

PROGRAM GUIDE
for the
State of Alaska
Department of Natural Resources



January 24, 2017 Update

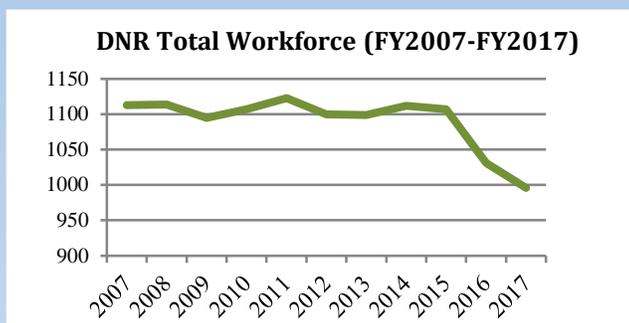
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OVERVIEW *of the* Alaska Department of Natural Resources



The Alaska Department of Natural Resources (DNR) manages the state's land, water and mineral resources on a land base comparable in size to California and most of Oregon combined. DNR has a unique mission because the resources it manages provide almost all state general fund revenues, endow the Permanent Fund and generate thousands of private-sector jobs.

For every dollar appropriated to DNR's budget over the past decade, the agency has returned an average of \$32 to the state treasury in direct fees, royalties, and other payments, as well as tax revenue from activities on state land. No other state agency in the nation manages such a vast, revenue-generating resource endowment.



Many are concerned about the growth of government. However, compared to a decade ago, DNR has 117 fewer positions and its FY2017 unrestricted general fund budget is below FY2006 levels.

Further reductions to DNR's workforce will have a disproportionately large impact on business activity and future state revenue.

DNR's complex mission to "*Develop, conserve and maximize the use of Alaska's natural resources consistent with the public interest*" requires it to be highly transparent, accountable and balanced in its decision making and stewardship on behalf of Alaskans.

DNR's management of 160 million acres of state public domain land includes critical functions such as state land sales, leasing and permitting, water management, wildland firefighting, agricultural development, state park and outdoor recreation management, oil and gas leasing, and identifying Alaska's resource potential and geologic hazards.

More than 17 billion barrels of oil have been produced in Alaska. Much more oil, gas and mineral potential remains on DNR-managed lands, and these lands also contain significant potential for agriculture, settlement, forestry, renewable energy and tourism.

DNR's FY2016 and FY2017 enacted budgets (w/o AKLNG) and FY2018 proposed reductions

FY2016 DNR reductions	Cut more than \$7 million (-9.8%) UGF and 75 positions
Agriculture	Cut 4 positions and removed base funding for Farm to School program, NRCDB, and ethnobotany program
Forestry	Cut 35 positions in forest management and wildland firefighting, eliminated wildland fire academy and reduced timber sale program
Geological & Geophysical Surveys	Cut 4 positions including 2 scientists evaluating coal/geothermal and energy resources, and administrative and publications staff; removed funding for airborne geophysics program
Mining, Land & Water	Cut 6 positions working on public land access/navigability and reduced authorizations and inspections
Oil and Gas	Cut 9 positions by restructuring work processes; reduced ability to defend state financial interests in royalty negotiations
Parks	Cut 4 positions including Dillingham, Valdez and Sitka rangers; put 3 parks in passive management
Project Management & Permitting	Cut 1 position supporting ANILCA reviews and removed funding for coordination of Tongass plan reviews
Support Services	Cut 5 Recorder's Office positions and 1 IT position; closed 6 rural Recorder's Offices
Agency-wide	Mandatory furloughs for exempt/ partially-exempt staff; delays in maintaining and replacing field and IT equipment; increased workload for remaining staff.
FY2017 DNR reductions	Cut \$3.2 million (-4.6%) UGF and 27 positions
Agriculture	Cut 1 seasonal mechanic position at Plant Materials Center and reduced marketing, inspections, and on-farm assistance
Forestry	Cut 1 administrative position and reduced funding for forest road maintenance and fire suppression
Geological & Geophysical Surveys	Reduced funding for publications, software, and travel to events to market Alaska's resources potential
Mining, Land & Water	Cut 2 positions – realty services and IT – and reduced budget for inspections, compliance and stewardship activities
Oil and Gas	Cut 3 positions supporting best interest findings, lease sale preparation, public records requests, and information officer
Parks	Cut 1 position – Kodiak state park operations and reduced statewide support for permitting
Support Services	Cut 2 positions – administrative and accounting
Agency-wide	Mandatory furloughs for exempt/partially-exempt staff; reduced funding for Commissioner's Office; cut 2 positions and eliminated the Citizen's Advisory Commission on Federal Areas (CACFA); reduced chargeback and facilities costs and cut 4 support function positions; cut 22 positions vacant for more than a year
FY2018 proposed reductions	Cut \$3.1 million (-5%) UGF/DGF and 91 positions
Agriculture	Cut 1 administrative position
Geological & Geophysical Surveys	Cut 2 positions – geologic publications and Geologic Materials Center - and reduce geologic publications and data distribution capacity, mineral resources section, and travel to industry meetings and for inter-agency coordination
Mining, Land & Water	Cut 4 positions – municipal entitlements – consolidate facility lease, reorganize MAPS, and reduce Denali Block program
Oil and Gas	Cut 6 positions and consolidate to manage oil and gas resources
Parks	Cut 10 positions – northern region
Support Services	Cut 7 positions – Recorder's Office – transfer 37 positions for Shared Services of Alaska implementation and IT consolidation
Agency-wide	Cut 20 positions vacant for more than three months; and cut 4 positions from one time items for MMMS and DOG

OVERVIEW *of the* Division of Agriculture



The Division of Agriculture (DoAg) drives the agricultural industry and enhances the food security of Alaskans through land sales, the Alaska Grown program, loans, and other essential programs. The division's Plant Materials Center is the sole source of seed and plant materials developed for Alaska's growing conditions; the center also supports reclamation and revegetation projects statewide and leads the state's invasive plants program.

Economic diversification and food security

- Since 1977, the division has sold 193,503 acres of state agricultural land into private ownership. An estimated 700 farms were operating in Alaska as of 2016.
- The division's Alaska Grown program makes consumers, retailers, restaurants, schools and other institutions that purchase food aware of Alaska-grown agricultural products.
- The division's marketing section runs the federal Specialty Crop Block Grant Program and leads farmers food safety compliance and education.
- The division's Agricultural Revolving Loan Fund has provided 183 loans totaling \$22.2 million between 2005 and 2016 to support new or expanded agricultural operations.
- The division operates the ARLF-owned Mt. McKinley Meat and Sausage plant, the only USDA-approved slaughterhouse in Southcentral Alaska. This plant is in the process of transitioning to private ownership no later than June 2017.

Crop and invasive species management

- The division works to limit the spread of diseases and pests in Alaska crops. The natural resources sector relies on the division for revegetation and reclamation projects using native seed. The number of requests for division assistance has grown from 351 in FY2013 to over 1000 in FY2016, a 185% increase.
- The division coordinates multi-agency efforts to prevent the spread of invasive plants that pose significant risks in Alaska. The recent Elodea eradication projects on the Kenai Peninsula, Anchorage and Mat-Su occurred with the division's leadership and technical support.
- The division is the state agency that passes through federal and state funds to local land management agencies and organizations to support crop-related and soil and water conservation-related projects.
- The agricultural and timber industries rely on federally-required agricultural inspections conducted by the division for access to domestic and international markets.

Alaska's storehouse for high-quality seed

- The foundation-level grass, grain and potato seed stock used for commercial seed production in Alaska is tested, cleaned, stored and maintained at the division's Plant Materials Center (PMC). This high-quality seed is developed for Alaska's unique conditions and is only available through the PMC.
- The PMC houses the only certified seed lab and seed cleaning facility in Alaska. All seed stock sold in Alaska must be certified prior to planting by commercial seed producers. Seed cleaning minimizes cross-contamination of high-quality seed stock with weeds or other seeds.

STRUCTURE & FUNCTIONS *of the* Division of Agriculture



The Division of Agriculture supports development of Alaska’s agricultural industry through its programs for land sales, marketing, inspections, loans, seed production, certification, testing, and cleaning, variety trialing, reclamation and revegetation, on-farm technical assistance and invasive weed management. The division’s activities can be grouped into two components, agricultural development and the Plant Materials Center (PMC).

FY2017 Management Plan Budget

PCNs	UGF	DGF	Fed	Other	Total
38	2,774.9	3,056.1	991.0	148.8	6,970.8

Agricultural Development

Marketing – Increases market access for Alaska Grown producers.

Farm to Institution – Previously known as “Farm to School,” promotes the use of Alaska Grown specialty crops in institutions including schools and hospitals. (Funded through the DE&ED child nutrition programs.)

Inspection – Provides inspections necessary to assure USDA grade and quality standards are met for the sale of agricultural and forest products.

Agricultural Land Sales – Sells land with suitable agricultural soils into private ownership.

Administration & Support– Administers the Alaska Revolving Loan Fund (ARLF) and manages division operations.

Mt. McKinley Meat and Sausage Plant – An asset of the ARLF managed by the division, and the only USDA-certified slaughter facility in Southcentral Alaska. All meat offered for sale must have a USDA stamp.

PCNs	UGF	Total
4	304.2	735.4
1	0.0	0.0
4	355.4	648.8
2	0.0	497.3
6	469.2	962.4
3	0.0	2,047.5

Plant Materials Center

Invasive Plant and Pest Management Program – Coordinates prevention, outreach and the management of harmful invasive plants and agricultural pests.

Production – Develops native seed and plant materials suitable for commercial production and revegetation/reclamation projects.

Services – Provides certified lab testing, seed cleaning/conditioning, crop disease analysis, and site-specific recommendations for revegetation projects.

1	68.5	263.5
10	966.0	1,039.1
7	611.6	776.8

Overview of the Division of Agriculture's Marketing Section



Critical Function: Increases awareness, support and sales of locally grown agricultural products by educating the consumer to buy “Closer, Fresher, Better” Alaska Grown; the Alaska Grown program is celebrating 30 years.

Economic impact without the marketing section's services: Loss of millions of dollars in leveraged funds, loss of access to federal funding sources, and reduced opportunity to create new Alaskan revenue streams. Loss of public awareness and support would have a direct economic impact on more than 700 Alaskan farms. This section was instrumental in the development of Alaska's farmer's markets and the new peony industry. Loss of farm food safety education and audits which are required to access markets.

FY2017 Management Plan Budget

PCNs	UGF	DGF	Fed	Other	Total
4	304.2	0.0	431.2	0.0	735.4

Description: Conducts public outreach, advertising and grant administration related to the Alaska Grown program and federally-supported grant programs. This section is responsible for publications that connect Alaska farmers to consumers, as well as social media outreach. More than 50,000 people follow the Alaska Grown Facebook page and individual posts have reached up to 500,000 people.

Publishes the Alaska Grown Source Book which provides a detailed listing of Alaska agricultural producers and sellers, and a comprehensive listing of Alaska farmers markets.

The Alaska Grown logo program was created to increase consumer awareness and consumption of Alaska agricultural products. The logo is available at no cost to producers, wholesalers, retailers, and media to promote Alaska Grown products; no revenue generated by use of the state-owned logo is captured by the division. This is the second-longest running state agricultural marketing program in the nation.

Administers grants for the Farm to Institution and the federal Specialty Crop Block Grant program, and will soon administer grants for the new federal Specialty Crop Multi-State Block Grant Program. These programs have supported the launching of the Alaska Peony Growers Association, hosting of Chef at the Market events; specialty crop research; and increased use of Alaska Grown specialty crops in restaurants, schools, hospitals, and universities.

Key duties and functions:

- Feasibility studies to identify specialty crops for a market with geographic, infrastructure, and climate-related challenges.
- Administration, receipt, and access to the federal Specialty Crop Block Grant funding.
- Leveraging funds and expertise across agency, foundational, tribal, and non-profit sectors that have like-minded missions but lack marketing expertise.
- Increasing development of the agriculture sector as a strategy for improving the state's food security.

Overview of the Division of Agriculture's Inspection Section



Critical Function: Provides awareness, inspect and audit domestic agricultural products; provides inspection and certification services necessary to export agricultural products; survey, track, and provides outreach on invasive pest species.

Economic impact without the section's services: Lack of inspection services would halt exports of Alaskan agricultural and timber products, including the \$147.9 million of timber exported annually. Local farmers will need to absorb the cost of inspections, undermining their ability to compete with imported produce. Without surveys and outreach, the state runs the risk of losing the ability to eradicate invasive species.

FY2017 Management Plan Budget

PCNs	UGF	DGF	Fed	Other	Total
4	355.4	1.5	236.9	55.0	648.8

Description: Provides necessary inspections and audits to assure grade and quality control, monitors for disease and pest issues, and issues certifications to enable export. The following programs are managed through this section:

- Potato seed certification
- Cooperative Agriculture Pest Survey
- Country of Origin Labeling
- Good agricultural/good handling practices
- Elk inspections
- Fruit and vegetable inspections
- Grade inspections
- Egg shell inspections
- Brand registration
- Bee registration

Key duties and functions:

- Performs audits and inspections required by vendors/retailers as a condition of purchase.
- Tracks, surveys, and provides education and mitigation of invasive pest weeds.
- Ensures compliance with the audit requirements adopted by the Global Food Safety Initiative.
- Provides certification necessary for agricultural exports.

Overview of the Division of Agriculture's Agricultural Land Sales



Critical Function: Foster food security and economic development by selling state agricultural land to individuals and businesses engaged in agriculture, and ensuring future generations have access to land suitable for agricultural production.

Economic impact without the section's services: The economic impact extends past the revenue generated by the land sales to include economic benefits to local communities. For every dollar spent to purchase the land, significant additional funds are spent on clearing and crop production.

FY2017 Management Plan Budget

PCNs	UGF	DGF	Fed	Other	Total
2	0.0	497.3	0.0	0.0	497.3

Description: Sells state land designated for agricultural use, including lands nominated by the public and parcels that have come back to the state through default or foreclosure. Over the past eight years, this program has sold 4,985 acres of state land for agricultural use.

Prior to any sale offering, the suitability of these lands is adjudicated through a best interest finding. All agricultural land owners are required to follow an approved farm conservation plan reviewed by the local soil and water conservation district and approved by the director of the Division of Agriculture.

Overview of the Division of Agriculture's Administration & Support



Critical Function: Provides loans to support development of a viable agriculture industry; provides division management, policy and budget.

Economic impact without the section's services: The agriculture industry's ability to secure loans for development, operating or equipment purchases will be limited, negatively impacting the profitability of farm operations and limiting growth in the agricultural sector. Administrative and budget support and policy direction is crucial to division operations.

FY2017 Management Plan Budget

PCNs	UGF	DGF	Fed	Other	Total
6	469.2	493.2	0.0	0.0	962.4

Description: Alaska producers depend on the Agricultural Revolving Loan Fund (ARLF) for six types of loans which include clearing, farm development, operating, irrigation, product processing and chattel. Loans are available to qualified applicants and loan funds can only be used for agricultural production or processing operations in Alaska.

The Alaska Agriculture Loan Act was established in 1953 and today is implemented through the ARLF under the direction of the Alaska Board of Agriculture and Conservation. The volunteer board is comprised of seven individuals representing different sectors of agriculture, business, and agriculture promotion. The board approves and denies applications for ARLF loans and manages the fund's assets. The board's expertise in agriculture production is essential when reviewing business plans, farm operations and operating and expense reports.

Fixed-interest rates are established by the Board of Agriculture and Conservation and comparable to rates charged by other Alaska agriculture lenders. The total outstanding balance of ARLF loans may not exceed \$1,000,000 per borrower. Loans may not exceed 75% of the value of the collateral, less existing loans. Collateral may include land, improvements, machinery, equipment, crops or livestock.

The ARLF has supported vegetable farmers, hay and grain producers, animal producers, ranchers, greenhouse operators, dairy farmers and sod farmers. The program also has supported value-added businesses including a potato chip factory, flour mill, dairy and slaughter house.

The Director's Office provides administration, budget, policy, accounting, financial grant management, human resources, procurement, and web development. The director also serves as the Director of the Board of Agriculture and Conservation and the executive director of the Natural Resource Conservation and Development Board.

Overview of the Division of Agriculture's Mt. McKinley Meat & Sausage Plant



Critical Function: Operates the only USDA-approved slaughter facility in Southcentral Alaska that enables Alaska-raised meat to be sold at farmers markets, retail stores, and restaurants.

Economic impact without the section's services: Many Alaska meat producers will lose their ability to sell their products.*

FY2017 Management Plan Budget

PCNs	UGF	DGF	Fed	Other	Total
3	0.0	2,047.5	0.0	0.0	2,047.5

Description: The Mt. McKinley Meat & Sausage Plant (MMM&S) is the only USDA-approved slaughter facility in Southcentral Alaska and one of only three operating in the state. A USDA stamp is legally required to sell meat into commerce, whether to a restaurant, store or farmers market. A USDA inspector is on site at all times of operation, inspecting live animals prior to slaughter and carcasses during the process to assure USDA quality standards are met. The inspector assures that product meets the USDA quality standard.

This plant is crucial to the meat industry in Alaska and is the only plant in Alaska that slaughters livestock year round. It also provides cut/wrap/labeling services for product sold at farmers markets or retail stores. Farmers and ranchers from as far away as Delta, Kenny Lake, Talkeetna and Homer depend on the services provided by the plant.

* MMM&S is in the process of transitioning to private ownership no later than June 2017. Production and processing services remain available throughout the transition to meet industry needs.

This program provides support to:

- Red meat producers
- Farmers markets
- Restaurants
- Retail outlets
- 4-H Live animal auction
- Department of Fish & Game – carcass evaluation
- Department of Corrections – inmate training program
- Local retail stores
- Families raising animals for food

Overview of the Division of Agriculture's Invasive Plant and Pest Management Program



Critical Function: Limits the introduction and spread of freshwater invasive plants, terrestrial invasive plants and plant pests in Alaska through education, prevention, collaboration and effective management.

Economic impact without the section's services: Invasive species damage the environment and economy. Early detection and rapid response is key to avoiding costly long-term mitigation.

FY2017 Management Plan Budget

PCNs	UGF	DGF	Fed	Other	Total
1	68.5	0.0	195.0	0.0	263.5

Description: Collaborates with other land managers, agencies, organizations, and policy makers for management, outreach, education, and research on invasive plants and pests. DoAg is the lead agency when treatment is necessary.

Invasive species threaten Alaska's environment and economy due to their impacts on agriculture, fisheries, forestry, tourism, subsistence, recreation and public safety. They are highly adaptive, can outcompete and displace native plants and animals, and alter valuable habitat; for these reasons, it is critical to prevent and manage infestations

Invasive plants such as Elodea have already altered habitat and threatened fish resources. In 2016, Elodea was discovered in Alexander Lake. After the Division was awarded a DEC Emergency Exemption for immediate management, all 500 acres were treated. Continued treatment for the following two years in Alexander Lake will help meet the management goal of eradication.

Invasive plants such as Elodea provide favorable conditions for other invasive species such as northern pike. This is the case in Alexander Lake/Creek system where ADF&G has spent millions of dollars to eradicate pike and restore the salmon fishery. In 2014, Elodea was also found in this system and prioritized by DNR and ADF&G for management in 2016 to ensure continued restoration of the fishery.

In 2015, an Elodea infestation in Lake Hood became a hazard to float plane traffic, with pilots reporting loss of control. The Division was able to facilitate expedited permitting and utilization of interagency funds to manage Elodea within weeks of its discovery, minimizing impacts to float plane traffic.

The Invasive Plant and Pest Management program also provides the following support:

- Coordinates multi-agency management efforts that often involve multiple permits.
- Treats high-priority, regulated invasive species such as Canada thistle and Elodea.
- Serves as pass-through agency for state and federal funds available to soil & water conservation districts, private businesses, and local organizations to treat high-priority invasive species.

Overview of the Division of Agriculture's Plant Materials Center Production



Critical Function: Evaluates, maintains and produces high-quality seed needed for commercial production. Develops plant materials and crop production methods suitable for agriculture and revegetation and reclamation projects in Alaska's unique environment.

Economic impact without the section's services: Lack of available seed and research will affect the profitability and longevity of farm operations, and the success of revegetation/reclamation activities which are a critical component of construction and resource development projects in Alaska.

FY2017 Management Plan Budget

PCNs	UGF	DGF	Fed	Other	Total
10	966.0	16.6	27.9	28.6	1,039.1

Description: The Foundation Seed, Horticulture, Potato, and Native Plant programs at the Plant Materials Center (PMC) have the following key duties and functions:

- Produces high-quality, foundation-level seed necessary for grass and grain seed production in Alaska.
- Trials, evaluates, and develops production methods and varieties for commercial crop production in Alaska.
- Produces virus- and disease-tested seed potatoes that are the foundation of Alaska's potato industry.
- Trials, evaluates, and releases native plants suitable for commercial production and revegetation.
- Maintains and assists in all foundation-level grass, grain, and potato seed stock selected, bred and released within the state in conjunction with the University of Alaska Fairbanks, Agricultural Research Services and the U.S. Department of Agriculture.

The PMC's repository of plantlets and seeds is the only facility of its kind in Alaska. It maintains and stores foundational-level grass and grain seed, seed potato stock, and other seed for production in Alaska. These include 231 potato, 43 forb, 16 grain and 95 native grass seed varieties available for sale to Alaska agricultural producers.

The production programs provide critical services to producers, nurseries and greenhouses, processors (potato, flour, distillery, etc.), retail stores selling Alaska Grown products, seed distribution centers (feed and seed retailers throughout Alaska), land management agencies, contractors for reclamation projects, Alaska Grown product consumers, and home gardeners.

Overview of the Division of Agriculture's Plant Materials Center Services



Critical Function: Provides certified laboratory testing, seed cleaning and conditioning services necessary for commercial seed production, tests for crop diseases, and provides site-specific recommendations for revegetation projects to protect the state's soil resources.

Economic impact without the section's services: Without a seed lab or seed cleaning facility, the availability of Alaska Grown seed would be severely curtailed, and over time unavailable; land managers would be unable to get timely, definitive identification of plant pest and diseases, and revegetation projects would experience increased failures and require more use of non-native plants.

FY2017 Management Plan Budget

PCNs	UGF	DGF	Fed	Other	Total
7	611.6	0.0	100.0	65.2	776.8

Description: Services provided by the Plant Materials Center include Seed Cleaning, the Plant Pathology Lab, the Certified Seed Lab, and the Revegetation and Erosion Control Program.

Key duties and functions:

- Cleaning foundation, certified and common seed grown in Alaska to meet state and federal labeling requirements; this post-harvest step is required to move seed into commerce.
- Performing diagnostic analysis for agronomic crop diseases present within the state through research and evaluation of varieties and standard production practices. This lab provides diagnostic services to the public, agricultural industry and state/federal/municipal/ borough land managers.
- Performing purity, germination, viability, noxious weed, moisture content, seed count and sprout tests as required and/or requested.
- Developing and providing site-specific recommendations for reclamation and revegetation projects for government agencies, contractors, land users, and the general public.

These programs provide critical services to producers, nurseries and greenhouses, processors (potato, flour, distillery, etc.), retail stores selling Alaska Grown products, seed distribution centers (feed and seed retailers throughout Alaska), land management agencies, contractors for reclamation projects, Alaska Grown product consumers, and home gardeners.

OVERVIEW *of the* **Division of Forestry**



The Division of Forestry (DOF) is the State's lead agency for wildland fire management on 150 million acres of land with a primary goal to protect life and property. The wildland fire management program plays a critical role in emergency management activities, including Incident Management Teams essential to effective, prompt response to disasters of all types.

The division manages 47 million acres of forest on state land for commercial timber sales and public use. State timber sales are the primary source of wood for local sawmills and value-added, wood product manufacturers in most of Alaska, and they are an important source of woody biomass, producing heat and electricity for rural Alaskans.

Protection of life and property

- Wildland fire operations on just one project fire in 2014, the Funny River fire on the Kenai, protected more than 2,400 structures valued at more than \$250 million.
- The 2015 Sockeye fire operations near Willow protected 2,364 structures valued at \$332 million.
- In 2015, Pump Station 7 and 12 miles of the trans-Alaska pipeline were protected...priceless!

Employment and public access

- Emergency firefighters were paid \$19.6 million in wages over the 2012-14 seasons – an important source of cash income in rural communities.
- The division constructs new access and maintains approximately 275 miles of all-season roads in state forests and on other state land. This access is used by citizens for a variety of subsistence, recreation and business activities. Work began this year on the Vallenar Bay Road project, an eight-mile road with five bridges that will provide access to public and private land on Gravina Island near Ketchikan.

Impacts to state revenue and the economy

- The division's programs support 450 full-time-equivalent jobs in Alaska's wood products sector and hundreds of jobs for firefighters in rural communities.
- The division sold 34 commercial timber sales and collected \$870,200 in stumpage revenue in FY2016.
- Successful implementation of the Alaska Forest Resources and Practices Act supported \$173.3 million in log sales by landowners and companies to foreign markets in 2013. From 2003-2013, log sales represented approximately \$1.258 billion in value.

Renewable energy and resilient communities

- The division has supported more than 52 wood biomass energy projects primarily located in rural communities. These projects represent \$26 million in investment and have achieved significant savings in heating costs. For example, when the wood chip boiler went online at the Tok School in 2011, the cost for heating the facility dropped by 75% or \$9,400 per month.

STRUCTURE & FUNCTIONS *of the* Division of Forestry



The Division of Forestry (DOF) is composed of two major programs. The Fire and Aviation Program protects life, property and other values at risk from wildland fire on state, municipal and private lands, and provides protection on federal lands via agreement. The Forest Resources Program provides a sustainable wood supply to the forest industry and the public, while providing oversight of commercial forestry practices on private, municipal and state lands under the auspices of the Alaska Forest Resources and Practices Act (FRPA). Each program is supported by sections that work across program boundaries to provide fire season support and mitigate fire risks near communities.

FY2017 Management Plan Budget

PCNs	UGF	DGF	Fed	Other	Total
239	24,151.6	989.3	18,318.9	3,561.5	47,021.3

Forest Resources Program

Forest Management – Oversees the management of 47 million acres of forests on state lands, including 2 million acres in three state forests.

Forest Practices – Lead agency to oversee forest practices on state, municipal and private lands with a mandate to protect fish habitat and water quality during management activities per the FRPA (AS 41.17)

Cooperative Forestry – Provides Forest Stewardship on private lands; Forest Health and Community Forestry on all lands per the state’s Forest Action Plan.

Tongass Challenge Cost Share – Complete a forest inventory and workforce development on the Tongass in partnership with the United States Forest Service.

Fire & Aviation Program

Fire Preparedness – Provides fire protection on 150 million acres; funds personnel, aviation contracts, fire engines, facilities and training to build capacity so the division is prepared to safely and efficiently fight fire.

Fire Prevention – Completes fire investigations on cause and responsibility, provides public education on safe burning practices and oversight of the burn permit program.

Administration & Grants – Provides technical and executive direction and leadership, budget development and fiscal management, operational and administrative management, grant tracking, and coordination.

Fire Suppression Activity Component – Accessed during fire activity and pays the cost of suppressing and managing wildland fire on state, municipal and private lands. DOF is reimbursed for activity on federal lands.

PCNs	UGF	Total
27	2,040.8	4,014.4
2	225.5	225.5
7	0.0	1,065.9
5		3,637.4
186	14,844.4	17,576.8
9	489.8	489.8
3	578.1	578.1
0	5,973.0	19,433.4

Overview of the Division of Forestry's Forest Management Section



Critical Function: Manages state forest lands, including three state forests. Ensures commercial timber sales are offered on a consistent and regular basis in support of the forest products sector.

Economic impact without the section's services: The remaining forest products industry in Southeast Alaska would fail or be reduced to minimal levels of activity. In the Interior, a growing forest products sector would contract and manufacturing and wood biomass facilities would struggle to secure wood for their operations.

FY2017 Management Plan Budget

PCNs	UGF	DGF	Fed	Other	Total
27	2,040.8	989.3	169.9	814.4	4,014.4

Description: Oversees commercial and personal use activities on the three state forests representing 2.1 million acres of land, with the primary purpose of timber management. In consultation with the Division of Mining, Land & Water, manages forests on approximately 48 million acres of state land under sustained yield and multiple use principles. Additional oversight and direction is provided by the Board of Forestry and local citizen advisory committees.

The commercial timber sale program is the section's primary activity, with 34 individual sales representing 8.2 million board feet sold in FY2016. Over the past ten years the division has sold 215.9 million board feet of timber. In most locations, the division is the sole provider of timber to the forest products sector and in Southeast plays a key role in maintaining the current industry. Approximately 450 full-time jobs are represented by this sector. Over the FY2014-17 budget cycles, this section lost 42 percent of its UGF funding and 23 PCNs.

This section provides a source of wood for home heating and the wood biomass industry. Statewide, many communities utilize wood chips or pellets to heat public facilities. Some notable projects are located in Tok, Craig, Mentasta, Delta and Galena where schools and core buildings are heated. These activities are often overlooked in the bigger energy discussion, but they provide jobs in some of the smallest and most remote communities and circulate money within those communities that would otherwise leave the state.

The section has important crosscutting duties and responsibilities with the division's public safety mission. Area and regional foresters work hand-in-hand with the wildland fire program to oversee and manage fires on public and private lands.

Key duties and functions:

- Completes forest management plans at the forest level, publishes the Five Year Schedule of Timber Sales, and writes Best Interest Findings and Forest Land Use Plans for individual timber sales.
- Oversees and administers timber sale contracts with purchasers.
- Maintains and builds roads to access state land as part of the timber management program.

Overview of the Division of Forestry's Forest Practices Section



Critical Function: Implements the Forest Resources and Practices Act (FRPA) on state, private and municipal lands. Ensures timely review of Detailed Plans of Operation (DPOs) and conducts field inspections to ensure that timber harvest areas and roads comply with statutes and regulations that ensure prompt reforestation and protect fish habitat and water quality.

Economic impact of the section's services: Commercial forestry activities represent an important segment of the state's economic activity. In Coastal Alaska, successful FRPA implementation supported \$173.3 million of log exports in 2013. From 2003 to 2013, the value of log exports was ~\$1.258 billion.

FY2017 Management Plan Budget

PCNs	UGF	DGF	Fed	Other	Total
2	225.5	0.0	0.0	0.0	225.5

Description: Coordinates FRPA administration and fulfills our lead agency role while working with our two sister agencies, the departments of Fish and Game (ADF&G) and Environmental Conservation (ADEC). This small section has a big task and has seen reductions in staff due to falling appropriations. Four foresters who worked in this section and Forest Management Section were lost in the FY2016 cuts.

Reviews and approves DPOs within 30 days of notice, after which the activity can proceed unless it is found to be inconsistent with FRPA provisions. Conducts field inspections during commercial operations. Inspections include a representative from ADF&G and ADEC when needed, as DOF gives due deference to these agencies on issues of water quality and fish habitat. Inspectors conduct compliance monitoring and provide the operator and landowner a report of the results. When required, the staff can issue stop work orders, directives to correct deficiencies, or notices of violation. DOF staff members serve as prosecution coordinators and hearing officers to adjudicate violations of the Act under the administrative law process.

FRPA was developed under the auspices of the Board of Forestry and uses both the best available science and the practical experience of field operations to ensure the Act is efficient, economical and effective. The regulations and statutes are updated as needed based on this process.

Key duties and functions:

- Review of DPOs, and approve the proposed activity or issue a directive or stop work order.
- Coordinate activities with DEC and ADFG and complete field inspections of operations.
- Ensure appropriate fish buffers and water quality measures are applied where required.
- Educate landowners and operators on FRPA requirements and their responsibilities under the Act.
- Brief the Board of Forestry on ongoing activities and help prepare the Board's annual report on the effectiveness of the Act to the Governor and Alaska Legislature.
- Collect and analyze statistics on use of best management practices.

Overview of the Division of Forestry's Cooperative Forestry Section



Critical Function: Provides 100% federally-funded technical and financial forest management assistance to diverse landowners through cost-effective, non-regulatory partnerships.

Economic impact with the section's services: Over one million in federal funds is infused annually into the state economy. The economic impact of the technical and financial assistance to Alaska Native corporations, other private forest land owners, utility companies, college campuses, boroughs and local governments is difficult to quantitatively estimate but is substantial in value.

FY2017 Management Plan Budget

PCNs	UGF	DGF	Fed	Other	Total
7	0.0	0.0	1,065.9	0.0	1,065.9

Description: The programs listed below implement national programs funded by the U.S. Forest Service.

Forest Health Program:

- Provide effective early detection and response to invasive forest pests.
- Identify and mitigate impacts of damaging forest pest species (insects, pathogens and plants).
- Adapt forest health survey strategies and management practices to keep pace with a changing climate.

Community Forestry Program:

- Support community development that maintains and enhances urban trees and forests, which enhance air and water quality, public health and quality of life.
- Build community forestry program capacity at the local and statewide level and provide technical assistance and training to those who plan for, plant and maintain community trees and forests.
- Successful examples:
 - Anchorage has attained the highest level of recognition possible from the Arbor Day Foundation by meeting standards for a Tree City USA award; the University of Alaska-Anchorage has attained a Tree Campus USA award.
 - Three utilities have been certified under the Tree Line USA certification program.

Forest Stewardship Program:

- Develop strategies for better wildland fire preparedness by private, urban land owners.
- Recommend practices for second growth forest management on private lands.
- Support development of biomass energy and cost-effective habitat management.
- Meet increasing demand for wood in home and business space heating.

Conservation Education Program:

- Maintain and increase public support for forest management (social license) by:
 - Expanding the geographic breadth of conservation education in Alaska.
 - Expanding support for wildland fire education in the Alaska educator's series.
 - Continuing to emphasize service learning opportunities for educators.
 - Working with cooperators to implement a statewide environmental literacy plan.

Overview of the Division of Forestry's Fire Preparedness Section



Critical Function: Protects life, property and other assets at risk from wildland fires on state, municipal and private lands, and by agreement on federal lands, in a safe, efficient, and cost-effective manner.

Economic and public safety impact of the section's services: Provided for direct employment of emergency firefighters and purchases of services or goods from 700 plus private-sector vendors in 2015 valued at \$23.8 million. The value of personal and business property protected from wildland fire is significant, as demonstrated by two recent project fires, Funny River (2014) and Sockeye (2015), during which a combined 4,764 structures with an assessed value of \$582 million were protected.

FY2017 Management Plan Budget

PCNs	UGF	DGF	Fed	Other	Total
186	14,844.4	0.0	1,485.3	1,247.1	17,576.8

Description: Provides wildland fire protection on 150 million acres of land and assistance to our interagency partners, the U.S. Bureau of Land Management-Alaska Fire Service and the U.S. Forest Service, as needed during the fire season. Houses the bulk of our firefighting workforce – primarily full-time seasonal employees dispersed throughout the state. Firefighters share facilities with our Forest Resources Program in ten locations (Ketchikan, Juneau, Haines, Soldotna, Palmer, McGrath, Copper River, Tok, Delta, and Fairbanks) represented by five area offices. Over the last two years (FY2014-16) this section has lost about 7% of its UGF appropriation and 18 PCNs, with the bulk of the staff reductions hitting the McGrath office in FY2016. This staff reduction came during a very challenging year with over 5.1 million acres burning statewide, our second worst on record. (Figure 1- Note statewide workload has doubled since 2004 when the average number of acres burned jumped from under 1 million to almost 2 million acres per year).

The backbone of this section's Initial Attack operations is its six contract vendor medium helicopters (Bell 212s) and wildland fire engines staffed by firefighters. These resources are supported by the fixed-wing aviation program that provides two contract vendor air tankers (Convair 580s), two state-owned lead plane/air attack platforms (Turbine Aero Commanders), and logistical support via two additional state owned aircraft, a Shrike and Beaver. The section maintains and operates six air tanker bases strategically located around the state, allowing a two-hour or less response time to be made to any location in our area served.

The section also maintains support functions that allow staff to be placed and maintained in the field. The initial attack and support dispatch centers are the nerve centers of the operation and order and track all resources assigned to a fire. Warehouse and cache operations provide the supplies needed in the field with the principal facilities located in Palmer and Fairbanks. Ten local fire caches that support 100-500 personnel each are located with our other statewide forestry offices.

The administrative staff provides support to both the Forest and Fire Management programs and ensures the fiscal aspects of both programs run smoothly and support the needs of each, especially during the fire season.

Key duties and functions:

- In critical and full designated fire protection areas, keep fire starts at 10 acres or less through aggressive initial attack and rapid response in critical and full fire management options.
- Provide required annual fire line refresher training and physical testing (arduous to light depending on Red Card qualifications) to village emergency firefighter crews to ensure they are ready for each fire season.
- Ensure all fixed and rotor wing aircraft meet interagency carding certifications and that pilots also have required certifications.
- Work in an interagency environment and provide support to federal, state and Canadian partners as our fire season allows. The Incident Command System (ICS) is a scalable process that allows emergency response agencies the ability to rapidly increase their capabilities by using other resources. During the peak of our 2015 fire season, we had approximately 3,174 staff on assignments with about half coming from other jurisdictions.
- Track and assign fiscal expenses to appropriate incidents, and determine the need for additional fiscal resources via disaster declarations coordinated with OMB and the Governor’s Office.
- Provide logistical support through warehouses and fire cache distribution system.
- Staff seven Area Offices strategically located to ensure timely response to wildfire incidents.
- Establish agreements with vendors, cooperator and local fire departments to ensure availability to supplement emergency workforce.

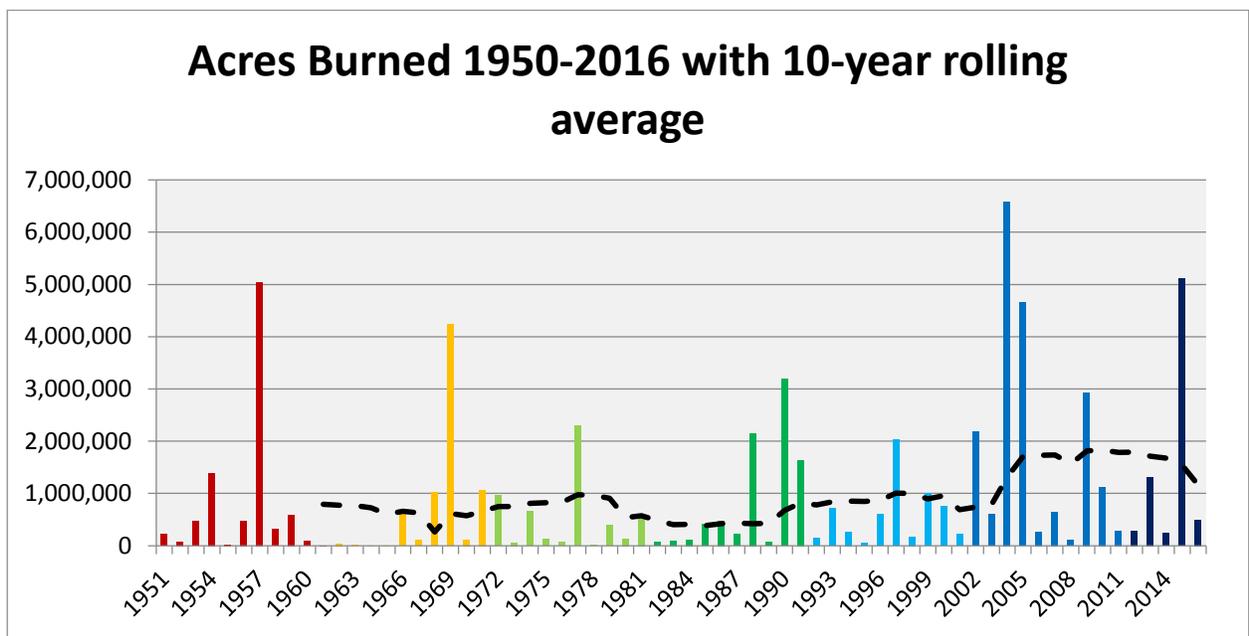


Figure 1- Annual history of acres burned in Alaska with rolling average by ten year increments. Note the significant jump in the running average that began in 2004.

Overview of the Division of Forestry's Fire Prevention Section



Critical Function: Administers the state's wildland fire prevention program by educating the public, enforcing open burning regulations, investigating human-caused fires, and preparing criminal or administrative cases to recover the state's suppression costs.

Economic impact without the section's services: Cost recovery from human-caused fires due to negligent actions is a long process, but the conviction of responsible parties sends a strong fire prevention message to the public; even one less project fire can save millions. In FY2015 this section recovered approximately \$680,000 in fire suppression costs.

FY2017 Management Plan Budget

PCNs	UGF	DGF	Fed	Other	Total
9	489.8	0.0	0.0	0.0	489.8

Description: Plans and executes a statewide fire prevention program focused on educating Alaskans about safe burning practices. Adult education is focused on the burn permit program and when/how to burn safely during the fire season, in addition to providing classes, inspections and information on the Firewise program and Community Wildfire Protection Plans (CWPP).

The Firewise program instructs homeowners and businesses how to reduce wildland fire risk and provides funding to Alaskans to complete recommended treatments via competitive federal matching grants awarded through the division's Cooperative Forestry Section. The Firewise program works at the individual level, while the CWPPs define how to reduce wildland fire risks at the community level by identifying evacuation routes, mapping high-risk areas, and planning mitigation projects such as fuel breaks.

During the fire season, this section administers the state's burn permit program for open burning. Burning is allowed or restricted on a daily basis depending on weather and fuel conditions in local areas. Prevention technicians investigate smoke reports and issue warnings or citations if violations occur.

This section investigates human-caused fires to determine cause and try to identify a responsible party. Any escaped fire that is human caused, will receive a concerted effort and will often involve the State Fire Marshal and State Troopers. Prevention technicians testify at hearings and work closely with the District Attorney's office to prepare criminal cases. Civil cost recovery cases are coordinated with the Attorney General's office.

Key duties and functions:

- Minimize the impact of fire on the public by reducing human caused fire starts through education, enforcement and hazard fuel mitigation around homes, businesses and communities.
- Prepare fire investigative reports for use in criminal or civil court cases.
- Update annual suite of fire prevention statistics to track effectiveness of prevention activities.
- Deliver fire prevention message at civic and other highly visible public events.

Overview of the Division of Forestry's Fire Suppression Activity Component



Critical Function: This component covers costs associated with wildland fire suppression activities and fixed costs not funded in the operating budget for an average fire year. Because of fluctuations in fire season severity and length, temporary increases above the initial authorization are covered by this account.

Economic impact without the component: Refer to the Fire Preparedness Section narrative.

FY2017 Management Plan Budget

PCNs	UGF	DGF	Fed	Other	Total
0	5,973.0	0.0	11,960.4	1,500.0	19,433.4

Description: This component ensures that the state is fully authorized to prepare for and respond to wildland fires. It allows the division to preposition overhead personnel, fire crews, Incident Management Teams (IMTs), aircraft, and supplies in preparation for natural and human-caused events. Without preparation for multiple fire starts or extreme fire behavior (Red Flag Warnings), catastrophic results can occur; this is a public safety and property protection issue.

Key duties and functions:

- Provide protection of life and property for 740,000 Alaskans on state, private and municipal lands.
- Train Alaska crews, crew bosses, overhead and emergency fire fighters.
- Make timely payments to cooperators, vendors, and contractors.
- Supply aircraft with fuel and retardant and secure additional aviation resources from Canada and the Lower-48 when Alaska resources are fully utilized.
- Respond to wildland fires and all risk incidents upon requests.
- Support National and Canadian firefighting efforts at conclusion of Alaskan fire season.

During most fire seasons this component has additional funding authorized by either a budget supplemental or disaster declaration process. The authorization for this budget component should be based on the previous ten-year average of costs but has not been updated for many years due to the impact on the UGF portion of the budget.

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OVERVIEW *of the* **Division of Geological & Geophysical Surveys**



The Division of Geological & Geophysical Surveys (DGGS) collects, analyzes, and publishes geologic information that stimulates resource development and identifies geologic hazards. Its cutting-edge work is available to all users and preserved for future generations.

Geologic information is critical for discovering and commercializing the state's oil, gas, coal, and mineral resources and protecting Alaskans from geologic hazards. Long-term investment in DGGS research leads to targeted exploration, new discoveries, additional oil and gas and mineral production, state revenue, jobs, resilient communities and a sound economy.

Driving future revenue and economic activity

- DGGS is tasked with energy and mineral resource evaluations of 160 million acres of state lands.
- The division's research, presentations and publications, including numerous maps and reports, aided recent significant oil discoveries in the Nanushuk and Torok Formations. Company announcements indicate resources of 800 million barrels of oil in two of these discoveries, with production levels of 200,000 - 250,000 barrels per day that will return billions in revenue to the state treasury.
- Industry geologists credit the division's maps, data, and interpretations for discoveries at the Livengood gold deposit and at the Pogo gold mine, which employs 339 workers and pumps \$280 million/yr into the state and local economy. Livengood will likely have a similar economic impact when developed.
- DGGS airborne geophysical, geological and geochemical data facilitated a significant copper-gold discovery at Shorty Creek in 2015, and precipitated major claim staking activity in 2016.
- The resurgence of industry interest in Cook Inlet gas was preceded by a surge of publications from the division based on its Cook Inlet field studies.

Alaska's storehouse for invaluable data

- The Geologic Materials Center and its contained core samples were used by industry in their recent Nanushuk discoveries. This facility makes all of Alaska's public geologic materials and now seismic datasets available for industry and research use.
- No other entity collects, stores and provides access to Alaska's invaluable geologic data, maps, reports, and drill samples so they are accessible to the public and are used by current and future explorers.
- More than 895,000 DGGS documents were downloaded from the division's website in FY2016, evidencing the high demand for, relevance, and quality, of the division's products.

Providing for public and infrastructure safety

- Volcano eruption alerts to the aviation industry have prevented a major loss-of-life incident from occurring. Ninety percent of the nation's international air cargo passes through airspace threatened by Alaska's 54 active volcanoes, about half of which are unmonitored.
- Recent fatal landslides in Sitka illustrate why geologic hazard maps are essential to protect rural and urban residents. Mapping can identify areas of elevated landslide risk in advance of landslides and can prevent or reduce the loss of life.

STRUCTURE & FUNCTIONS *of the* Division of Geological & Geophysical Surveys



The Division of Geological & Geophysical Surveys (DGGS) is the state agency responsible for determining the potential of Alaska land to host oil, gas, mineral and other resources, and for evaluating geologic hazards. The division is organized into five sections and operates the Geologic Materials Center, the state repository in which geologic materials are cataloged, stored and studied.

FY2017 Management Plan Budget

PCNs	UGF	DGF	Fed	Other	Total
51	4,444.8	95.0	1,844.3	2,125.4	8,509.5

Resource Development

Energy Resources – Evaluates Alaska’s undiscovered oil, gas, coal and geothermal resources to stimulate exploration and development.

Mineral Resources – Evaluates Alaska’s undiscovered mineral resources to stimulate exploration and development.

PCNs	UGF	Total
7	515.4	958.2

9	855.8	1,151.9
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Public Safety and Community Resilience

Engineering Geology – Provides information on geologic hazards, climate change, groundwater, and industrial minerals to assist public safety, community resilience and industrial development.

Volcanology – Monitors Alaska’s volcanoes and issues alerts during unrest and eruptions through the Alaska Volcano Observatory.

10	704.2	1,814.3
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5	0.0	1,362.3
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Information Availability

Geologic Materials Center – Makes the state’s collection of drill samples (28 million representative feet) available to developers and academic researchers to stimulate discoveries.

Geologic Communications – Produces the division’s maps and reports; manages databases and the division website through which data, maps and reports are made available; develops data delivery applications.

4	759.8	958.7
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11	1,027.5	1,524.1
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Administration & Grants

Provides technical and executive direction and leadership, budget development and fiscal management, operational and administrative management, grant tracking, coordination and administration.

5	582.1	740.0
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OVERVIEW of the Division of Geological & Geophysical Surveys' Energy Resources Section



Critical function: Increases the success of oil and gas exploration and development and enhance state revenue from the commercialization of Alaska's oil, gas, coal, and geothermal resources. Evaluates the energy resources potential of 160 million acres of state land in support of the \$3.5 billion in wages earned by the 51,000 energy industry jobs and \$808.1 million in revenue to the state. Public availability of geologic information on the State's petroleum systems facilitates their exploration and development.

Economic impact without the section's services: A static, deficient understanding of the energy resource potential of state lands would slow investment in exploration and development of energy resources, limit future state revenues, and delay recognition of potential energy sources for rural Alaska.

FY2017 Management Plan Budget

PCNs	UGF	DGF	Fed	Other	Total
7	515.4	0.0	39.2	403.6	958.2

Description: Generates new, unbiased geologic information on the energy resources of Alaska, primarily oil and gas. Conducts bedrock geologic mapping of key areas, geologic studies to understand the evolution of petroleum systems, and the characteristics of oil and gas source and reservoir rocks. This information leads to improved models for the generation and accumulation of oil and gas, which reduce exploration and development risk, as well informs policymakers in support of science-based decisions. The Section primarily focuses on the petroleum potential of the North Slope and Cook Inlet, with a secondary focus on prospective frontier basins, including the Susitna, Nenana, and Yukon Flats basins. Providing geologic and petroleum information on Alaska's poorly understood frontier basins raises awareness of potential energy sources for remote communities, as well as assisting their exploration.

Increasing oil production on the North Slope, assuring stable gas supplies in Southcentral Alaska, and providing local energy sources for rural communities requires the long-term investment in the unbiased, relevant geologic information provided by this section. The recent discoveries totaling 800 million barrels of oil in the Nanushuk Formation, and potentially up to 6 billion barrels in the Torok Formation demonstrate the value of long-term investment in geologic research.

One position was eliminated from the Energy Section as a result of the FY2016 budget reduction.

Key functions and objectives:

- Provide new geologic information on the state's oil, gas, coal, and geothermal resources;
- Improve the success of commercial oil and gas exploration and development;
- Identify local energy sources for rural Alaska villages;
- Inform state and federal land management decisions to ensure future access to state resources;
- Collaborate with DNR's Division of Oil and Gas, the U.S. Geological Survey, and the University of Alaska Fairbanks to leverage state and federal resources to maximize understanding of Alaska's energy resource potential.

OVERVIEW of the Division of Geological & Geophysical Surveys' Mineral Resources Section



Critical Function: Improve the success of exploration and mine development in Alaska by providing accurate, timely, and readily available geological, geophysical and mineral deposit information of Alaska's lands, and assess the mineral resources potential of Alaska's 160 million acres of land in support of the \$3.7 billion / year mining industry, and its 3,000 direct jobs.

Economic loss without the Section's services: A static, deficient understanding of the mineral potential of state lands would slow mineral exploration and development, limit future state revenues, and delay development of a diversified economy. It could also lead to the loss of millions of dollars in future mineral-claim, lease-rental, and royalty revenue.

FY2017 Management Plan Budget

PCNs	UGF	DGF	Fed	Other	Total
9	855.8	0.0	24.0	272.1	1,151.9

Description: Conducts geophysical, geological, geochemical and mineral resource investigations, ore deposit research and mineral industry surveys to inventory and report on Alaska's mineral resources and add value to the state in terms of current and future revenue, and a diversified economy. This Section's budget was reduced by 1 position and \$700.0 in the FY2016 budget by elimination of state-funded airborne geophysical surveys. Examples of this Section's economic impact include:

- Over half of the State's mining claim revenue is from the state land surveyed by this section.
- Industry geologists credit DGGS geophysical and geological maps and interpretations for discovery of 22 million ounces of gold at the Livengood deposit and at the Pogo gold mine, which employs 314 full-time and 100 seasonal workers and annually contributes \$280 million to the state and local economy. Added reserves at Pogo equal 6 years of additional mine life.
- DGGS airborne geophysical, geological and geochemical data facilitated a significant copper-gold discovery at Shorty Creek in 2015, and precipitated major claim staking activity in 2016.

The Section's publications on geology, geophysics, geochemistry, ore deposits, and mineral resource evaluation stimulates the exploration and development of Alaska's resources. The Section's expertise is consulted in land selection conveyance prioritization, land-use plans, land-disposal actions, review of federal actions, permitting, and infrastructure planning, and in science-based land management and regulatory decisions.

Key functions and objectives:

- Assess the potential of Alaska's land for the production of its metal and mineral resources, by conducting geological, geochemical, geophysical, and economic geology surveys;
- Promote the exploration and development of Alaska's mineral resources;
- Publish maps and reports of conducted geologic and geophysical surveys, and mineral resource assessments in a timely manner, to facilitate development of the state's mineral resources and allow informed, science-based decision making by industry, state, and federal regulators.



OVERVIEW *of the* Division of Geological & Geophysical Surveys' Engineering Geology Section

Critical Function: Increases public safety and strengthens community and infrastructure resilience by providing geologic hazard information and expertise, and locating construction materials and groundwater resources across all 400 million acres of Alaska.

Economic and public safety impacts without the Section's services: Incorporating geologic hazard analysis into decision making saves lives. It also saves the public and private sectors millions of dollars each year when projects are able to design for prevailing geologic conditions and hazards, and take advantage of available construction materials and water resources. These services help to ensure the State's economic, community, and social resilience.

FY2017 Management Plan Budget

PCNs	UGF	DGF	Fed	Other	Total
10	704.2	0.0	172.5	937.6	1,814.3

Description: Produces maps and reports about geologic hazards throughout the state (tsunamis, landslides, erosion, avalanches, earthquakes, active faults, etc.), as well as engineering-geology information on permafrost, soil conditions, and location and availability of groundwater and construction materials.

In most Alaska communities, the fundamental geologic data needed to guide community development, development of building codes, land-use zoning, and contingency planning for major floods, landslides, or earthquakes are not available. Information provided by this section helps protect public safety and fosters community and infrastructure resilience. For example, the City and Borough of Sitka asked the section to evaluate landslide hazards in the community after landslides in 2015, in and around the city, damaged roads, buildings, and infrastructure and killed three residents.

Engineering-geologic maps depicting construction material resources are useful for locating material sources for highway, airport, and community and natural resource development. Groundwater analysis and aquifer modeling in areas of high development potential, such as near communities or in oil and gas basins, are essential to ensuring an adequate and safe residential and commercial supply of water.

Key functions and objectives:

- Protect life and property by mapping and distributing information on geologic hazards;
- Identify sources of geologic construction materials and potential sources of groundwater to support the development of other natural resources, assist communities, and improve Alaska's infrastructure;
- Support informed, science-based, and economically prudent land-use and management decisions, as outlined in the Division's statutory requirement to "Determine the locations and supplies of groundwater and construction materials, and the potential geologic hazards to buildings, roads, bridges, and other installations and structures" (AS 41.08.020).



OVERVIEW of the Division of Geological & Geophysical Surveys' Volcanology Section

Critical Function: Increases public safety by monitoring and evaluating hazards from Alaska's volcanoes and providing timely and accurate warnings of volcanic unrest and eruptions.

Economic loss and public safety impacts without the Section's services: Human lives and millions of dollars in property would be at great risk without proper warning of volcanic eruptions, especially drifting ash clouds that pose a serious danger to aircraft. Ninety percent of the nation's air cargo and hundreds of daily passenger jets and local aircraft pass through airspace threatened by Alaska's 54 active volcanoes.

FY2017 Management Plan Budget

PCNs	UGF	DGF	Fed	Other	Total
5	0.0	0.0	1,362.3	0.0	1,362.3

Description: Conducts and publishes geologic investigations of Alaska's volcanoes to increase awareness of volcanic hazards and processes; participates in the year-round 24/7 eruption watch that monitors volcanic activity, and issues timely and accurate warning of increasing unrest and eruptions to emergency management agencies, other government entities, the private sector, and the public. The section is part of the Alaska Volcano Observatory (AVO), an interagency partnership of DGGS, the U.S. Geological Survey, and the University of Alaska Fairbanks Geophysical Institute. This section maintains, operates and upgrades the AVO website and databases, and provides eruption alerts and information via social media. In the past decade, the section has responded to 26 eruptions at 10 Alaskan volcanoes.

Most of Alaska's 54 historically active volcanoes are remote from human settlements but all underlie the heavily-traveled North Pacific airline passenger and cargo routes between North America and Asia; thus the aviation sector is an important recipient of eruption and volcano monitoring reports. The vulnerability of local infrastructure to active volcanoes was illustrated by the near-flooding of the Drift River Oil Terminal on the west side of Cook Inlet by lahars (volcanic mudflows) generated on three separate occasions during the spring 2009 eruption of Redoubt volcano. Transportation hubs at Cold Bay, Unalaska/Dutch Harbor, and Adak as well as the new 4,500-foot Akutan airport are all downwind from nearby active volcanoes. The 2016 eruption of Pavlof volcano caused ~100 flight cancellations in Alaska and Canada and ash fell on the communities of Nelson Lagoon, Port Heiden, Dillingham, and Togiak.

Key functions and objectives:

- Mitigate risks to public safety and health by providing information on volcanic hazards and eruptions;
- Represent the State of Alaska's interests in the multi-agency Alaska Volcano Observatory;
- Provide historic and current comprehensive information on Alaska volcanoes to the general public, agencies, and volcanologists worldwide.
- Provides year-round 24/7 volcano eruption watch and eruption notifications to military and civilian aviation, government, and emergency response organizations.



OVERVIEW of the Division of Geological & Geophysical Surveys' Geologic Materials Center

Critical Function: Permanently archive, index, protect, and make accessible for public, academia and industry use geologic materials, seismic, borehole and related data to help advance exploration and knowledge of Alaska's geology, oil, gas and mineral resources. Public availability of large collections of geologic materials assists successful entry of independent companies to Alaska resource exploration.

Economic impact without the Center's services: The loss of 75 years' worth of geologic data and more than 570,000 samples representing more than 400,000 surface outcrops, 200,000 processed slides, and 28 million feet of exploration drilling would cost the State billions of dollars to reacquire. Unavailability of these materials would severely hinder the discovery of new or additional oil, gas, or mineral resources, or regions of viable geothermal energy, and earth science research in general.

FY2017 Management Plan Budget

PCNs	UGF	DGF	Fed	Other	Total
4	759.8	85.0	0.0	113.9	958.7

Description: The Geologic Materials Center (GMC) is the repository where Alaska's geologic materials are cataloged, stored, and made available. Its chief users are the oil, gas and mineral industries, government agencies, engineering firms, academia, and the general public, and had over 600 visitors last year. The materials stored at the GMC are critical for exploration and resource management, and the information they provide helps discover new oil and gas reserves, regions of viable geothermal energy, or new mineral prospects. One foot of core can potentially lead to a discovery, millions to billions of dollars in lease, tax, and royalty revenue to the State, and hundreds of Alaskan jobs; Repsol/Armstrong and ConocoPhillips both utilized North Slope drill samples stored at the GMC to support recent discoveries that are projected to produce 220,000 barrels of oil per day; GMC samples collected were used to evidence tens of billions of dollars of potentially economic heavy minerals near Icy Bay.

The geologic archive includes nonproprietary rock core and cuttings representing from over 3,000 oil and gas wells, representing over 20 million feet of exploration and production drilling throughout Alaska, and its continental shelf. Additionally, the collection holds more than 330,000 linear feet of hard-rock mineral core from over 2,100 exploratory boreholes and more than 400,000 estimated surface outcrop samples. The GMC's inventory database catalogs and tracks 571,600 items and their associated information.

Geologic Materials Center objectives:

- Ensure the repository's geologic materials and related data are properly archived and publicly accessible to help advance exploration and knowledge of Alaska's natural resources;
- Coordinate with other agencies, organizations, companies, academic institutions, and individuals to develop, improve, and make accessible the geologic sample and data archive;
- Provide world-class customer service to facility's users and promote learning and the propagation of scientific knowledge among the general public.



OVERVIEW *of the* Division of Geological & Geophysical Surveys' Geologic Communications Section

Critical Function: Creates, preserves, publishes and provides the public, academia, and industry access to division-generated or archived geologic maps, reports and databases. Public availability of geologic information assists companies to explore and develop Alaska's resources.

Economic impact without the section's services: Distribution of information from research and field-work performed by the division's scientific staff would be drastically reduced without support and publication services. This section is the only entity providing access to the bulk of published geologic, mineral and energy resources information for Alaska. Without this, discovery and development of Alaska's energy and mineral resources will be impeded and land management decisions will be uninformed, with the likely loss of billions of dollars to the state's economy. Timely information related to earthquakes, landslides, tsunamis, coastal erosion, or other natural hazards would not be available to help mitigate geologic hazards, increasing the risks of loss of life and/or property and damage to critical infrastructure.

FY2017 Management Plan Budget

PCNs	UGF	DGF	Fed	Other	Total
11	1,027.5	10.0	246.3	240.3	1524.1

Description: Designs, edits, publishes, and delivers division-generated geologic information to the public in the form of authoritative, impartial, peer-reviewed maps, reports, geospatial datasets, and user-friendly online applications. The section published almost 27,842.5 square miles of new, peer-reviewed geologic mapping and airborne geophysical data during 2016 to assist in evaluating energy resources, mineral resources, and geologic hazards. The section archives and maintains about 169 terabytes of digital and map-based geological, geophysical, and geochemical data in a division-wide database that drives DGGS's website (<http://dggs.alaska.gov>), which received 36.9 million page views, and had 895,647 downloads of publications in 2016. The section's ability to host and distribute data helps maintain collaborations with federal and other state organizations, which minimizes duplication of effort and cost. The section will continue to play an integral role in geospatial and digital data distribution as it continues to develop new and maintain existing online maps, reports, and digital datasets.

One position in this section was eliminated in the FY2016 state budget.

Key functions and objectives:

- Publish and distribute division-generated geologic information to maximize public understanding of Alaska geology and its natural resource potential.
- Stimulate economic activity by providing access to published public geologic data for Alaska.
- Mitigate risks public safety by disseminating time-sensitive information on geologic hazards.



Overview of the Division of Geological & Geophysical Surveys' Administration & Grants

Critical function: Provides technical and executive direction and leadership, budget development and fiscal management, operational and administrative management, external funding tracking, coordination and administration.

Economic impact without the section's services: Other DGGS functions critical to support the economic well-being of the state will not properly function.

FY2017 Management Plan Budget

PCNs	UGF	DGF	Fed	Other	Total
5	582.1	0.0	0.0	157.9	740.0

Description: The leadership and support of this unit is essential to ensure that processes not only run efficiently but are regularly improved. Anticipating trends, internal and external dependencies and influences, the unit ensures that the division is responsive to public needs. Division leadership continues to take actions to improve internal and external services to provide consistent, timely and effective science to support natural resource development, and science-based decision making.

Director's Office – As required by statute, provides direction, goals, strategies, oversight, coordination and decision making for and between the multiple programs within the division;

Budgeting – Prepares and actively manages the division's budget, supports division managers in their management of expenditures, creates and manages Reimbursable Service Agreements (RSAs);

Operational Management – Coordinates field programs to effectively and efficiently utilize fiscal, equipment and personnel resources;

Administration – Provides personnel management and hiring, procurement, and travel authorizations;

External Funding – Identifies, coordinates and manages all aspects of external funding sources, federal and local government grants, capital projects, program and industry receipts and reciprocal service agreement funding streams. Builds strategic relationships with outside organizations with the capacity to fund geoscience research. Without securing and coordinating outside funding the other programs within the division could not function.

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OVERVIEW *of the* **Division of Mining, Land & Water**



Thousands of jobs and millions of dollars in state revenue depend on the management of state land, freshwater and tidelands by the Division of Mining, Land & Water (DMLW). The division's responsibilities range from land acquisition and planning to land sales, permitting and stewardship. The division manages more than 160 million acres, a land base comparable in size to California and most of Oregon combined.

Impacts to state revenue and the economy

- The division is a state revenue generator, producing \$28.4 million in FY2016 from leases, land sales, mineral royalties, and other payments while costing \$12.1 million in unrestricted general funds.
- In FY2016, \$2.5 billion in oil and gas royalties, bids and rents and \$48 million in lease sales were collected from state lands via DNR's Division of Oil and Gas. In CY2014, the mining industry supported 2,967 full-time-equivalent jobs, spent \$281.7 million on exploration and development, and paid more than \$102.2 million to state and local governments.
- Oil and gas-related authorizations include cross-country travel permits, temporary water-use authorizations, material sales, title reports, and surveys. Mining-related authorizations are issued for claims, leases, dams, reclamation plans, temporary water use authorizations, and water rights.

Commercial enterprise and public access

- Alaska's private sector relies on the division for water rights, leases, easements, and authorizations for dams, hunting and fishing lodges, fish processing docks and hatcheries, hydroelectric projects, barge landings, gravel extraction, utility lines, interties and communication towers, bridges, hunting camps and equipment storage yards.
- The division is central to the State's efforts to work with other landowners to ensure access to public lands for recreation, hunting and fishing and commercial activity.

Renewable energy

- The Kodiak, Fire Island and Eva Creek wind projects that received authorizations from the division are supporting the effort to diversify the state's energy portfolio and stabilize future energy costs.
- Hydrokinetic projects on state waters have the potential to reduce remote rural dependency on diesel for heat and energy. Alaska has 17.1 percent of the U.S. potential for riverine hydrokinetic energy and its rural villages are largely clustered along rivers.

Community development

- The division has conveyed more than 1 million acres of land, and additional tidelands, to 26 municipalities. These conveyances enable growth and development of a tax base to support local services. Cities have put in schools, harbors, industrial centers, shopping centers, subdivisions, landfills, cemeteries, and energy projects on these lands.

STRUCTURE & FUNCTIONS *of the* Division of Mining, Land & Water



The Division of Mining, Land and Water (DMLW) manages the State of Alaska's public domain land and water and is responsible for securing its remaining land entitlement from the federal government. The division maintains public access to state lands and conveys land to local government and for private ownership. The division has five main programmatic functions supported by multiple subprograms.

FY2017 Management Plan Budget

PCNs	UGF	DGF	Fed	Other	Total
209	6,614.9	15,543.0	1,186.8	3,055.2	26,399.9

Realty & Planning

	PCNs	UGF	Total
<i>Realty Services Section</i> – Provides realty services to state agencies and issues deeds for transferring title to land.	17	1,464.5	1,775.5
<i>Resource Assessment and Development Section</i> – Develops plans for the management and use of state lands with public input.	11	0.0	1,230.6
<i>Survey Section</i> – Ensures accurate location, boundaries of land subject to disposal.	18	1,405.1	2,358.9
<i>Appraisal Unit</i> – Assesses the value of land subject to a disposal.	4	0.0	452.8
<i>Public Access Assertion and Defense Unit</i> – Asserts and defends state land interest rights in conjunction with the Department of Law.	4	742.7	742.7

Land Sales & Municipal Entitlements

<i>Land Sales Section</i> – Sells land for private ownership.	11	0.0	1,662.2
<i>Municipal Entitlements Section</i> – Conveys land to municipalities.	4	0.0	373.0

Authorizations & Regulatory

<i>Land Regional Offices</i> – Authorizes commercial and private use of state land.	61	467.1	6,887.5
<i>Mining Section</i> – Authorizes large and small scale mining on state land; regulates coal mining and reclamation.	24	548.1	2,963.7
<i>Water Resources Section</i> – Adjudicates water rights and authorizes temporary water uses.	18	636.5	2,105.2

Safety & Stewardship

<i>Dam Safety Program</i> – Protects public safety by regulating the construction and maintenance of jurisdictional dams.	2	118.8	320.5
<i>Abandoned Mine Lands Program</i> – Removes hazards from past mining activity.	3	0.0	553.5
<i>Land Stewardship Unit</i> – Removes unlawful encumbrances from state land that prevent further lawful use.	3	296.8	460.0

Shared Services

Centralized support for all programs including director's office, budgeting, admin, IT, program development, contract initiation, and revenue recovery.	29	935.3	4,513.8
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OVERVIEW of the Division of Mining, Land & Water's Realty Services Section



Critical Function: Acquires title from the federal government to fulfill Alaska's land entitlement and acts as the realtor for DNR and other state agencies that do not have their own realty authorities.

Economic impact without the section's services: The State would lose natural resource development opportunities without appropriate acceptance of clear title of certain lands as well as processing of disposals of interest with title reports.

FY2017 Management Plan Budget

PCNs	UGF	DGF	Fed	Other	Total
17	1,464.5	202.9	0.0	108.1	1,775.5

Description: Provides real estate title services that are foundational to any disposal of interest, conveyance, acquisition, exchange, or other land title transfer.

The Realty Services Section works with the U.S. Bureau of Land Management to ensure that Alaska receives its land entitlement promised at statehood. Alaska still has about 5 million acres left to acquire under its statehood entitlement. This entails prioritizing selections, evaluating conveyance documents, and ensuring that the state receives clear unencumbered title. Without obtaining clear title, the State cannot effectively manage its land. The section reviews incoming land to avoid receiving land with contamination or with unauthorized use that would cost the State funds to resolve.

The Realty Services Section also acquires land for the State on behalf of DNR and agencies such as the departments of Fish and Game, Military & Veterans Affairs, and Education & Early Development, which cannot hold title to land. The section maintains thousands of ownership records to show proof of ownership of state-owned lands and interests. The division asserts and defends ownership interests rightfully owned by the State. When resolution cannot be obtained another way this may result in litigation.

When the division disposes of any lands through sale or conveyance, the Realty Services Section reviews all the title documents before issuing patents that transfer ownership of state land. The section provides expert land ownership research for staff when there are complex land ownership patterns. Standard with most all disposal decisions, department staff obtain title reports from this section on the land before disposal of state interests. In addition, the section provides assistance with creating complex legal descriptions of properties.

DGF Funding Sources: Program Receipts

Other Funding Sources: Interagency Receipts

OVERVIEW of the Division of Mining, Land & Water's Resource Assessment and Development Section



Critical Function: Develops area plans for the management and use of state lands and classifies state lands for designated uses.

Economic impact without the section's services: Lands cannot be conveyed to municipalities, sold land to private individuals, or authorized for development without statutorily-required land classifications. This would prevent significant development of state lands which would reduce jobs and investment in the local economies.

FY2017 Management Plan Budget

PCNs	UGF	DGF	Fed	Other	Total
11	0.0	1,067.7	0.0	162.9	1,230.6

Description: Once the State receives title to land, the division must prepare plans that appropriately classify land, making clear the management intent for how State lands will be developed. This is statutorily mandated and is the foundation for future natural resource and land management decisions. Staff in this section conduct extensive public review processes to create area plans and management plans. Area plans are created for decision by the Commissioner, and set the land management policy for the division. In addition, this section provides planning services to other divisions such as Parks & Outdoor Recreation and Forestry.

The Resource Assessment and Development Section tracks and manages any mineral orders that open or close state-owned land to filing of mineral locations.

The staff in this section review numerous federal plans, regulation proposals, and other federal actions to see if the proposed actions run afoul of the Alaska National Interest Lands Conservation Act provisions or other State interests. At times staff will participate in federal planning exercises as a cooperating agency and at times as a commenter as appropriate.

This section is also tasked with the additional duties of preparing and implementing Title 38 land exchanges and processing noncompetitive lands sales. Non-Competitive land sales include preference right applications, Public and Charitable requests, and land conveyed under the Municipal Entitlement section.

DGF Funding Sources: Land Disposal Income Fund, Alaska Permanent Fund

OVERVIEW of the Division of Mining, Land & Water's Survey Section



Critical Function: Ensures that boundaries of lands conveyed to or by the Department are legal and protect the rights of the State and other adjacent land owners. Ensures that lands acquired by DNR are adequately described and state property interests are protected from loss to federal overreaching surveys which encroach onto state land interests. Determines boundaries of state lands, submerged lands and navigable waters.

Economic impact without the section's services: Commercial development opportunities and land transactions such as oil and gas lease sales would be missed or preempted without a clear legal description to define unit boundaries, and the State could not effectively manage its land. Surveys reduce costly and time consuming litigation, which can effectively stop development of public and private projects.

FY2017 Management Plan Budget

PCNs	UGF	DGF	Fed	Other	Total
18	1,405.1	935.2	0.0	18.6	2,358.9

Description: Provides the necessary surveys for DNR activities such as state land sales, oil and gas lease sales, granting of easements and municipal conveyances.

Federal Overreach – Aggressively responds to federal agencies laying claim to state land interests. Reviews BLM surveys, which may intend to convey state lands to other parties, such as beds of navigable waters or islands that have emerged from navigable waters, State interest easements and for the monumentation required under the Statehood Act. Reviews and protests the US Baseline Committee decisions if they result in taking of state-owned submerged lands. Reviews and jointly approves the 3 nautical mile state/federal boundary.

Conveyance Surveys – Oversees and approves surveys for State land conveyances and issuance of leases and easements to insure they meet the legal intent of approval decisions and state law. These are funded by the applicant and performed by private surveyors and include municipal entitlement, pipeline and utility corridors, preference rights, tidelands leasing, public and charitable conveyances, etc. Surveys vary in size dependent upon the authorization. Some surveys may be for a fraction of an acre or entire townships of 23,040 acres, and at times are hundreds of miles in length. Additionally, administers State funded contracts for subdivision and sale of DNR lands.

Protect State Interests – Participates in efforts to prevent theft or loss of state land interests, e.g., gravel, by providing riparian boundary expertise in Quiet Title actions and identifying the ordinary high water mark or mean high tide for water boundaries. Participates in field location of RS 2477 trails and trespass investigations. Provides legal description review to the Legislature and state agencies.

Platting Authority – Fulfills DNR's role as platting authority for all lands outside of an organized borough. Acts on petitions for vacation of DNR managed easements statewide.

DGF Funding Sources: Program Receipts, Land Disposal Income Fund

OVERVIEW *of the* Division of Mining, Land & Water's Appraisal Unit



Critical Function: Ensures accurate fair market value is determined for land acquisitions, disposals, or other management actions.

Economic impact without the unit's services: State land cannot be sold to private individuals or developed for its maximum economic potential without appraisal. Lack of appraisal would limit development of state lands which would reduce jobs and investments in the local economies.

FY2017 Management Plan Budget

PCNs	UGF	DGF	Fed	Other	Total
4	0.0	452.8	0.0	0.0	452.8

Description: Performs appraisals and market checks, and reviews work of contract appraisers to determine fair market value of land. This is a statutory requirement for many disposal actions. The unit can assess private and commercial properties. Appraisals must be reviewed for compliance with the Uniform Standards of Professional Appraisal Standards and the results must be appropriately justified.

Appraisals are used as a basis for land exchanges and to set fees for leases and easements and other types of land disposals. Often after a disposal decision is issued, an early entry authorization is given for the entity to construct, survey, and then appraise the project to set the appropriate final lease or easement fee. The Appraisal unit manages contracts to obtain appraisals for all of the land sales the State conducts through its land sale program.

Program staff are considered experts in court actions regarding the valuation of land and resources. The Appraisal Unit works closely with the Realty Services section during acquisition projects for DNR and other departments.

DGF Funding Sources: Program Receipts, Land Disposal Income Fund

OVERVIEW *of the* Division of Mining, Land & Water's Public Access Assertion and Defense Unit



Critical Function: Protects state land ownership rights and public access.

Economic impact without the unit's services: Loss of access to state lands may prevent or add substantial cost to resource development projects. If the State does not assert submerged land ownership, it may significantly reduce oil and gas lease and royalty revenues.

FY2017 Management Plan Budget

PCNs	UGF	DGF	Fed	Other	Total
4	742.7	0.0	0.0	0.0	742.7

Description: Defends ownership of state lands under navigable waters and asserts RS 2477 right of ways, both of which involve extensive research.

The Public Access Assertion and Defense (PAAD) Unit defends the State's interest in circumstances when specific patents, title or surveys that clearly depict the location of State ownership are lacking, leading to disputes between the state and the federal government or private entities on what is rightfully owned by the State. The unit also makes state navigability determinations that assist DNR divisions in decision making, and maintains files and web sites regarding the navigability determinations for the State.

The PAAD Unit files applications with the U.S. Bureau of Land Management (BLM) to obtain a Recordable Disclaimers of Interest (RDI) to remove the cloud of title for lands under navigable waters for which the State received ownership at statehood. When BLM agrees with the State, it files an RDI that removes the cloud of title. When we cannot agree, the State has to determine whether to file an appeal with Interior Board of Land Appeals or file a Quiet Title Actions in court.

Research is conducted and records kept and maintained regarding the valid RS 2477 rights-of-way. These are typically unsurveyed rights-of-way that were created by act of law based on a number of factual conditions being met. Therefore, these fact specific determinations of the validity of RS 2477s require extensive research. In some cases, the unit will either defend the State's interest in court or file original law suits to assert RS 2477s.

OVERVIEW *of the* Division of Mining, Land & Water's Land Sales Section



Critical Function: Sells land into private ownership pursuant to sections 1 and 9 of Article VIII of the Alaska Constitution.

Economic impact without the section's services: Individual Alaskans would be denied the opportunity to purchase home and recreational properties and the State would not fulfill its constitutional mandate to encourage the settlement of state lands.

FY2017 Management Plan Budget

PCNs	UGF	DGF	Fed	Other	Total
11	0.0	1,662.2	0.0	0.0	1,662.2

Description: Disposes of state land from public to private ownership through competitive auctions, lotteries and over-the-counter sales. Some lands are sold to long-term lessees as well as for other legislatively prescribed purposes.

Several types of land sales are performed by this section. Subdivision sales are predesigned subdivision from which lots are individually sold. The Remote Recreation Cabin Site Program allows people to stake their own parcel boundaries within predefined areas, and progresses through lease into eventual sale.

The division must write decisions, plan subdivisions, and conduct various sale procedures to sell state land. However often the land is not purchased outright, rather a down payment is made with subsequent scheduled payments made to the state over time. The Land Sales Section works collectively with other sections in the division, such as the Realty Services, Resource Assessment and Development, Surveys, and Appraisals sections, to conduct land sales.

DGF Funding Sources: Land Disposal Income Fund

OVERVIEW *of the* Division of Mining, Land & Water's Municipal Entitlements Section



Critical Function: Conveys land to municipalities to provide them with land to generate revenue and support local government functions.

Economic impact without the section's services: Municipalities cannot support themselves and generate revenue without a land base.

FY2017 Management Plan Budget

PCNs	UGF	DGF	Fed	Other	Total
4	0.0	373.0	0.0	0.0	373.0

Description: Conveys land to municipalities, following their incorporation, based on statutory formulas. The municipality can select their land from vacant, unappropriated, and unreserved state land within a given boundary. Section staff determine which selections are allowable and whether an overriding state interest warrants the State retaining the land. Once a decision is made to convey selected land, municipalities receive full management authority even though survey and patent may come at a later time.

DGF Funding Sources: Land Disposal Income Fund

OVERVIEW of the Division of Mining, Land & Water's Land Regional Offices



Critical Function: The division's three Land Regional Offices manage nearly 165 million acres of state public domain land for multiple and maximum use consistent with the public interest.

Economic impact without the offices' services: Commercial uses that depend on the use of state land and resources would not be able to lawfully operate, causing failure of significant industries as well as reduction of state revenues gained from the authorized use of state lands.

FY2017 Management Plan Budget

PCNs	UGF	DGF	Fed	Other	Total
61	467.1	5,234.7	0.0	1,185.7	6,887.5

Description: Through decisions based on facts, good science and assessment of public comments, the Land Regional Offices located in Juneau, Anchorage and Fairbanks issue authorizations if those authorizations are in the best interest of the State. These authorizations must be in line with area and management plans and they can range from allowing storage of equipment to construction of roads, driveways, pipelines, lodges, docks, material sales, wind towers, utility lines, industrial facilities, ball parks, schools, hatcheries, cemeteries, and much more. These authorizations support businesses, private individuals, public entities, and non-profits. Many significant projects in Alaska require authorizations from the State for all or a portion of the project that touches or depends on State land and resources.

The authorizations issued by these regional offices are supported by the division's Realty Services, Surveys, Appraisals, and Shared Services sections. Once an authorization is issued, numerous administrative actions may occur for many years on that authorization. Staff administer more than 9,000 active cases with field inspections, amendments, assignments, renewals, bond and insurance renewals and compliance actions.

Authorizations issued by the regional offices include permits, leases, easements, material sales, management agreements, contracts, tideland and shoreland conveyances, and public and charitable disposals.

DGF Funding Sources: Program Receipts, Shore Fisheries Development, Land Disposal Income Fund

Other Funding Sources: Alaska Permanent Fund, Inter-agency Receipts

OVERVIEW *of the* Division of Mining, Land & Water's Mining Section



Critical Function: Manages and authorizes the use of state land for large and small scale mining and oversees reclamation of those lands.

Economic impact without the section's services: Mining projects that use of state lands and resources would not be able to lawfully operate, causing failure of an industry that feeds over \$4 billion into the state economy and funds approximately 9,550 full-time jobs each year with about \$620 million in payroll.

FY2017 Management Plan Budget

PCNs	UGF	DGF	Fed	Other	Total
24	548.1	1,753.0	450.0	212.6	2,963.7

Description: Processes mining claims, approves mining permits and leases for large and small mines, and approves reclamation plans (inclusive of gravel pits) and bonding for mining activities on all lands in Alaska. The State of Alaska has primacy for regulating coal mining under federal law and this work is administered by the section's Coal Regulatory Program.

The Mining Section monitors compliance with state requirements for maintaining valid mining claims and maintains the property records for over 37,000 mining claims. The section issues the Application for Permits to Mine in Alaska (APMA) which allows miners to obtain multiple types of authorizations through a single application. The division also issued mineral leases when appropriate.

The section performs inspections and compliance actions and collects fees and royalties. The authorizations under this function are supported by the Realty Services Section as well as administrative support.

DGF Funding Sources: Program Receipts

Other Funding Sources: Alaska Permanent Fund, Interagency Receipts

OVERVIEW of the Division of Mining, Land & Water's Water Resources Section



Critical Function: Manages and authorizes the beneficial use of water in Alaska regardless of land ownership, consistent with the public interest.

Economic impact without the section's services: Commercial, public and private projects that are dependent on the use of State waters would not be able to lawfully operate, causing failure of significant industries, obstruction to development projects, and reduction of jobs and benefits to the economy related to those projects and industries.

FY2017 Management Plan Budget

PCNs	UGF	DGF	Fed	Other	Total
18	636.5	1,214.4	95.0	159.3	2,105.2

Description: Authorizes the use of water through either water rights or temporary water use authorizations.

The division is responsible to make legally defensible decisions for appropriation and use of the surface and ground water in Alaska on behalf of all Alaskans. Water rights are a long term right that runs with the property and are considered through the first in time first in right doctrine. Water rights can be issued for the taking of the water for beneficial use or through water reservations that can be used to keep a certain quantity of water in place for certain purposes. Temporary water use authorizations are short term revocable authorizations that allow the use of waters but provide no lasting right.

Water use is critical for health and safety in private and public drinking water systems and sewage treatment. Most construction projects cannot proceed without the use of water for mixing concrete, dust control, clean up, drilling, and other tasks. These authorizations can support a range of projects from construction of roads by DOT, ice roads for oil and gas development, pipelines, lodges, dams, wind towers, mines, industrial facilities, schools, hatcheries, and much more. These authorizations support businesses, private individuals, public entities, and non-profits. Most significant projects in Alaska require water use authorizations from the State.

This section also offers hydrologic assessments for understanding the impact of water appropriations on surface watersheds and ground water aquifers. A clear picture of the effects of water appropriations is critical for securing sufficient water resources for future generations. Various monitoring efforts are employed to increase the data on water use and availability in Alaska.

The authorizations under this section are supported by the Realty Services Section functions and products as well as administrative support. Once the authorizations are issued, there are numerous administrative actions that occur for many years on any one authorization. There are over 15,000 water rights and over 800 temporary water use authorizations that staff administer with field inspections, amendments, assignments, reissuance, compliance actions, and collection of water administrative fees.

DGF Funding Sources: Program Receipts

Other Funding Sources: Alaska Permanent Fund, Interagency Receipts, Statutory Designated Program Receipts

OVERVIEW of the Division of Mining, Land & Water's Dam Safety Program



Critical Function: Protects public safety by regulating construction and maintenance of jurisdictional dams.

Economic impact without the program's services: Large projects that depend on dams, such as hydroelectric projects or mines, would not be able to lawfully operate, causing failure of significant industries as well as a loss of power and drinking water in many communities.

FY2017 Management Plan Budget

PCNs	UGF	DGF	Fed	Other	Total
2	118.8	9.6	88.3	103.8	320.5

Description: Authorizes construction, modification, and decommissioning of jurisdictional dams in Alaska. This includes small water supply dams in many Alaskan communities and large tailings dams at mines such as Fort Knox and Red Dog and the proposed mine at the Donlin prospect. Certain dams that exceed a certain height or water impoundment are jurisdictional dams. Some of the larger dams in Alaska are under authority of the Federal Energy Regulatory Commission rather than the State.

The key reason for the engineering review of work on dams is to ensure public safety, even in remote operations. It is critical that dams are constructed correctly and maintained well to prevent catastrophic failures. The Dam Safety Program inspects jurisdictional dams and requires reporting by the operators.

DGF Funding Sources: Program Receipts

Other Funding Sources: Interagency Receipts, Statutory Designated Program Receipts

OVERVIEW *of the* Division of Mining, Land & Water's Abandoned Mine Lands Program



Critical Function: Regulates reclamation and removes hazards from past mining operations.

Economic impact without the program's services: Lands not reclaimed are unavailable for other uses that can contribute to the state economy.

FY2017 Management Plan Budget

PCNs	UGF	DGF	Fed	Other	Total
3	0.0	0.0	553.5	0.0	553.5

Description: Reclaims abandoned historic mines of many types, primarily coal, and keeps an inventory of sites that need to be cleaned up or modified to protect public health and safety. Funding is derived from a fee assessed on coal mines. The program contracts with private construction companies to rehabilitate and reclaim these sites. Activities can range from removing abandoned dynamite, closing mine portal shafts, removing dangerous highwalls, putting out coal fires, to removing mining equipment and waste. Cleaning up these sites can make them available for other beneficial uses.

Any mine in Alaska must have a reclamation plan approved by DNR. The Abandoned Mine Lands Program staff review reclamation plans to ensure that appropriate standards are met and that appropriate bonding is in place.

This program receives \$3 million annually in federal grant funding appropriated through the state capital budget. This funding is used for construction contracts associated with reclamation projects.

OVERVIEW *of the* Division of Mining, Land & Water's Land Stewardship Unit



Critical Function: Provides stewardship of nearly 165 million acres of state land with the intent to keep the land unencumbered and available for public use.

Economic impact without the unit's services: Land may not be available for lawful development and use due to unauthorized uses or other encumbrances, preventing businesses from operating on state land and creating jobs. The State loses revenue when unauthorized uses occur without appropriate financial return.

FY2017 Management Plan Budget

PCNs	UGF	DGF	Fed	Other	Total
3	296.8	152.8	0.0	10.4	460.0

Description: Cleans up state land, enforces regulations, resolves access disputes, eliminates unauthorized or trespass uses, and approves reclamation plans for gravel pit operations and fire management activities.

Staff contend with many unauthorized uses of state uplands, tidelands and submerged lands and must prioritize their efforts, as they can resolve a small number of unauthorized uses in any given year. Whenever possible, staff work with responsible parties to bring them into compliance through an appropriate authorization.

Cabins, dumps, machinery and other waste left on state land sometimes contain hazardous contaminants that require DEC involvement and a more expensive cleanup. Many abandoned and derelict vessels are left on state tidelands and submerged lands as a result of shipwrecks or intentional disposal. Staff work with responsible parties to remove these abandoned vessels but often responsible parties are not found or do not have funds to clean up the land.

Reclamation plans are necessary for gravel or material site operations regardless of land ownership. Bonds are released when the reclamation is completed.

DGF Funding Sources: Program Receipts, Land Disposal Income Fund

Other Funding Sources: Alaska Permanent Fund, Interagency Receipts

OVERVIEW of the Division of Mining, Land & Water's Shared Services



Critical Function: Leads, directs and provides necessary support of all division functions to include budgeting, administration, information technology, program development and support.

Economic impact without the section's services: Division operations would be unfocused and cost inefficient. Implementation of IT applications will be haphazard and fail to achieve the desired efficiencies, and development of regulation updates will be reduced.

FY2017 Management Plan Budget

PCNs	UGF	DGF	Fed	Other	Total
29	935.3	2,484.7	0.0	1,093.8	4,513.8

Description: Provides leadership and support to ensure Division of Mining, Land & Water processes run efficiently, are regularly improved, and are responsive to public needs. Division leadership continues to take actions to improve internal and external services to provide consistent, timely and effective decisions that are legally sound, environmentally responsible, and consistent with public interests.

Director's Office – Provides direction, goals, strategies, oversight, and decision making for the multiple sections within the division.

Budgeting – Prepares and actively manages the division's budget, supports division managers in their management of expenditures, creates and manages Reimbursable Service Agreements (RSAs).

Administration – Provides personnel management and hiring, procurement, and travel authorizations.

Information Technology – Provides web management, programming support for IT applications, GIS applications and training, IT project management, and business analysis.

Program Development and Support – Develops and promulgates regulations, and provides legislative analysis support, statutory analysis, public records requests, appeal assistance to Commissioner's Office, and Department of Law support for trial actions.

Contract Initiation and Revenue Recovery – Provides contract initiation services for land sales, material sales, leases, and easements, tracks indemnification and bonding requirements, provides notice to lessees when appraisal updates are due to maintain compliance with lease agreements. Ensures existing contracts are current and have received all required rate renewals. Where necessary, recovers those revenues where contracts are in arrears or where rate renewals are not current.

DGF Funding Sources: Program Receipts, Land Disposal Income Fund

Other Funding Sources: Alaska Permanent Fund, Capital Improvement Project Receipts

OVERVIEW *of the* **Division of Oil & Gas**



State revenue derived from oil and gas leases managed by the Division of Oil & Gas (DOG) accounts for more than 85% of the state's general fund. Over the last five years, oil and gas contributions totaled \$3.2 billion to the Permanent Fund and \$237 million to the Constitutional Budget Reserve.

To ensure the best economic outcome for Alaska, the division retains highly-skilled technical experts to manage the state's oil and gas resources. On a daily basis, this team negotiates with multi-nationals, mid-size independents and small LLCs from around the world.

Impacts to state revenue and the economy

- The oil and gas industry accounts for 33% of all employment and 38% of all wages paid in Alaska.
- In FY2016, the division accounted for and processed \$920 million in oil and gas royalties, bids and rents from state lands as well as \$9.3 million from lease sales.
- The division recovered \$63 million for the State over the last five years through systematic audits.

Land and resource management

- The division manages oil and gas resources on more than 15 million acres containing technically recoverable reserves of 40 billion barrels of oil, reserves of 200 trillion cubic feet of gas, and an estimated 2 billion barrels of emerging shale oil resource. This includes mitigating environmental impacts and preventing economic and physical waste.
- As the composition of the industry in Alaska shifts from major, multi-national producers to mid-size independents and smaller LLCs, the division is processing an increasing number of applications for lease and unit operations.
- In FY2016 the division oversaw activities on 40 oil and gas units, managed 1,859 lease actions, and administered more than \$25 million in asset transfers.

Ensuring maximum value for the State's energy resources

- The division provides commercial analysis, economic modeling, financial risk management, price and cost assessments, and market structure analyses to all levels of state government.
- Negotiated two royalty-in-kind (RIK) contracts for the sale of oil to PetroStar; combined sales will yield \$24 million to \$37 million in revenue over a 5-year period.
- Processed revised 2009-2016 royalty reports as result of FERC-required TAPS tariff reduction, resulting in \$90 million additional revenue.

STRUCTURE & FUNCTIONS *of the* Division of Oil & Gas



The Division of Oil & Gas is responsible for the day-to-day management of the state's oil, gas and geothermal resources. Land is made available for leasing and exploration, which leads to energy production and state revenue including royalties and taxes. The division is composed of nine sections that support the critical functions of resource access, exploration, production and transportation.

FY2017 Draft Management Plan Budget

PCNs	UGF	DGF	Fed	Other	Total
112	8,921.0	683.1	246.5	12,412.7	22,263.3

Resource Evaluation Section – Provides the scientific basis for decisions regarding leasing and development of energy resources.

Asset Management (Leasing) Section – Develops best interest findings, performs lease sales, issues exploration licenses and administers leases and licenses.

Permitting Section – Approves plans for surface activities related to energy exploration, development and production on state leases and units.

Commercial Section – Conducts economic analyses to reduce risk in and protect the State's economic position on energy and resource decisions.

Units Section – Manages unitized land to maximize production while ensuring optimal, long-term recovery of energy resources.

Royalty Accounting Section – Performs accounting and distribution of more than \$920 million annually in royalties and other payments from energy development.

Audit Section – Conducts audits to ensure the State receives the full value of its oil and gas royalty production every year.

State Pipeline Coordinator Section – Implements the Right-of-Way Leasing Act, with oversight of common-carrier pipelines on state lands.

Shared Services – Centralized support for all programs including director's initiatives, communications, regulatory changes, IT and administrative functions, and management of the Cook Inlet Energy Bond.

Cook Inlet Energy Bond Authorization to apply interest earned on the abandonment and reclamation bond to the principal.

PCNs	UGF	Total
17	2,263.6	3,393.5
10	841.2	1,238.6
9	681.6	1,155.1
6	1,198.7	1,551.9
7	831.1	1,232.9
5	477.2	708.8
9	765.8	1,398.3
26	0.0	8,603.0
23	1,861.8	2,831.2
		150.0

Overview of the Division of Oil & Gas' Resource Evaluation Section



Critical Function: Provides in-depth analysis of the state's oil and gas resources including evaluation of producing reservoirs and more qualitative appraisal of undiscovered resource potential in all regions throughout Alaska.

Economic impact without the section's services: Loss of data and scientific technical analysis necessary for leaders to make informed decisions that ensure the State realizes full value in managing its lands through selections, leasing, licensing, exploration, and production, including determinations of royalty allocations for maximization of resource potential and future state revenues.

FY2017 Management Plan Budget

PCNs	UGF	DGF	Fed	Other	Total
17	2,263.6	0.0	0.0	1,129.9	3,393.5

Description: In any situation, decisions are only as good as the information behind them. Resource Evaluation (RE) provides the scientific basis for strategic state land use decisions for leasing and development of the state's energy resources. RE provides critical information on the state's resource potential through geological, geophysical, and engineering analysis. Their work provides objective and in-depth interpretations of technical data relating to oil, gas and geothermal exploration and production throughout Alaska. Activities cross-cut every section of the division:

- Provides information on land use, appraising resource potential for lease sales, lease management, exploration licensing, and land selections;
- Analyzes industry applications for Unit and Participating Area formation, expansion, or contraction;
- Evaluates annual unit plans of development to ensure delineation, development, and production activities are in keeping with unitization criteria;
- Determines resource potential at stake in applications for royalty modification;
- Assesses geological and geophysical exploration data submitted under the terms of state land use permits and exploration tax credits for oil, gas, and geothermal resource exploration;
- Audits static and dynamic reservoir models to determine the distribution of in-place and recoverable hydrocarbons to determine equitable royalty production allocations;
- Conducts research to inform both the public and policy makers within state and federal government on oil and gas resources to plan for future production and revenues; and
- Collaborates with the Division of Geological & Geophysical Surveys on furthering geologic knowledge of resource-prone basins to attract additional exploration investment.

The RE team collects and maintains a diverse collection of confidential and public domain data that enhances both internal and public understanding of Alaska's oil, gas, and geothermal resources.

Overview of the Division of Oil & Gas' Asset Management Section



Critical Function: Manages oil, gas, and geothermal resource lands by making them available for leasing and exploration licensing, and manages the resources over the life of the lease or license.

Economic impact without the section's services: Loss of millions of dollars in revenue and in future economic potential from lease sales, leasing and licensing.

FY2017 Management Plan Budget

PCNs	UGF	DGF	Fed	Other	Total
10	841.2	0.0	0.0	397.4	1,238.6

Description: Manages the state's oil, gas, and geothermal resource lands, making them available for exploration, development, and production by offering acreage for leasing and exploration licensing. Driven by the constitutional mandate of Article 8, Section 1, staff recommends when and how oil, gas, and geothermal resources will be made available for use, the location of those resources and to whom those resources may be leased or licensed, consistent with the public interest. Determinations follow these steps:

- Determines which state lands are suitable for oil and gas exploration, development, and production, and whether leasing or licensing those areas are in the best interest of the state;
- Through public process, prepares a "Best Interest Finding" recognizing public comments and eleven factors material to the area;
- Competitively offers available lease tracts through five annual lease sales, including Cook Inlet, Alaska Peninsula, North Slope Foothills, North Slope, and Beaufort Sea;
- Solicits interest for exploration licenses on state lands outside the five lease sale areas;
- Manages issued leases and exploration licenses for the full term of the lease; when held in a unit or by certified well; and, when a license is converted to a lease; and
- Processes the transfer of leases and assets between oil companies to ensure that the state's interests are protected during these transactions.

The Asset Management Section protects the state's interests throughout the pre-exploration, exploration, development and production stages. The section's work has brought in approximately \$240 million from lease bids since 1999 and effectively manages an average of five million acres of oil and gas lands.

Overview of the Division of Oil & Gas' Permitting Section



Critical Function: Approves surface activities, including new seismic surveys and infrastructure placement for oil, gas and geothermal exploration, development and production on state leased lands.

Economic impact without the section's services: Surface use of state oil and gas land would not be reviewed, approved and monitored to ensure the state's resources are protected and maximum value is obtained in a responsible manner.

FY2017 Management Plan Budget

PCNs	UGF	DGF	Fed	Other	Total
9	681.6	181.1	0	292.4	1,155.1

Description: Adjudicates and issues decisions for surface use and improvements supporting oil, gas and geothermal projects statewide. The staff is the division's front line for the lessees, licensees and permittees for surface activities and operations. This includes reviewing and issuing decisions for Exploration License Plans of Operations, Lease Plans of Operations, Unit Plans of Operations, Plan Amendments and Miscellaneous Land Use Permits for seismic acquisition and Easements (on the North Slope). To accomplish this, the section conducts the following reviews for approvals:

- The Plan of Operations (for License, Lease and Unit areas) for the proposed activities and operations and to ensure that the state's interests are protected. The plan identifies the surface use requirements, sequence and schedule of operations, projected use requirements and the lease mitigation compliance methods;
- Miscellaneous Land Use Permits for geophysical and seismic acquisition for an applicant to utilize state land for acquiring data to determine subsurface geologic characteristics and prospectivity; and
- Easements on the North Slope to allow access across existing oil and gas leases, often between leases with approved Plans of Operations, when it is in the state's best interest.

The Permitting Section administers the division's statewide bonds to ensure activities and work are performed and completed according to the respective authorization. Permitting staff perform site inspections and field work to ensure the state's oil, gas and geothermal lands are returned in good condition and available for other uses. The section also responds to a number of public, applicant, and agency inquiries for information and assistance.

Overview of the Division of Oil & Gas' Commercial Section



Critical Function: Provides the financial expertise that establishes the value of and protects the State's economic position on energy and resource decisions.

Economic impact without the section's services: Loss of millions of dollars in economic potential to the state in actions not realizing full value of the resource.

FY2017 Management Plan Budget

PCNs	UGF	DGF	Fed	Other	Total
6	1,198.7	0.0	0.0	353.2	1,551.9

Description: Serves as the in-house advisor that analyzes and provides strategic insight on all economic and financial matters. Its commercial expertise cross-cuts all division programs to fulfill DNR's constitutional goal of promoting responsible development of Alaska's natural resources, realizing maximum value, and protecting the state's interests.

Given the State's positions as landowner, resource owner and regulator, maximizing the State's value requires analysis on project economics, market structure, optimization, financial risk management, and price and cost assessments. This includes analyzing the commercial implications of laws, regulations, and contract provisions for policy, legislative, and regulatory decisions of the state. Finally, when resource negotiations are required, the expertise of commercial analysts is essential to the state's negotiation strategy.

The Commercial Section is an integral part of the division project teams, collaborating with Royalty Accounting and Audit Sections on managing royalty revenues; Asset Management Section on lease sales and assignments; Units Section on development plans, redeterminations and other unit management issues; Permitting Section on operating plans and bonding issues; Resource Evaluation Section on royalty modifications; Director's Office on regulation packages, and the AKLNG project. Commercial Section expertise is essential for the following functions:

- Royalty valuation for methodology, modification and in-kind contracts;
- Unit decisions for development plans, redeterminations, expansion and contraction, well certification and "paying quantity" determinations and discovery royalties;
- Dismantlement, Removal and Remediation financial assurance agreement negotiations;
- Asset Management decisions with lease terms and conditions, assignments and, extensions;
- Regulatory and legislative packages to address a variety of commercial and economic issues;
- Special executive or legislative projects that merit commercial analysis and guidance; and
- North Slope Production Forecasting.

Overview of the Division of Oil & Gas' Units Section



Critical Function: Manages state oil and gas leased lands in development or in production to conserve natural resources, prevent economic or resource waste, and protect correlative rights of the multiple owners to the maximum benefit of all.

Economic impact without the section's services: Risk the loss of oil and gas resource and economic value to the State and owners by inadequate management to conserve the resource and protect correlative rights.

FY2017 Management Plan Budget

PCNs	UGF	DGF	Fed	Other	Total
7	831.1	0.0	0.0	401.8	1,232.9

Description: Land belonging to the State is leased for energy development (see Asset Management Section). When these lands are shown to have energy potential that is commercially viable, these leases are typically consolidated into a single, contiguous block of land to allow for more effective management and administration of the resource extraction activities. The Units Section administers oil and gas units through evaluation of information in six major areas:

- Environmental costs and benefits;
- Geological and engineering characteristics;
- Prior exploration activities;
- The plan for exploration and development;
- Economic costs and benefits; and
- Any other relevant factors (i.e., jointly managed native land interests).

Proper administration and oversight of units are necessary to conserve the resource and to prevent economic and resource waste while at the same time protecting the rights of all parties involved in the unit. Unit managers work closely with land managers, attorneys, commercial analysts, the Resource Evaluation Section and industry to ensure proper unit administration.

Without a Units Section, wasting or stranding of resources could occur, as well as disputes between parties with a working interest in the unit. These disputes, possible on a variety of issues, would result in loss of production and therefore royalties to the state while the issues are settled in court.

Overview of the Division of Oil & Gas' Royalty Accounting Section



Critical Function: Calculates, accounts for and distributes over \$920 million per year in royalties and revenues owed to the state from oil and gas production and development.

Economic impact without the section's services: There would be no accounting of or processing of royalty payments or reports, and potential loss of revenue impacting approximately 60% of the state's unrestricted general fund.

FY2017 Management Plan Budget

PCNs	UGF	DGF	Fed	Other	Total
5	477.2	0	0	231.6	708.8

Description: The Royalty Accounting section accomplishes complex oil and gas royalty accounting analyses to ensure the state receives the correct royalty value based on lease terms or settlement agreements. This team works through the details on how royalty is calculated and paid; the royalty ownership from producing leases and units; the value of the state's net profit shares; the reported values and volumes produced on state acreage; and whether the royalty is taken in-value or in-kind.

In addition, they account for revenues generated in other sections in the division from rents, bonus bids, commitment and storage fees as well as royalties, rentals and interests from federal oil and gas lands in Alaska. When royalty and Net Profit Share Lease (NPSL) revenue is received, the section calculates the distribution of revenue to the General Fund, School Fund, Permanent Fund, and Constitutional Budget Reserve Fund. Royalty Accounting functions include:

- Determines net-back value for the volume of oil or gas removed and the related royalty rate;
- Accounts for NPSL revenue for state profit share on allocated volume for each of 10 producing leases that have reached payout status;
- Nominates and invoices Royalty-in-Kind contracts to state refineries in lieu of Royalty-in-Value where producers sell the state royalty oil and account for revenue received; and
- Maintains and reconciles supporting documentation (volumes from run tickets and AOGCC reports, value information from contracts, invoices, quality bank statements and tariff notices) to reported royalty and NPSL filings.

The Royalty Accounting team provides critical services that ensure over \$1.6 billion is received annually in a timely and accurate manner from our oil and gas resources and lands.

Overview of the Division of Oil & Gas' Audit Section



Critical Function: Validates and confirms accounting and ensures the State receives full value for its state and federal energy resources each year.

Economic impact without the section's services: Loss of millions of dollars in royalty value due to the State from both producers and federal government.

FY2017 Management Plan Budget

PCNs	UGF	DGF	Fed	Other	Total
9	765.8	0.0	246.5	386.0	1,398.3

Description: Ensures the state receives the full value of oil and gas royalties and Net Profit Shares. Auditors carry out this mission by performing state royalty and Net Profit Share Lease (NPSL) audits and federal royalty audits. Audits also encourage accounting compliance by the lessees and reduce the chance of discrepancies in payment. Revenues collected from audits are generally deposited into the state's Constitutional Budget Reserve Fund to help fund the operations of state government.

State Royalties

The state typically receives one-eighth to one-sixth share of every barrel produced. The Audit Section ensures the state is paid the amount allowed by the lease or royalty settlement agreement (RSA) by:

- An in-depth look at volume and value reported to Royalty Accounting as well as resolving outstanding issues identified by Royalty Accounting
- Determining "higher-of" value from leases lacking an RSA. This protects the state from bad marketing decisions and potential underpayment and recovers millions of dollars

Net Profit Share Leases

In the 1980s, the state issued NPSLs which require audit of reported revenue and expenditures, verifying that allowable and accurate expenses and revenues are claimed. NPSL audits recover millions of dollars in revenue that would otherwise be lost.

Federal Royalties

Under a fully reimbursed contract with the federal government, staff audits the oil and gas production that comes from federal lands in Alaska. Part of these audits is verifying federal/state revenue sharing which is 90% of royalties from Cook Inlet production, 27% of royalties from offshore production within three miles of shore, and 50% of royalties from the National Petroleum Reserve (NPR).

Overview of the Division of Oil & Gas' State Pipeline Coordinator's Section (SPC)



Critical Function: Facilitates the development and sound operation of pipelines on state land under the Right-of-Way Leasing Act.

Economic impact without the section's services: Coordinated review and regulatory compliance in pipelines authorized under the Right-of Way Leasing Act would not be achieved, potentially jeopardizing pipeline transport of Alaska crude to market and delaying permitting of newly proposed hydrocarbon transportation infrastructure.

FY2017 Management Plan Budget

PCNs	UGF	DGF	Fed	Other	Total
26	0.0	408.8	0.0	8,194.2	8,603.0

Description: Serves as the lead state agency for processing pipeline right-of-way leases under AS 38.35, the Right-of-Way Leasing Act. The SPC Section coordinates the state's oversight of preconstruction, construction, operation and termination of common-carrier pipelines. The section consists of staff from five state agencies for habitat assessment, safety and electrical inspection, spill prevention and response and fire safety. These agency liaisons facilitate cooperation and maintain a system-wide approach to pipeline oversight. The SPC Section functions include:

- Right-of-way leases for the full life of a pipeline: construction, operations, maintenance and termination to protect health, safety and the environment by safe pipeline operations and mitigation of environmental impacts. The section is responsible for seventeen existing pipelines with one pipeline under construction and five being permitted. The SPC Section is also charged with processing the right-of-way lease for pipeline projects to commercialize North Slope natural gas;
- Shared regulatory oversight when overlap of federal, state, or local jurisdictions is identified, the agency with specific regulatory authority is given primacy. The SPC Section provides subject matter expertise to each liaison agency to support the lease process, including providing the critical oversight for project activities and routine operations for a consistent regulatory presence; and
- Acts as the lead state agency in the Joint Pipeline Office (JPO), an organization created to provide full partnership for state and federal agencies in monitoring the Trans-Alaska Pipeline System.

Overview of the Division of Oil & Gas' Shared Services



Critical Function: Leads centralized support for all division operations including Director's initiatives, communications, regulatory changes, information technology and administrative functions, and management of the Cook Inlet Energy bond.

Economic impact without the section's services: Loss of State royalty revenue management, all DOG operational activities, and industry support services.

FY2017 Management Plan Budget

PCNs	UGF	DGF	Fed	Other	Total
23	1,861.8	93.2	0.0	876.2	2,831.2

Description: Ensures that division processes run efficiently and are regularly improved. Division leadership continuously improves internal and external services to provide consistent, timely and legally defensible decisions that are consistent with the public interest.

Director's Team – Directs, sets goals, implements strategic decision-making for the Division's operations. Conducts business analysis and project management to capture efficiencies on a department as well as division level. Provides legislative and statutory analysis, manages timely public outreach and external communications, supports the Commissioner's Office, and administers the Cook Inlet Energy Bond.

Budgeting – Prepares and actively manages the Division's budget, including billing to industry for pipeline right-of-way and inspection activities, creates and manages Reimbursable Service Agreements (RSAs).

Administration – Provides personnel management and hiring, procurement, and travel authorizations.

Information Technology – Responsible for writing and maintaining code for specialized in-house software applications, such as Royalty Management System (DOGMA), Division Process Management System (DOGI), web administration, and other DOG applications including GIS.

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OVERVIEW *of the* **Division of Parks & Outdoor Recreation**

The Division of Parks and Outdoor Recreation (DPOR) operates the largest state park system in the United States and supports the basic government functions of public safety, health and education by providing access to world-class outdoor recreation.

Recreation in Alaska's state parks generates economic activity and employment while providing more than \$3.4 million in state revenue through park fees. Investing in our parks ensures that these special areas contribute to the economy while enhancing the health and well-being of Alaskans.

Impacts to the economy

- Recreation contributes nearly \$2.5 billion annually to Alaska's economy, supports 28,000 jobs and produces \$1.7 billion in retail sales and services—more than 5% of gross state product.
- In 2006, spending by Prince William Sound and Resurrection Bay state park visitors totaled \$7.3 million and accounted for 103 jobs.
- The economic impact of snowmobiling in the Anchorage and Mat-Su areas, most of which occurs on state park lands, totaled \$35 million in 2000 (Anchorage Economic Development Corp.).
- Millions of dollars of investment in resource development in Alaska depends on the federally-required reviews conducted by DPOR's Office of History and Archaeology.

Health & well-being

- Exposure to nature and outdoor exercise has significant health benefits such as improved wellness and mental health, reduced stress and lower blood pressure.
- Access to parks means people are more likely to exercise.
- DPOR's Boating Safety Program has documented 28 cases in which people survived a near drowning because they were wearing a Kids Don't Float life jacket from one of the hundreds of life jacket loaner stations in the state.
- Alaska's boating fatalities have been reduced nearly by half, from an average of 30 per year before the boating safety program began in 2000 to 16 per year now.

STRUCTURE & FUNCTIONS *of the* Division of Parks & Outdoor Recreation



The Division of Parks and Outdoor Recreation (DPOR) operates 122 park units and is the state's lead agency for technical expertise on outdoor recreation, boating safety and historic preservation. The division is composed of six sections. User fees cover at least 41 percent of the cost of operating the state park system.

FY2017 Management Plan Budget

PCNs	UGF	DGF	Fed	Other	Total
177	3,127.5	6,425.3	2,650.2	4,313.5	16,516.5

	PCNs	UGF	Total
Field Operations - Manages 122 state park units throughout Alaska.	127	2,593.2	8,110.0
Director's Office and Support – Oversees division budget including revenue from park fees; provides oversight and direction to area managers, section chiefs and administrative staff; manages park use permitting and administers the Land and Water Conservation Fund federal grant program.	6	101.0	2,037.7
Design & Construction - Provides design, contract administration and oversight for state park capital improvements as well as construction projects developed by other state agencies.	17	0.0	1,926.6
Alaska State Trails Program – Distributes \$1.5 million in federal funds to government and community organizations for trail development and improvement. This program is funded through a capital appropriation to include \$200.0 UGF to pay for administrative costs.	2	0.0	200.0
Office of Boating Safety - Provides education and public outreach campaigns to reduce boating fatalities in Alaska.	5	0.0	1,750.0
Office of History and Archaeology – Conducts federally required reviews of all development projects in the state using a statewide inventory of historic and archaeological sites; distributes grants for historic preservation and heritage tourism projects.	20	433.3	2,492.2

Overview of the Division of Parks & Outdoor Recreation's Field Operations



Critical Function: Manages the largest park system in the country, including many of the most-accessible public recreation lands in Alaska.

Economic impact without the section's services: Reduced economic activity and employment through businesses that offer services in state parks and through consumer spending; the loss of more than \$3 million in revenue to the state through park fees; and reduced access to healthy outdoor pursuits.

FY2017 Management Plan Budget

PCNs	UGF	DGF	Fed	Other	Total
127	2,593.2	4,392.8	0.0	1,124.0	8,110.0

Description: Manages more than 120 parks, recreation areas, marine parks and historic sites encompassing 3.3 million acres and recreation facilities receiving more than 5 million visits annually. These include 71 campgrounds, 900 miles of maintained hiking trails, 52 picnic shelters, 72 public use cabins, 27 developed boat launches and 41 marine parks. State parks serve as community recreation areas for residents, providing family and school-oriented activities such as picnicking, hiking, camping, walking for fitness, bicycling, skiing, snowmobiling, ATV riding, fishing, hunting and environmental education. State parks are integral to Alaska's tourism industry, providing affordable and accessible excursions for visitors.

In addition to providing for public safety and law enforcement in state parks, staff participates in 30 to 35 search and rescue missions each year on average.

The division maintains area and district offices in Fairbanks, Willow, Palmer, Anchorage, Seward, Soldotna, Homer, Juneau, Haines, Ketchikan, Kodiak, and Dillingham. The Field Operations staff ensures that Alaska's state parks are clean, safe and well maintained. They are assisted in this work by hundreds of park volunteers.

The Field Operations section works with 14 local park advisory boards which provide public input on park management.

Non-UGF sources of funding for this section include interagency receipts, statutory designated program receipts, capital improvement project receipts, and boat registration fees.

Overview of the Division of Parks & Outdoor Recreation's Director's Office and Support



Critical Function: Oversees both operating and capital budgets for the division, including revenue from park fees; it also provides oversight and direction to area managers, section chiefs and administrative staff, manages park use permitting and administers the federal Land and Water Conservation Fund (LWCF) and Recreational Trails Program (RTP).

Economic impact without the section's services: Loss of financial monitoring resulting in the inability to determine program capabilities, operating costs, revenue collections and other variables. Loss of knowledge of current state and federal program issues and related impacts to services delivered resulting in loss of federal funding.

FY2017 Management Plan Budget

PCNs	UGF	DGF	Fed	Other	Total
6	101.0	1,736.7	0.0	200.0	2,037.7

Description: Responsible for all Division of Parks & Outdoor Recreation support functions including budget, grant administration, personnel, procurement, revenue, accounting and finance, and division website management. It performs the following critical functions:

- Provides strategic, operational, and workforce development planning as well as administrative policy development and program coordination for six park management locations throughout the state.
- Oversees the planning, development and completion of the division's operating and capital budgets.
- Anticipates the division's financial conditions and limitations, program capabilities, operating costs, revenue collections, and other variables.
- Ensures budget submissions are accurate and consistent with all OMB instructions and requirements.
- Coordinates with senior managers to draft budget narratives to express the goals and objectives of the division.
- Develops various financial scenarios, and reviews actual financial activities from prior fiscal years to identify trends and upcoming needs.
- Provides support to the Director and Deputy Director to prepare division responses on Legislative Finance, Legislative Budget and Legislative Audit.
- Cooperates with other state and federal agencies and organizations to provide grant oversight and reporting for LWCF and RTP.
- Initiates, coordinates and implements personnel activities.
- Provides procurement direction for state and federal contract purchasing, property management, acquisition of federal equipment, and state property accounting.
- Ensures departmental policies and procedures for handling and managing revenue are followed and appropriate safeguards are in place to protect state assets.

Overview of the Division of Parks & Outdoor Recreation's Design & Construction



Critical Function: Provides professional design and construction services to responsibly develop facilities that are safe, sanitary, functional and enjoyable to the benefit of Alaskans and visitors.

Economic impact without the section's services: Loss in park user revenue resulting from inadequate and substandard facilities and forfeiture of federal participation in projects that currently receive federal funding.

FY2017 Management Plan Budget

PCNs	UGF	DGF	Fed	Other	Total
17	0.0	280.0	0.0	1,646.6	1,926.6

Description: Manages state park capital projects from inception to close out. Led by licensed engineers and landscape architects, the section performs planning, cost estimating, preliminary design, design, permitting, and construction activities to develop park facilities.

To keep pace with user demands, existing facilities need to be maintained and/or improved and new facilities are built when funding is available. Design & Construction (D&C) engages the public to identify project goals and objectives; develops concepts based on public input; advances concepts to engineered designs for construction; applies for permits to comply with local, state, and federal regulations; and administers the construction of the projects to ensure conformance with the plans, accountability of using public funds, and protecting the interests of the state.

State park facilities fall into disrepair at a faster rate than their maintenance staff can fix with available funds, resulting in a deferred maintenance backlog of \$64.2 million. D&C is focused on keeping the division's deferred maintenance backlog in check if not significantly reduced.

State parks projects rely on federal funds, passed through from other agencies, to supplement state capital appropriations. Typically, the federal government reimburses its portion of project costs only after the project is completed and all of the state's commitments have been fulfilled. These commitments include technical oversight and reporting to ensure accountability of public funds and safeguard federal participation. *(Note: No federal funds are allocated through the DNR operating budget for design and construction services.)*

D&C's expertise in managing capital projects is well-recognized by other DNR divisions and state/federal agencies, leading them to enlist D&C to develop their projects to successful completion. For example, D&C has led projects for DNR's divisions of Mining, Land and Water, and Forestry; the departments of Fish and Game, and Transportation and Public Facilities (DOT&PF); and numerous federal agencies. The D&C Chief is one of two DNR employees authorized by DOT&PF to exercise higher than normal state contracting authority.

Overview of the Division of Parks & Outdoor Recreation's Alaska State Trails Program



Critical Function: Grants \$1.5 million in federal funds to government and community organizations for trail development and improvement projects statewide under the National Recreational Trails Grant Program.

Economic impact without the section's services: Not supporting this section will result in a loss of \$1.5 million in federal dollars that would eliminate funds for building and maintaining both motorized and non-motorized trails and trail facilities statewide.

FY2017 Management Plan Budget

PCNs	UGF	DGF	Fed	Other	Total
2	0.0	0.0	0.0	200.0	200.0

Description: As more and more residents and visitors turn to Alaska's vast trail system for recreation, subsistence and basic transportation between communities, the need for a more extensive and better-maintained trail system continues to grow. Many existing trails are being lost as property is sold, subdivided, or developed without reserving trail easements.

In FY2016, the Recreational Trails Program funded 31 projects totaling \$1,178,902 to state and local governments, trail organizations, and private citizens throughout Alaska. This program is funded through a capital appropriation to include \$200.0 UGF to pay for administrative costs.

This program is effectively identifying, maintaining and expanding the Alaska trail system for both summer and winter trails. Legal, safe, well-maintained, and easy-to-use trails are reducing trespass situations, search and rescue occurrences, and public safety concerns. Because these are matching grant programs, grantees provide cash, labor, and equipment to match between 9 and 25% of grant funds, effectively stretching existing funding. Public recreational trails contribute to Alaska's economy by providing construction and maintenance jobs, attracting tourists and visitors, stimulating the business of outfitters, guides and tour companies, and improving the mental and physical well-being of the work force. In addition, these programs ensure that:

- Grantees obtain legal access;
- Projects are consistent with federal, state and local land use plans, and laws;
- Social and economic impacts are analyzed;
- Archeological and historical resources are protected;
- Projects are analyzed for impacts on threatened or endangered species, fish and wildlife, wetlands, flood plains, and bodies of water;
- Water and air quality are checked and maintained;
- Hazardous waste is checked for and identified;
- The noise resulting from projects are analyzed; and
- There is public involvement.

Overview of the Division of Parks & Outdoor Recreation's Office of Boating Safety



Critical Function: With the intent to reduce boating deaths, injuries and property damage, the mission of the Office of Boating Safety is to “promote the safety of persons and property in and connected with the use, operation, and equipment of non-commercial boats on the water of the state and the uniformity of laws relating to boat safety.” (AS.05.25.050)

Economic impact without the section's services: Loss of millions of dollars in federal grant funds available to Alaska which would then be reallocated to the other states; potentially higher costs for search, rescue, and body recovery, and increased financial impacts to Alaskans resulting from accidents.

FY2017 Management Plan Budget

PCNs	UGF	DGF	Fed	Other	Total
5	0.0	0.0	1,450.0	300.0	1,750.0

Description: This program's achievements include the following:

- Total *Kids Don't Float Education Program* attendance numbers through the end of FY2016 reached **148,647** students in **4,473** classes, pool sessions, and youth ambassador trainings.
- A total of **58,374** life jackets have been provided for the *Kids Don't Float* life jacket loaner program.
- *Kids Don't Float* loaner life jackets have helped save at least **28** lives.
- Observed life jacket wear rates in Alaska are now higher than the national average in all age groups.
- Boating fatalities have trended downward since the program began.

When the Alaska Boating Safety Act (AS 05.25) was signed into law on May 11, 2000, Alaska became the last state to receive federal grant funding for boating safety. The Alaska Office of Boating Safety is funded entirely through the federal Sport Fish Restoration and Boating Trust Fund and a portion of Alaska's boat registration receipts. The office performs the following functions:

- Secures the benefits available to the State under 46 U.S.C. 13101 - 13110; and takes the actions necessary for Alaska to continue to qualify for the State's share of federal grant funding.
- Works with other state and federal agencies and organizations to provide boating safety programs statewide.
- Provides boating safety education programs to increase public awareness of boating risks and the knowledge, skills, and abilities of Alaska's boaters:
 - Develops educational materials relevant to the needs of both urban and rural boaters
 - Provides programs for children and high - risk groups (e.g., *Kids Don't Float*)
 - Trains, certifies, and supports boating safety instructors
 - Evaluates, on an ongoing basis, of the effectiveness of programs
 - Conducts comprehensive social marketing campaigns (e.g., *Pledge to Live*)
- Provides support for the Governor-appointed Alaska Boating Safety Advisory Council.
- Administers Alaska's boat accident reporting system, in accordance with federal requirements.
- Facilitates boating law enforcement training for the Department of Public Safety.
- Promotes the uniformity of laws relating to boating safety.

Overview of the Division of Parks & Outdoor Recreation's Office of History & Archaeology



Critical Function: Provides statewide historic preservation programs to identify, document, protect and restore prehistoric, archaeological and historic sites and buildings.

Economic impact without the section's services: Millions of dollars in increased costs and slowdown in development of state and federal projects in Alaska.

FY2017 Management Plan Budget

PCNs	UGF	DGF	Fed	Other	Total
20	433.3	15.8	1,200.2	842.9	2,492.2

Description: Serves as the state's historic preservation agency, administering state and federal programs to identify, document, protect and restore sites and buildings, and advises the Commissioner of Natural Resources, Governor and Legislature on issues relating to history, prehistory, archaeology, and geographic names. The Office of History and Archaeology (OHA) also serves as state liaison to federal agencies, representing the state's interests in protecting its heritage resources. The federally-required programs implemented by OHA include Section 106 project reviews, historic preservation planning, cultural resource surveys, nomination to the National Register of Historic Places, public education and training, investment tax credits, maintenance of a statewide inventory, and local government assistance through the Certified Local Government program. To carry out these programs, the office receives a federal Historic Preservation Fund grant which is matched 60/40. The OHA also administers the Alaska Historical Commission's programs, including the Geographic Names Board. OHA conducts cultural resource investigations in cooperation with local, state and federal agencies, universities, and museums.

The OHA maintains the Alaska Heritage Resources Survey (AHRs), a restricted inventory of over 46,000 reported cultural resources (historic, prehistoric, and archaeological sites, locations, remains, or objects) and some paleontological sites within the State of Alaska. The survey is a central repository for Alaska's cultural resources information used by federal and state agencies, private companies, and professional consultants when a proposed project involves state or federal land, jurisdiction, funding, permits, or other authorizations. Learning about reported cultural resources early in planning can help guide permitting and construction decisions, prevent unnecessary destruction of cultural resources and avoid possible project delays.

OHA performs the following functions:

- Reviews all development projects for impacts to cultural resources;
- Maintains statewide inventory of reported cultural resources;
- Serves as the state liaison office to implement federal regulations and programs for project review, statewide inventory (AHRs), National Register of Historic Places, grants, historic preservation planning, investment tax credits, and local government programs; and
- Issues Cultural Resources Permits for investigations on state land.

OVERVIEW *of the* **Office of Project Management & Permitting**



The Office of Project Management and Permitting (OPMP) supports private industry, regulators, and the general public by implementing one-stop shop, multi-agency permit coordination to secure consistent, defensible, transparent, and timely permit decisions. This model is unique to Alaska and offers a level of assurance to companies investing in Alaska that permit reviews are robust and transparent.

“User pay, user benefit” model

- Permit reviews coordinated by OPMP’s large project team are paid for by prospective developers under voluntary agreements and require no general fund appropriations.
- Prospective developers securing OPMP services continue to increase, rising by 52% between FY2012 and the end of FY2015.

Federal agency engagement

- OPMP plays a key role in coordinating multi-agency review of federal actions, land plans, and proposed regulations and policies to protect state interests.
- Continued state participation in federal planning and rulemaking is essential. Recent federal decisions demonstrate how the State’s future economic opportunities and interests could be limited by federal action.
- OPMP serves as the primary point of contact to the federal agencies for Outer Continental Shelf (OCS) and Arctic plan reviews. The Chukchi and Beaufort Sea resources are estimated at 25 billion barrels of oil and 120 trillion cubic feet of natural gas, constituting a vast portion of Alaska's resource base and future revenue potential.

Digital mapping support

- OPMP supports DNR’s leadership role in state-federal efforts to improve geospatial mapping in Alaska; this program will enhance public safety, emergency response, resource development, environmental monitoring, commerce, and land-use planning in Alaska.

STRUCTURE & FUNCTIONS *of the* Office of Project Management & Permitting



The Office of Project Management & Permitting (OPMP) coordinates multi-agency regulatory reviews and authorizations, collaboratively engaging federal agencies on land use planning and policy initiatives to maintain and enhance the state's economy, quality of life, and maximize the value of Alaska's vast natural resources.

FY2017 Management Plan Budget

PCNs	UGF	DGF	Fed	Other	Total
15	928.9	0.0	269.1	6,583.2	7,781.2

Large Projects Coordination – Offers multi-agency permit coordination for large resource development projects.

Compensatory Mitigation Program – Works with the U.S. Army Corps of Engineers to develop a statewide wetlands compensatory mitigation program that would offer state lands, or projects on state lands, to offset impacts as required by the Clean Water Act.

Coordinated Review of Federal Plans and Activities – Coordinates state review of federal OCS/Arctic plans, and other federal actions, to protect future state revenues, public land use and access.

Land Acquisition & Natural Resource Damage Assessment Programs
Enables acquisition of lands through grant programs and assessment of resource damage from spills or other hazardous releases.

Alaska Geospatial Council – Implements ongoing improvements to the Alaska base map to provide guidance for resource management and economic development, as well as emergency disaster preparedness and recovery.

Coastal Impact Assistance Program – Administered the federal CIAP program in Alaska to ensure 100% of the state-directed funds are spent on projects that benefit Alaska's natural coastal environment. Program sunset on December 31, 2016.

	PCNs	UGF	Total
Large Projects Coordination	8	492.8	6,630.0
Compensatory Mitigation Program	1	200.0	200.0
Coordinated Review of Federal Plans and Activities	2	236.1	236.1
Land Acquisition & Natural Resource Damage Assessment Programs	1	0.0	269.1
Alaska Geospatial Council	1	0.0	150.0
Coastal Impact Assistance Program	2	0.0	296.0

Overview of the Office of Project Management & Permitting's Large Project Coordination



Critical Function: Provides multi-agency state, federal and local permit coordination to advocate for and implement consistent, defensible, transparent and timely permit decisions on large resource development projects (e.g., mining, oil and gas, transportation and clean energy).

Economic impact without the section's services: Resource development project timelines could be stalled indefinitely and project economics adversely impacted, resulting in the loss of millions of dollars in revenue and economic growth.

FY2017 Management Plan Budget

PCNs	UGF	DGF	Fed	Other	Total
8	492.8	0.0	0.0	6,137.2	6,630.0

Description: Large resource development projects are complex in nature. This section is essential to:

- Ensure projects receive timely, coordinated review, permitting, and monitoring for development, transportation, and other specialized projects.
- Generate revenue and recover state expenditures via signed agreements with project proponents.
- Establish and maintain Reimbursable Service Agreements (RSAs) with state agencies to ensure they have the necessary fiscal resources to participate effectively in the coordinated review of projects. Roughly 80 percent of the state expenditures recovered by DNR via signed agreements are distributed to other state agencies.

Unrestricted general funds support the collection of third-party funds and all other OPMP functions, including budget management, administrative actions, program development, and public engagement and community outreach.

Overview of the Office of Project Management & Permitting's Compensatory Mitigation Program



Critical Function: Collaborating with the U.S. Army Corps of Engineers in the development of a revenue-generating statewide compensatory mitigation program that would offer private industry the opportunity to mitigate unavoidable project impacts, per the requirement of the Corps' Clean Water Act 404 authorization.

Economic impact without the section's services: Mitigation opportunities are limited or unavailable, project economics could be adversely impacted, resulting in the loss of millions of dollars from potential state revenue generated by project development and an established state managed compensatory mitigation program.

FY2017 Management Plan Budget

PCNs	UGF	DGF	Fed	Other	Total
1	200.0	0.0	0.0	0.0	200.0

Description: In FY17, the Legislature appropriated \$200.0 thousand in unrestricted general funds for OPMP to develop the statewide Compensatory Mitigation Program. The mitigation program, once established, will generate revenue by selling mitigation credits to the development industry and will offer additional opportunities for projects to purchase mitigation credits at a negotiated cost.

OPMP is working to establish a statewide DNR-sponsored In-Lieu Fee Program (ILFP) and will submit a revised ILFP instrument to the U.S. Army Corps of Engineers near the end of the first quarter of 2017. The instrument will serve as the guidance document that once approved by the USACE allows DNR to administer and manage state lands as a mitigation option to offset project impacts. The instrument will serve as the state's application to run a wetlands mitigation program once approved by the Corps.

Developing the State's ILFP requires significant outreach. OPMP engages in robust outreach efforts within the mitigation community including mitigation bank sponsors, Native corporations, municipalities, state, local and federal agencies and other interested parties.

Overview of the Office of Project Management & Permitting's Coordinated Review of Federal Plans and Activities



Critical Function: Monitor federal actions, facilitates federal/state/local coordination and consultation, directs an efficient and reliable multi-agency review process, and is accountable for developing a unified state position in federal comments.

Economic impact without the section's services: Loss of millions of dollars in revenue generation and economic growth from not realizing the full potential of responsible resource development.

FY2017 Management Plan Budget

PCNs	UGF	DGF	Fed	Other	Total
2	236.1	0.0	0.0	0.0	236.1

Description: OPMP serves as the primary point of contact to the federal agencies, representing and guarding the State's interests as they relate to Outer Continental Shelf (OCS) and Arctic plan reviews. The Chukchi and Beaufort Sea resources are estimated to contain 25 billion barrels of oil and 120 trillion cubic feet of natural gas, which is a vast portion of Alaska's resources and future revenue potential. Restrictive federal land management regulations, practices and policies heightened the need for the state's focus and participation to guard Alaska-specific opportunities and interests.

The Outer Continental Shelf Lands Act is one of the primary federal laws dictating federal offshore development in Alaska. Under Memorandum of Understanding between the Governor, State of Alaska and the Bureau of Ocean Energy Management, OPMP is responsible for leading collaboration and guidance of state input and review of BOEM's federal project-specific and programmatic plans.

The Alaska National Interest Lands Conservation Act (ANILCA) applies to over 100 million acres of federal conservation lands in the state and includes key provisions that accommodate Alaska's unique context, including subsistence and access needs, the state's lack of infrastructure and its reliance on a resource based economy. ANILCA issues cross-cut the mandates and responsibilities of individual state agencies, such as, the ability to pursue essential public or private regional transportation or utility infrastructure promised through Title XI of ANILCA. It is critical OPMP maintains advocacy of ANILCA's Title XI access process to limit impacts on large development projects and the state's ability to use and manage adjacent state lands and waters. The ANILCA program funding was eliminated from OPMP's operating budget in FY16. OPMP continues to offer ANILCA statewide coordination on a limited basis, coordinating only federal land management plans that have been identified as priority and can be coordinated given OPMP's limited available resources due to past operating budget reductions.

Overview of the Office of Project Management & Permitting's Land Acquisition & Natural Resource Damage Assessment Programs



Critical Function: Ensures restoration of injured natural resources damaged by oil spills or releases of hazardous substances into the natural environment; provides program oversight and regulatory compliance for complex federal land acquisition programs.

Economic impact without the section's services: Without Natural Resource Damage Assessment Trustee representation, the State risks loss of future potential economic benefits from the full recovery of the natural and social environment, including recreation and tourism. Without federal land acquisition grant program regulatory oversight and compliance, the state risks federal grant eligibility and monetary implications.

FY2017 Management Plan Budget

PCNs	UGF	DGF	Fed	Other	Total
1	0.0	0.0	269.1	0.0	269.1

Description: Serves as the department's Trustee in the Natural Resource Damage Assessment (NRDA) and Restoration Program; and facilitates regulatory oversight and compliance in the implementation of federal land acquisition grants.

The NRDA activities require approximately \$249,000 in federal receipt authority to participate as DNR's Trustee in the restoration of natural and social resources injured as a result of oil spills or hazardous substance releases. The process is driven by law, science, economics, and public input, and is administered by federal, state, and tribal trustee agencies tasked with identifying injuries. The goal is to fully restore public resources, which is accomplished through rigorous scientific studies necessary to evaluate the magnitude of injuries, and ensures an objective assessment. Funding for this work comes from the Department of Environmental Conservation, the Responsible Party and the U.S. Coast Guard.

The two federal land acquisition grant programs in which Alaska participates require approximately \$20,000 in federal receipt authority to implement and ensure regulatory compliance necessary to meet program perpetuity requirements and evaluate incoming projects to determine project viability. The Forest Legacy Program protects environmentally important forest lands threatened with conversion to non-forest use, but allows lands to continue to be used for forest activities, such as timber harvesting, hunting and fishing, recreation and other traditional uses. This program is funded by the U.S. Forest Service. The National Coastal Wetland Program acquires lands for long-term conservation benefits to fish, wildlife and recreation. Conservation of coastal wetland ecosystems benefits wildlife and enhances flood protections and water quality while providing economic and recreational opportunities for the public. This program is funded by a U.S. Fish & Wildlife Service grant.

Overview of the Office of Project Management & Permitting's Alaska Geospatial Council



Critical Function: Spearheads DNR's role as chair of the Alaska Geospatial Council (formerly the Statewide Digital Mapping Initiative), a Governor-endorsed, multi-agency effort that implements ongoing improvements to the Alaska base map providing guidance for resource management and economic development, as well as emergency disaster preparedness and recovery.

Economic impact without the section's services: Alaska would continue to suffer from incomplete digital mapping – increased cost and reduction of effective resource monitoring, disaster planning and public safety. State departments will be required to develop partial datasets on a case by case basis, resulting in tremendous inefficiencies in redundant effort and expenditures.

FY2017 Management Plan Budget

PCNs	UGF	DGF	Fed	Other	Total
1	0.0	0.0	0.0	150.0	150.0

Description: Remote sensing and mapping technologies enable DNR and other state agencies to responsibly develop, manage and conserve Alaska's vast state lands. The base maps agencies rely on include statewide elevation, satellite imagery, administrative boundaries, transportation and hydrography networks. Efficient development of these maps reduces costs and prevents duplicative agency effort.

Accurate geospatial data is foundational to infrastructure development, resource and economic development, the preservation of life (disaster response, mitigation and recovery) and the advancement of physical science. Aviation safety, energy development, resource assessments, flood plain management, and a long list of other mission critical government services rely upon responsible geospatial data. Remarkably, modern mapping information does not exist over the majority of Alaska, where significant resource, safety and national security interests intersect. Alaska lacks a complete, statewide digital elevation dataset of any kind.

Using a capital budget appropriation, DNR spearheads the Alaska Geospatial Council coordinating mapping efforts and geospatial planning to leverage state resources in the most cost-effective manner. The council develops a statewide framework for geospatial data necessary for environmental monitoring and protection, sustainable economic development, public safety, and effective emergency response available statewide.

Overview of the Office of Project Management & Permitting's Coastal Impact Assistance Program



Critical Function: Administer funds allocated to Alaska through the federal Coastal Impact Assistance Program (CIAP) to ensure that all funds are spent on projects that enhance Alaska's natural coastal environment.

Economic impact without the section's services: Suspension of federal grants, resulting in the loss of \$1.5 million, potentially having to repay unallowable costs, and preventing future service to impacted coastal communities.

FY2017 Management Plan Budget

PCNs	UGF	DGF	Fed	Other	Total
2	0.0	0.0	0.0	296.0	296.0

Description: Since FY2010, the State of Alaska has received \$51.6 million through the Coastal Impact Assistance Program, which provides federal grant funds derived from offshore lease revenues for conservation, protection or restoration of coastal areas, and other authorized uses. Five state agencies, 50 local communities, 22 non-profits, and several University of Alaska programs have participated in CIAP projects.

The CIAP program officially sunset on December 31, 2016 and all funding and positions have terminated. The CIAP program successfully completed more than 80 projects over the life of the program, using nearly \$51.6 million of federal grant money. In FY2017 the CIAP program expenditures totaled approximately \$1.5 million (the remainder of the federally allocated \$51.6 million), making for a successful and efficient closeout of the CIAP program.

OPMP administered each CIAP project in Alaska to ensure compliance with grant requirements and that all federal funds are expended. This includes tracking federal guidelines, ensuring that project goals and objectives are met, correcting problems, amending grants, vetting expenditures, and submitting required progress reports to the U.S. Fish & Wildlife Service.



OVERVIEW *of the* **Support Services Division**

The Support Services Division (SSD) provides financial, budget, procurement, human resources, information technology and recording services to the Department of Natural Resources and the public.

Land records management

- The division provides land records management for more than 160 million acres of state lands. These records are used by the public, industry and state agencies for business, land stewardship, and investment activities.

Information technology

- The division develops and supports software and hardware solutions and provides IT support to the DNR offices across the state, including 24/7 support to statewide DNR emergency response (e.g., wildland firefighting).

Fiscal controls & public funds stewardship

- The division oversees all DNR procurement, budget, and financial transactions to ensure adherence to federal, state, and department laws and policies, and provides guidance and policy to ensure that public funds from 22 different funding sources are managed with integrity and transparency.

Recording services

- The permanent public record of Alaska maintained in the Recorder's Office and Uniform Commercial Code central file allows title companies, mortgage companies, banks, credit bureaus, large and small businesses alike to engage in commerce in Alaska.

Leadership & guidance

- The division provides guidance, problem solving, and strategic thinking to DNR divisions and the Commissioner's Office on budget, information technology, finance, administration, and human resources.

STRUCTURE & FUNCTIONS *of the* Support Services Division



The Support Services Division provides centralized administrative, information technology and management services to DNR, and provides recording services to the general public. The division is comprised of 14 sections in three components.

FY2017 Management Plan Budget

PCNs	UGF	DGF	Fed	Other	Total
117	5,562.2	4,509.9	0.0	2,956.4	13,028.5

Administrative Services

Budget Section – Develops and implements the DNR operating and capital budgets.

Financial Services – Manages accounts payable, travel processing, restricted revenue and federal grant accounting, and reimbursable service agreements; provides accounting services for DNR revenue and agricultural loans.

Procurement – Provides professional procurement and property management and leasing and operates the Anchorage mailroom.

Human Resources – Provides recruitment, performance management, grievance response, and employment law services.

Director's Office – Manages and leads the division and provides budgetary and administrative guidance to the department.

PCNs	UGF	Total
2	151.3	226.0

18	1,355.5	2,066.8
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5	378.1	564.9
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3	226.9	338.9
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3	226.9	338.9
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Information Resource Management

Software Development Support – Provides business system support including Land Administration System (LAS), Revenue & Billing, Recorder's Office, Webmaster, project management, and operation and maintenance support for Unified Permitting and Document Management Project, administers the content management system.

Computer and Technology Services – Provides network, desktop and DNR system operations and maintenance support, Helpdesk support, Oracle database support, and IT standards review.

GIS / Mapping – Provides Land Administration System administration and training, maintains state Status Plats, cartography services, GIS maintenance and development support including Alaska Mapper, and DNR's Business Reporting System.

Scan Center – Provides document scanning services to the department, as paper files and maps are converted to electronic documents and stored in DNR's document management system.

IRM Management & Administrative Support – Provides administrative, human resource, travel, and payroll services to the component.

17	1,332.9	2,236.8
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9	691.8	1,055.1
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8	837.7	948.3
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4	0.0	244.9
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3	361.1	381.5
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Recorder's Office / Uniform Commercial Code

<i>Recorder's Office</i> – Administers the statewide recording system as directed by statute, providing a secure, accessible and impartial place to record and preserve the permanent public record of Alaska.	28	0.0	2,318.0
<i>Archive Unit</i> – Creates and maintains the permanent public record for Alaska.	8	0.0	431.2
<i>Uniform Commercial Code Central File</i> – Maintains the public record of filed documents related to security interests in personal property.	3	0.0	223.0
<i>Recorder's Office Management & Support, Capital Projects</i> – Provides management, IT, and administrative services to the component; includes capital budget-funded data conversion projects and the mail back unit.	6	0.0	1,654.2

Overview of the Support Services Division's Administrative Services Section



Critical Function: Provides centralized, client-focused administrative and management services for all DNR divisions and offices.

FY2017 Management Plan Budget

PCNs	UGF	DGF	Fed	Other	Total
31	2,338.7	0.0	0.0	1,196.8	3,535.5

Description: Provides centralized budget, accounting, procurement, human resources and administrative support to DNR and ensures its compliance with applicable laws, regulations and state policies. Key staff members serve on multi-agency working groups that advise the state on its policies related to these functions.

Budget: Develops and implements DNR's operating and capital budgets. Recommends budget strategies, delivers training on all budget topics, and responds to legislative and OMB requests for information.

Financial Services: Accurately accounts for and reports on over \$2 billion in DNR-generated revenues from sources such as oil and gas, mining, agriculture, and timber sale contracts, leases, and other agreements; provides business accounting services that ensure a high degree of fiscal control and public funds stewardship.

Procurement: Procures goods and services in support of state land sales, contracting of oil and gas consultants, construction and rehabilitation of state park facilities, and other procurement needs unique to DNR. This section also oversees property management and leasing and Anchorage mailroom operations.

Human Resources: Provides recruitment, performance management, consultative guidance and personnel actions, grievance responses, and employment law services to all DNR divisions.

Director's Office: Provides leadership and decision making to Administrative Services, Information Resource Management, and the State Recorder's Office. Provides budgetary and administrative guidance and advice to ten DNR divisions and offices, and guides budget strategies in consultation with divisions and Commissioner's Office.

Overview of the Support Services Division's Information Resource Management Section



Critical Function: Provides information technology support to DNR staff managing Alaska's natural resources.

Economic impact without the section's services: Negative impact to natural resource development projects that rely on land records research and/or application and permit processing due to a lack of information, data, or processing capabilities. Significant negative impacts to commercial activities related to mortgage and title processing, which occurs in DNR's Recorder's Office.

FY2017 Management Plan Budget

PCNs	UGF	DGF	Fed	Other	Total
41	3,223.5	0.0	0.0	1,643.1	4,866.6

Description: Provides land records management per 11 AAC 53.020 which requires DNR to manage the state's land status plats, the historic index of state land transactions, and the serial register of land actions.

To meet regulatory requirements, the section maintains a Land Administration System providing tabular and spatial (GIS) data to the public, DNR, other state agencies, federal, local, and tribal organizations, as well as industry.

Information Resource Management (IRM) is also the primary technical support channel for the State Recorder's Office. The Recorder's Office provides recording and processing services to title and mortgage firms across the state. On behalf of the Recorder's Office, Information Resource Management provides data distribution services to external organizations interested in purchasing large volumes of recorded information.

The section provides full information technology support to DNR statewide. This includes full desktop and local area network support and remote site computer support for Parks and Forestry staff.

The section manages DNR's large technology contracts related to licensed software, hardware infrastructure, software development, and Enterprise License Agreements, and it also provides 24/7 IT support to the Division of Forestry during the wildland firefighting season.

Overview of the Support Services Division's Recorder's Office/Uniform Commercial Code Section



Critical Function: Provides a secure, accessible, and impartial place to record and to preserve the permanent public record of Alaska.

Economic impact without the section's services: Significant adverse impact to commerce without access to current and historic personal and real property recordings and filings in Alaska.

FY2017 Management Plan Budget

PCNs	UGF	DGF	Fed	Other	Total
45	0.0	4,509.9	0.0	116.5	4,626.4

Description: The statewide recording system consists of 34 separate recording districts serviced by 5 offices located throughout Alaska and includes:

- **State Recorder's Office:** Administers the statewide recording system as directed by statutes under 19 separate titles and by regulations in 11 AAC 06.
- **UCC Central File System:** Maintains the public record of filed documents related to security interests in personal property.
- **Archive Unit:** Creates and maintains the permanent public record for Alaska.
- **Management & Support:** Provides information technology, and administrative services to the section, and includes CIP funded data conversion projects, and the mail-back unit.

Title companies, mortgage companies, banks, credit bureaus, and many small businesses rely on the information found at the Recorder's Office and UCC Central File to make appropriate business decisions and to ensure adequate security for financial transactions. Without these services lenders would not be aware of previously recorded obligations or liens against property or individuals. The recording of documents, including mortgages, liens, and conveyance, ensures and secures a position in time.

Electronic recording and filing provides expedited service to customers within and outside of Alaska. The online index provides easy and efficient access to the Alaska public record going back to 1970, and the online access provides historic records of Alaska going back from 1969 to the mid-1800s. Historic preservation projects ensure the Alaska public record will be available for generations to come.

OVERVIEW *of the* Trust Land Office



The Trust Land Office (TLO) is responsible for managing the land and other natural resources owned by the Alaska Mental Health Trust Authority. The TLO generates revenue for trust beneficiaries from land sales and leasing, real estate investment and development, timber sales, mineral, coal, oil and gas exploration and development, and sand gravel and rock sales. Activities on Trust land support nearly 800 high-paying jobs in industries such as mining, oil and gas, timber, and coal, and comprise approximately 2 percent of Alaska's gross domestic product.

Minerals & energy

- \$4.3 million in royalty and other income collected for oil and gas and minerals in FY2016.
- Fort Knox gold mine is the largest producing mine in the state and largest single property taxpayer in the Fairbanks Northstar Borough, paying \$8.3 million in property taxes in CY2014. It provides 650 jobs.
- Exploration projects such as Icy Cape, Chuitna, Livengood, Palmer (near Haines), and Wishbone Hill, could yield over 1,000 jobs if they go into production. Chuitna's projected annual payroll is \$35 million.

Timber

- The proposed Trust Land Exchange with the U.S. Forest Service, if successful, has the potential to preserve or support nearly 200 logging and processing jobs. The TLO is working to secure both federal and state legislation approving the exchange.
- Awarded timber sales currently support roughly 30 jobs; an additional 35 jobs may be added in FY2017 or FY2018, depending on markets and timing of timber operations.

Surface lands & stewardship

- Competitive land sales conducted by the TLO create new revenue for Alaskan communities that have taxing authority and generate over \$2 million in revenue from sales and interest from contracts.
- Subdivision development supports local multi-disciplined consulting firms with engineering designs, land development, and construction.
- Compliance issues relating to trespass and unauthorized uses also provide small businesses contracts and Alaska Hire preference for services on environmental matters, construction, and waste.

Real estate & development

- Commercial property acquisitions in Alaska, Utah, Washington, and Texas have provided over \$2 million in annual revenue for the Trust. This income is stable and helps diversify the Trust's assets.
- Development on Trust land, such as office buildings in the U-Med district in Anchorage, utilize surface lease agreements. These long-term (potentially 50+ years) provide nearly \$500,000 in stable revenues.