

**Department of Natural Resources**  
**FY25 - Summary of Significant Budget Issues**  
(\$ thousands)

Item	Appropriation / Allocation	Description	Governor Request	Amount Enacted	Comment
1	Administration & Support Services / Office of Project Management & Permitting	Increase Funding in Accordance with Carbon Offset Program (SB48 (Ch. 2, SLA 2023)) FY2025 Fiscal Note Projection	\$116.0 Gen Fund (UGF) <b>1 PFT Position Inc</b>	\$116.0 Gen Fund (UGF) <b>1 PFT Position Inc</b>	<p>This <b>\$116.0</b> base Increment funds a full-time Administrative Officer 1, located in Anchorage, to provide support to the Large Project Coordinator added in FY24. This corresponds with FY25 costs identified in the Fiscal Note for the Carbon Offset Program on State Land (SB48, Ch. 2, SLA 2023).</p> <p>The FY25 budget also includes a separate <b>\$60.0 UGF One-Time Increment</b> for the following FY25 costs identified in the Fiscal Note:  \$10.0 for startup costs associated with the new Administrative Officer position; and  \$50.0 for a contractor to conduct a survey of Alaska lands.</p>
2	Administration & Support Services / State Facilities Maintenance and Operations	Fairbanks Denali Building Lease Renewal	\$578.0 Gen Fund (UGF) <b>Inc</b>	\$578.0 Gen Fund (UGF) <b>Inc</b>	<p>The Department of Transportation and Public Facilities negotiated a new ten-year lease for the Fairbanks Denali Building at a cost of \$2.79 per square foot, for 22,064 square feet. The monthly lease costs have increased from \$13,414 in FY23 to \$61,558 in FY25 (an increase of 359%). A prior ten-year contract was signed in 2003, followed by ongoing extensions ending in October 2023.</p> <p>The <b>FY24 supplemental budget included \$433.0 UGF</b> to cover cost increases from October 2023 through June 2024.</p>
3	Oil & Gas / Oil & Gas	Add General Fund Program Receipt Authority and Replace UGF	<b>Total: \$385.0</b>  (\$500.0) Gen Fund (UGF) \$885.0 GF/Prgm (DGF) <b>Inc</b>	<b>Total: \$385.0</b>  (\$500.0) Gen Fund (UGF) \$885.0 GF/Prgm (DGF) <b>Inc</b>	<p>The Division of Oil and Gas receives General Fund Program Receipts (GF/PR) for application fees, easements, material sales, and lease payments. The Division has seen receipt revenues exceed available authority in recent years, and its FY25 budget adds \$885.0 in GF/PR Authority. \$500.0 of the total is replacing Unrestricted General Funds (UGF). The remaining \$385.0 represents increased expenditures.</p> <p>\$200.0 of the additional GF/PR is for increased inspection workloads for oil and gas easements on State land. According to the Department of Natural Resources (DNR), required inspections have tripled since 2021, due to federal policy changes impacting the responsibilities of state agencies. DNR states the remaining \$185.0 GF/PR is to "utilize program receipt revenues for operating costs that maximize prudent use of oil and gas exploration and development."</p>

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3	Oil & Gas / Oil & Gas	Add General Fund Program Receipt Authority and Replace UGF	<b>Total: \$385.0</b>  (\$500.0) Gen Fund (UGF) \$885.0 GF/Prgm (DGF) <b>Inc</b>	<b>Total: \$385.0</b>  (\$500.0) Gen Fund (UGF) \$885.0 GF/Prgm (DGF) <b>Inc</b>	(continued) <b>Fiscal Analyst Comment:</b> Replacing UGF with existing program receipts does not result in a deficit reduction.
4	Fire Suppression, Land & Water Resources / Mining, Land & Water	Advancing State's Rights in Navigability and Revised Statute 2477	\$741.0 GF/Prgm (DGF) <b>Inc</b>	\$741.0 GF/Prgm (DGF) <b>Inc</b>	In 2021, the legislature provided temporary funding of \$695.0 UGF (FY22-FY24) to support engagement and litigation with the federal government over state ownership of submerged lands and navigable waters. The Temporary Increment also added three full-time positions: a Historian 2 and two Natural Resource Specialist 3s in Anchorage. All three positions were filled during FY22.  The FY25 Enacted budget adds \$741.0 General Fund Program Receipts (GF/PR) to the base budget. \$366.0 of the Increment continues funding for the three positions added in the FY22 budget. The remaining \$365.0 funds contracts for technical and legal services for data gathering, documentation, and litigation.  <b>Fiscal Analyst Comment:</b> Replacing UGF with existing program receipts does not result in a deficit reduction.
5	Fire Suppression, Land & Water Resources / Mining, Land & Water	Add GF Program Receipts for Reclassification and Addition of Range Flexibility for Natural Resource Specialist Positions	\$400.0 GF/Prgm (DGF) <b>Inc</b>	\$400.0 GF/Prgm (DGF) <b>Inc</b>	The Division of Mining, Land and Water (DMLW) has experienced high turnover in the Natural Resource Specialist job class series. To address this, DMLW has reclassified existing positions to a higher level within the job class series and added flexibility between ranges, so employees can be promoted without having to move to a new position.
6	Fire Suppression, Land & Water Resources / Forest Management & Development	Add UGF to Allow Existing Timber Sale Receipts to Fund Expanded Forestry Road Infrastructure Projects	\$900.0 Gen Fund (UGF) <b>Inc</b>	\$900.0 Gen Fund (UGF) <b>Inc</b>	This Increment adds \$900.0 UGF to personal services, replacing Timber Sale Receipts, so that personnel are paid using a more predictable funding source. Timber Sale Receipts are derived from timber sales on state lands, and funds may fall short of budgeted authority in any particular year.  In addition, \$879.0 of Timber Sale Receipt authority is transferred to services

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6	Fire Suppression, Land & Water Resources / Forest Management & Development	Add UGF to Allow Existing Timber Sale Receipts to Fund Expanded Forestry Road Infrastructure Projects	\$900.0 Gen Fund (UGF) <b>Inc</b>	\$900.0 Gen Fund (UGF) <b>Inc</b>	(continued) for continuing maintenance and construction projects. The initial projects include: 1) Replacement of Goldstream Creek Bridge near Fairbanks; 2) Engineering plans for Tsirku River Bridge near Haines; 3) Road construction, maintenance, and upgrades for the Haines, Southeast, and Tanana Valley State Forests; and 4) Update forest stand mapping in response to a bark beetle outbreak in Southcentral Alaska.  <b>Fiscal Analyst Comment:</b> Some of the new projects funded by the Increment may be more appropriate as capital budget items.
7	Fire Suppression, Land & Water Resources / Geological & Geophysical Surveys	Conduct Research on Geothermal Energy Potential in Alaska (FY25-FY27)	\$1,000.0 Gen Fund (UGF) <b>2 PFT Positions Inc</b>	\$1,000.0 Gen Fund (UGF) <b>2 PFT Positions IncT</b>	The Governor requested a base Increment to fund identification and analysis of geothermal sites, with the aim of fostering growth in Alaska's geothermal power industry. The legislature funded the item as an FY25-FY27 Temporary Increment.  The item adds a Geologist 3 and a Geographic Information Systems (GIS) Analyst, both located in either Anchorage or Fairbanks. In addition, the item will support an existing Geologist 4 position, located in either Anchorage or Fairbanks.
8	Fire Suppression, Land & Water Resources / Fire Suppression Preparedness	New Leases for Northern Region Warehouse and Southcentral Crew Facility	\$1,500.0 Gen Fund (UGF) <b>Inc</b>	\$1,500.0 Gen Fund (UGF) <b>Inc</b>	Funding is added to support Department of Transportation and Public Facilities (DOTPF) estimates for two new leases:  1) The Northern Region Warehouse, which is owned by the State, is in disrepair to the extent that DOTPF is unable to provide maintenance services. DNR intends to lease a new facility and eventually repurpose the old space for training, offices, and crew storage. The new lease will be a stopgap for eight to ten years. DNR has tentative plans to share a facility with the Bureau of Land Management (BLM), with DNR providing land it already owns near the Fairbanks International Airport and BLM paying the facility construction costs.  2) The Southcentral crew facility was built with DNR funding on University of

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8	Fire Suppression, Land & Water Resources / Fire Suppression Preparedness	New Leases for Northern Region Warehouse and Southcentral Crew Facility	\$1,500.0 Gen Fund (UGF) <b>Inc</b>	\$1,500.0 Gen Fund (UGF) <b>Inc</b>	(continued) Alaska Fairbanks (UAF) land, under an agreement that DNR would not have to pay land leasing costs. The land was later sold by UAF to a private party. The private party has allowed DNR to continue not paying land leasing costs, but DNR's lease expires in October 2024, and the new owner will only allow DNR the option for one-year leases. In order to ensure stable housing availability for firefighting crews, DNR intends to move to a new location in Southcentral, which has not yet been identified.
9	Fire Suppression, Land & Water Resources / Various	Incentive Pay for Wildland Firefighters	\$1,800.0 Gen Fund (UGF) <b>Inc</b>	\$1,200.0 Gen Fund (UGF) <b>Inc</b>	<p>This Increment provides incentive pay to wildland firefighters through a letter of agreement (LOA). Only Wildland Fire and Resource Technician (WFRT) positions would be eligible. The LOA has not been finalized, but DNR anticipates the incentive pay will be 32% of an eligible employee's base pay.</p> <p>The Governor requested \$1,200.0 in the Fire Suppression Preparedness (FSP) allocation, which the legislature funded. The Governor also requested \$600.0 in Fire Suppression Activity (FSA). Though FSA has no budgeted PCNs, unbudgeted positions post to FSA while actively fighting fires. These unbudgeted positions are also eligible for incentive pay. <b>The legislature removed funding from the FSA allocation, instead funding incentive pay for unbudgeted positions through the Fire Suppression Fund.</b></p> <p>The LOA is intended to be a temporary stopgap until a pending Department of Administration classification study on WFRTs is completed. This base Increment would transition to funding any salary increases resulting from the classification study.</p> <p><b>Items 9 and 12 are related.</b></p>
10	Fire Suppression, Land & Water Resources / Fire Suppression Preparedness	Fire Aviation Contract Renewal Cost Increases	\$1,390.0 Gen Fund (UGF) <b>Suppl</b>	\$1,390.0 Gen Fund (UGF) <b>Suppl</b>	<p>This Supplemental item funds two separate aviation cost increases:</p> <p>1) \$940.0 for increased contractual costs for two air tankers. The contract is for 100 days of coverage, and the daily rate has increased from \$14,100 to \$23,500. The contract increase is partly due to inflationary pressure but predominantly due to switching from Convair 580 planes to Dash 8 Q400s.</p>

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10	Fire Suppression, Land & Water Resources / Fire Suppression Preparedness	Fire Aviation Contract Renewal Cost Increases	\$1,390.0 Gen Fund (UGF) <b>Suppl</b>	\$1,390.0 Gen Fund (UGF) <b>Suppl</b>	(continued) DNR states that the newer Dash 8 Q400 planes are "more efficient in delivering fire retardant to Alaskan fires due to their speed and fuel efficiency".  2) \$450.0 for helicopter contractual cost increases. COVID-19 supply chain disruptions have led to a run up in helicopter costs. As a cost-saving measure, DNR's new contract replaces one medium helicopter with two light helicopters, which DNR claims will save \$8.0 per day of use.
11	Fire Suppression, Land & Water Resources / Fire Suppression Activity	Wildland Fire Protection	\$75,000.0 Gen Fund (UGF) <b>Suppl</b>	\$75,000.0 Gen Fund (UGF) <b>Suppl</b>	The Department initially submitted a \$61,000.0 Fire Activity Emergency Declaration in August 2023. The Governor's January 31st supplemental request included an additional \$26,000.0 for July through December expenditures and \$7,000.0 for January through June. The Governor's March 13th amendments reduced the supplemental requests by \$19,000.0.  \$10,100.0 of the supplemental funding paid remaining costs from the CY19 and CY22 fire seasons. Cross-billing with state and federal agencies takes multiple years, and insufficient authority was provided in prior fiscal years.  <b>Fiscal Analyst Comment:</b> On August 14, 2024, the Governor issued an FY24 fire disaster declaration of \$2,910.0. The administration will submit a corresponding ratification request in the next legislative session.
12	Fire Suppression, Land & Water Resources / Fire Suppression Activity	Eliminate Funding from Fire Suppression Activity and Replace with Fire Suppression Fund Capitalization	\$20,500.0 Fed Rcpts (Fed) <b>IncM</b>	<b>Total: (\$18,601.4)</b> (\$3,460.4) Fed Rcpts (Fed) (\$13,641.0) Gen Fund (UGF) (\$1,500.0) Stat Desig (Other) <b>Dec</b>	The legislature removed all funding from the FSA allocation, instead capitalizing the Fire Suppression Fund (FSF). The legislature appropriated \$20,500.0 Federal receipts, \$1,500.0 Statutory Designated Program Receipts, and \$49,341.0 UGF to the FSF. The UGF FSF appropriation is \$35,100.0 higher than the \$14,241.0 UGF FSA funding in the Governor's proposed budget. The FSF is not subject to further appropriation and does not lapse. The intention is to build an ongoing balance in the FSF, reducing the need for large supplemental appropriations during years with severe wildfires.  <b>Items 9 and 12 are related.</b>

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13	Parks & Outdoor Recreation / Parks Management & Access	Add Two Park Specialist Positions to Improve Management of Delta Area State Park Units	\$210.0 GF/Prgm (DGF) <b>2 PFT Positions Inc</b>	\$199.0 GF/Prgm (DGF) <b>2 PFT Positions Inc</b>	According to DNR, Delta State Park units have degraded due to insufficient management capacity and maintenance. The Governor requested \$210.0 to add a Park Ranger 1 and a Park Specialist, both located in Fairbanks, to oversee the area's parks. The legislature funded \$199.0 for two Park Specialist positions. Fairbanks' pre-existing field staff is composed of two Park Rangers, a Park Specialist, and a Park Superintendent.
14	Parks & Outdoor Recreation / Parks Management & Access	Maintain Boat and Off-Road Vehicle Fleet	\$300.0 GF/Prgm (DGF) <b>Inc</b>	\$300.0 GF/Prgm (DGF) <b>Inc</b>	Boats and off-road vehicles (ORVs) are not included in DOTPF's State Equipment Fleet, requiring DNR to pay for maintenance costs as they occur. This Increment allows for emergency maintenance costs and stocking of spare parts. In remote locations, the Department does not have spare boats or ORVs, so delayed maintenance and repairs could inhibit responses to emergencies.
15	Parks & Outdoor Recreation / Parks Management & Access	Remove Boat Registration Fee Authority and Appropriate UGF Sum Certain Equal to Prior Year Boat Registration Collections	<b>Total: (\$25.0)</b> \$281.3 Gen Fund (UGF) (\$306.3) Boat Rcpts (DGF) <b>Dec</b>	<b>Total: (\$25.0)</b> \$281.3 Gen Fund (UGF) (\$306.3) Boat Rcpts (DGF) <b>Dec</b>	The FY25 Enacted budget removes \$306.3 of Boat Registration Fee authority from the numbers section, instead adding \$281.3 UGF in the language section. \$281.3 is equal to the amount of Boat Registration Fees collected in the prior year. The intention is to allow Boat Registration Fees to lapse to the general fund, then appropriate an equivalent amount of UGF in the following year.
16	Parks & Outdoor Recreation / Parks Management & Access	Increase Funding for Improvements within Chugach State Park.	n/a	<b>Net Zero</b>	<b>Vetoed Legislative Addition:</b> The legislature added \$341.0 UGF, two full-time positions, and two temporary positions for maintenance of Chugach State Park. The Governor vetoed the positions and funding.  <b>Fiscal Analyst Comment:</b> In FY24, the legislature added \$336.0 UGF for maintenance of Chugach State Park, but the funding was vetoed by the Governor.