

FISCAL NOTE

STATE OF ALASKA 2010 LEGISLATIVE SESSION

Fiscal Note Number:

Bill Version:

CS HB 369 (RES)

() Publish Date:

Identifier (file name): CSHB 369(RES)-DNR-SPCO-03-16-10

Dept. Affected: Natural Resources

Title IN-STATE PIPELINE MANAGER/TEAM/COMMITTEE

RDU Resource Development

Component SPCO

Sponsor Rep. Chenault

Requester House RES

Component Number 1191

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	FY 2011	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Personal Services	521.7		157.4	157.4	62.8	62.8	62.8
Travel	70.0		50.0	50.0	6.0	6.0	6.0
Contractual	215.0		10.0	10.0	2.0	2.0	2.0
Supplies	21.0		5.0	5.0	2.0	2.0	2.0
Equipment	0.0						
Miscellaneous	16.3		5.0	5.0			
TOTAL OPERATING	844.0	0.0	227.4	227.4	72.8	72.8	72.8
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ()							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts	844.0		227.4	227.4	72.8	72.8	72.8
TOTAL	844.0	0.0	227.4	227.4	72.8	72.8	72.8

Estimate of any current year (FY2010) cost: _____

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: (Attach a separate page if necessary.)

The bill establishes a joint in-state Gasline Development Committee consisting of the commissioner of DOTPF, the CEO of the Alaska Railroad Corporation, the CEO of the Alaska Natural Gas Development Authority, and the in-state gasline project manager(also created in this bill). The legislation provides this committee the authority to manage and develop an in-state gasline, mandates construction to begin by July 1, 2011, and authorizes any action that would enable gas to flow down the pipeline by 2015. While the joint in-state Gasline Development Committee is granted broad powers and authorities under the bill certain basic functions must still be performed by MLW.

Prepared by: Mike Thompson
Division: State Pipeline Coordinator's Office

Phone: 257-1300
Date/Time: 3/16/10 12:00 AM

Approved by: Tom Irwin, Commissioner
Natural Resources

Date: 3/16/2010

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ANALYSIS CONTINUATION

In the preparation of this fiscal note certain assumptions have been made:

- 1) Participating state agencies (ADF&G, ADEC, etc.) will provide separate fiscal notes, although their costs associated with permitting the right-of-way may be reimbursable by the applicant through the SPCO.
- 2) The right-of-way lease applicant, pursuant to AS 38.35. 140(b), will reimburse DNR's (and other participating state agencies as well) work associated with delivery of a right-of-way lease.
- 3) DLMW has completed a separate fiscal note, however portions of their costs may be reimbursable by the applicant through the SPCO.
- 4) Existing Program Receipt Authority will be used for the project.
- 5) DGGs cost estimate assumes that the state needs to understand the geohazards to ensure the applicant has identified and considered all geologic hazards along the route.
- 6) Construction and operational oversight begins in FY2012 and FY2014, respectively. The cost estimate for these activities is for DNR only and does not include estimates for other state agencies (ADF&G, ADEC, etc.), although their costs may be reimbursable by the applicant through the SPCO.
- 7) Assume SPCO will administer material sites after initial sale.
- 8) Assume a two-year construction schedule segregated into four geographic areas.

The FY2011 costs to DNR/SPCO would include expenses to coordinate the participation of state agencies in the right-of-way permitting process, prepare the Commissioner's Analysis, Proposed Decision and Action, develop the draft lease and, if necessary, hold public hearings. In addition the costs include right-of-way permitting expenses for the participation of the State Historic Preservation Office (SHPO), Division of Coastal and Ocean Management (DCOM), Office of Project Management and Permitting (OPMP) and the Division of Geological and Geophysical Surveys (DGGs). It should be noted that the proposed schedule is aggressive and in order to meet the specified timeline the right-of-way permitting process will need to be conducted independent of the federal NEPA process. The FY2012 and 13 costs reflect construction oversight activities by DNR. Operational oversight costs begin in FY2014 and continue forward.

PERSONAL SERVICES COST - \$ 521.65 total (for 12 months)

STATE PIPELINE COORDINATOR'S OFFICE

Positions in Anchorage; for completing the right-of-way leasing process.

- one Natural Resource Specialist (NRS) IV (range 21) - total 10 months at \$9.95/month= \$99.50
- one Natural Resource Manager (NRM) II (range 20) - total 1 months at \$9.41/month = \$9.41
- one Natural Resource Specialist (NRS) III (range 18)- total 6 months at 7.31/month = \$43.86
- one Engineer IV (range 27) - total 3 months at 13.70/month = \$41.1
- Administrative Support - total = \$38.0

\$231.87 for FY 11 Total

Positions in Anchorage; for construction oversight.

- two Natural Resource Specialist (NRS) III (range 18)- total 6 months/yr at 7.31/month = \$87.72
- one Natural Resource Manager (NRM) II (range 20) - total 1 months at \$9.41/month = \$9.41
- one Engineer IV (range 27) - total 2 months at 13.70/month = \$17.4
- Administrative Support - total = \$22.9

\$137.43 for FY2012 and 13

Positions in Anchorage; for operational oversight.

- one Natural Resource Specialist (NRS) III (range 18)- total 4 months/yr at 7.31/month = \$29.24
- one Natural Resource Manager (NRM) II (range 20) - total 1 months at \$9.41/month = \$9.41
- one Engineer IV (range 27) - total 3 months at 13.70/month = \$13.70
- Administrative Support - total = \$10.47

\$62.82 for FY2014 Forward

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ANALYSIS CONTINUATION

STATE HISTORIC PRESERVATION OFFICE

Position in Anchorage; for review and monitoring the cultural resource project program.

- one Archeologist = \$20.0

\$20.0 for FY 11 Total

Positions in Anchorage; for construction oversight.

- one Archeologist = \$20.0

\$20.0 for FY 12 and 13 Totals

DIVISION OF GEOLOGICAL AND GEOPHYSICAL SURVEYS

Positions in Fairbanks; for management of geohazards project related studies and review of existing information.

- one Geologist IV (range 21) - total 12 months = \$107.4

- one LTNP Geologist III (range 19) - total 12 months = \$76.45

- one Graduate Intern - total 12 months = \$34.0

\$217.85 for FY 11 Total

OFFICE OF PROJECT MANAGEMENT AND PERMITTING

Position in Anchorage; for coordination of a project Health Impact Assessment.

- Natural Resource Specialist (NRS) III (range 18) - total = \$30.0

\$30.0 for FY 11 Total

DIVISION OF COASTAL AND OCEAN MANAGEMENT

One position in Anchorage; for conducting the project Alaska Coastal Management Program process.

-one Natural Resource Specialist (NRS) III (range 18)- total 3 months at 7.31/month = \$21.93

\$21.93 for FY 11 Total

TRAVEL, CONTRACTUAL, SUPPLIES - \$322.3 total for FY2011

Travel would be for public meeting, public hearings, agency coordination and monitoring of contractors performing field work. In addition, DGGs will require travel to complete field studies. \$30.0 in FY11

Contractual costs include helicopter support for DGGs studies, office space, telephones, core service charges and related Miscellaneous costs include aerial photos, satellite imagery, field supplies and maps.

Other miscellaneous, contractual and supply costs include office space, telephones, core service charges and related expenses.

TRAVEL, CONTRACTUAL, SUPPLIES - \$70.0 total for FY2012 and 13

TRAVEL, CONTRACTUAL, SUPPLIES - \$10,000 total for FY2014 Forward

Pursuant to AS 38.35.140(b), the lease applicant or lessee shall reimburse the state for all reasonable costs incurred in processing an application filed under AS 38.35.050 and in monitoring the construction, operation, maintenance and termination of the pipeline on the right-of-way. The commissioner shall use best efforts to reach agreement with the lessee addressing the details of cost reimbursement under this subsection and shall provide the lessee with an annual estimate of the projected costs and scope of work." The State Pipeline Coordinator's Office has been delegated this responsibility and will work with the applicant/lessee to construct a reimbursement agreement addressing all state work associated with pipeline right-of-way permitting and oversight.