new campground will not be open for public use and the state will not receive revenue from overnight camping and day use fees.</i>													
1005 GF/Prgm (DGF)			104.0										
* Allocation Difference *			104.0	62.0	2.0	33.8	6.2	0.0	0.0	0.0	0	0	0
** Appropriation Difference **			104.0	62.0	2.0	33.8	6.2	0.0	0.0	0.0	0	0	0
Fire Suppression													
Fire Suppression Activity													
L Reverse Fire Federal Authorization Estimate Sec20(d) Ch16 SLA2014 P78 L8	16Gov	OTI	-8,500.0	0.0	0.0	-5,500.0	-3,000.0	0.0	0.0	0.0	0	0	0
<i>Reverse the language section estimate of federal receipt authority necessary to support wildland firefighting activity.</i>													
1002 Fed Rcpts (Fed)			-8,500.0										
L Restore Fire Federal Authorization Estimate	16Gov	IncM	8,500.0	0.0	0.0	5,500.0	3,000.0	0.0	0.0	0.0	0	0	0
<i>Restore the language section estimate of federal receipt authority necessary to support wildland firefighting activity.</i>													
<i>Language</i>													
<i>Federal receipts received for fire suppression during the fiscal year ending June 30, 2016, estimated to be \$8,500,000, are appropriated to the Department of Natural Resources for fire suppression activities for the fiscal year ending June 30, 2016.</i>													
1002 Fed Rcpts (Fed)			8,500.0										
* Allocation Difference *			0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
** Appropriation Difference **			0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
Agency Unallocated Appropriation													
Agency Unallocated Appropriation													
FY2016 Target Reduction	16Gov	Unalloc	-1,100.0	0.0	0.0	0.0	0.0	0.0	0.0	-1,100.0	0	0	0
1004 Gen Fund (UGF)			-1,100.0										
* Allocation Difference *			-1,100.0	0.0	0.0	0.0	0.0	0.0	0.0	-1,100.0	0	0	0
** Appropriation Difference **			-1,100.0	0.0	0.0	0.0	0.0	0.0	0.0	-1,100.0	0	0	0
*** Agency Difference ***			18,845.2	5,460.3	479.4	13,969.3	87.2	-51.0	0.0	-1,100.0	6	0	8
**** All Agencies Difference ****			18,845.2	5,460.3	479.4	13,969.3	87.2	-51.0	0.0	-1,100.0	6	0	8

Column Definitions

16Adj Base (FY16 Adjusted Base) - FY2015 Management Plan less one-time items, plus FY2016 adjustments for position counts, funding transfers, line item transfers, temporary increments (IncT) from prior years, and additions for statewide items (risk management and most salary and benefit increases). The Adjusted Base is the "first cut" of the FY2016 budget; it is the base to which the Governor's and the Legislature's increments, decrements, and fund changes are added.

16Gov (FY16 Governor Request) - Includes FY2016 Adjusted Base plus the Governor's operating budget bill requests for increases (increments), decreases (decrements), fund source changes, and language transactions.