



State of Alaska Department of Natural Resources House Finance Subcommittee Budget Overview February 5, 2015



DEPARTMENT OF NATURAL RESOURCES

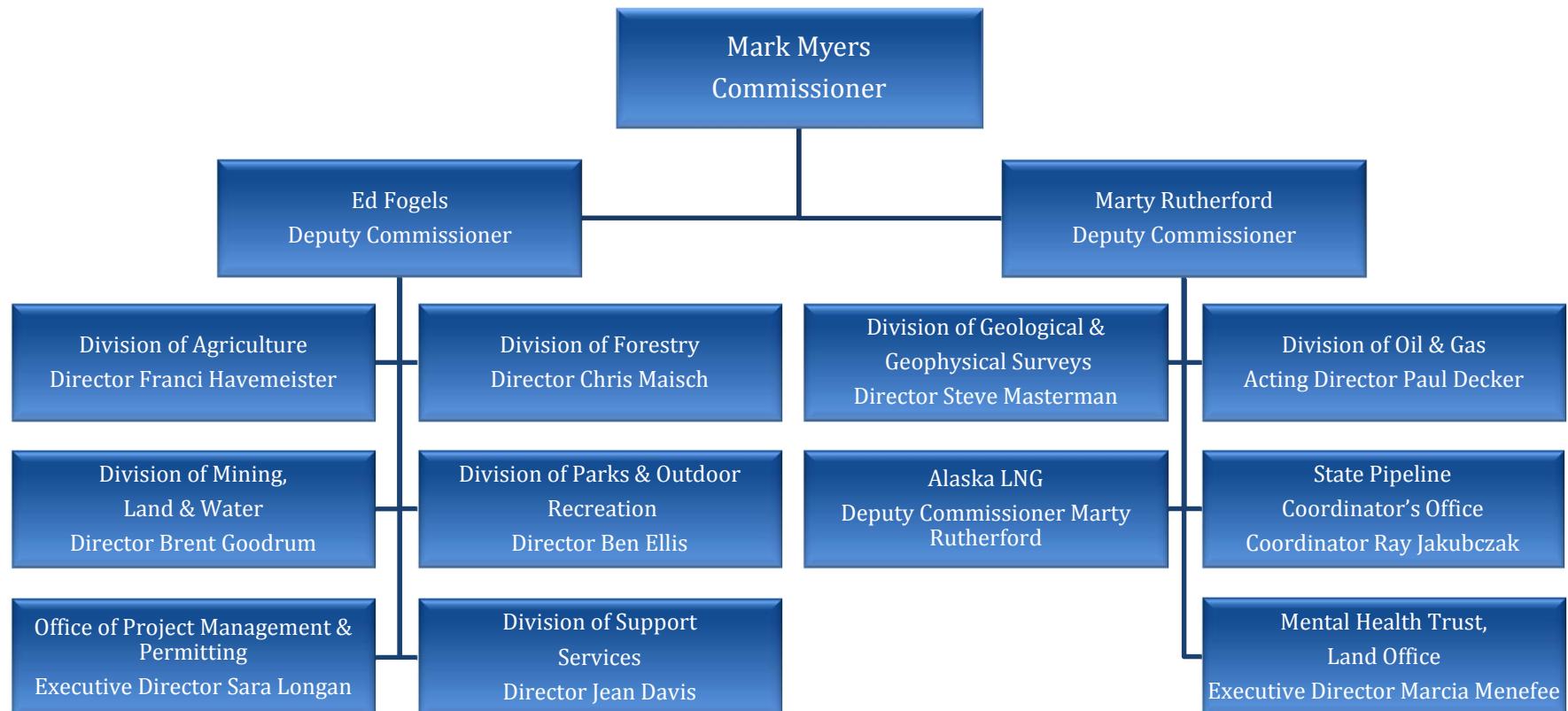
- PART I -



DNR Overview

DEPARTMENT OF NATURAL RESOURCES

- ORGANIZATION CHART -



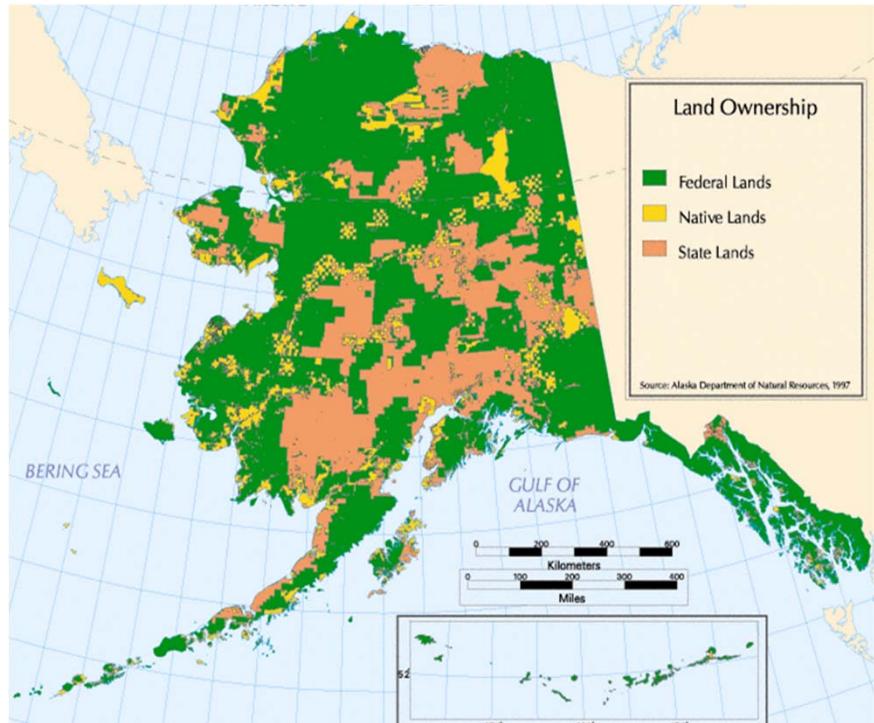
DEPARTMENT OF NATURAL RESOURCES

- CORE SERVICES -

- Foster responsible commercial development and use of state land and natural resources, consistent with the public interest, for long-term wealth and employment.
- Mitigate threat to the public from natural hazards by providing comprehensive fire protection services on state, private and municipal lands, and through identifying significant geologic hazards.
- Provide access to state lands for public and private use, settlement, and recreation.
- Ensure sufficient data acquisition and assessment of land and resources to foster responsible resource and community development and public safety.

DEPARTMENT OF NATURAL RESOURCES

- LAND OWNERSHIP -



Land Ownership

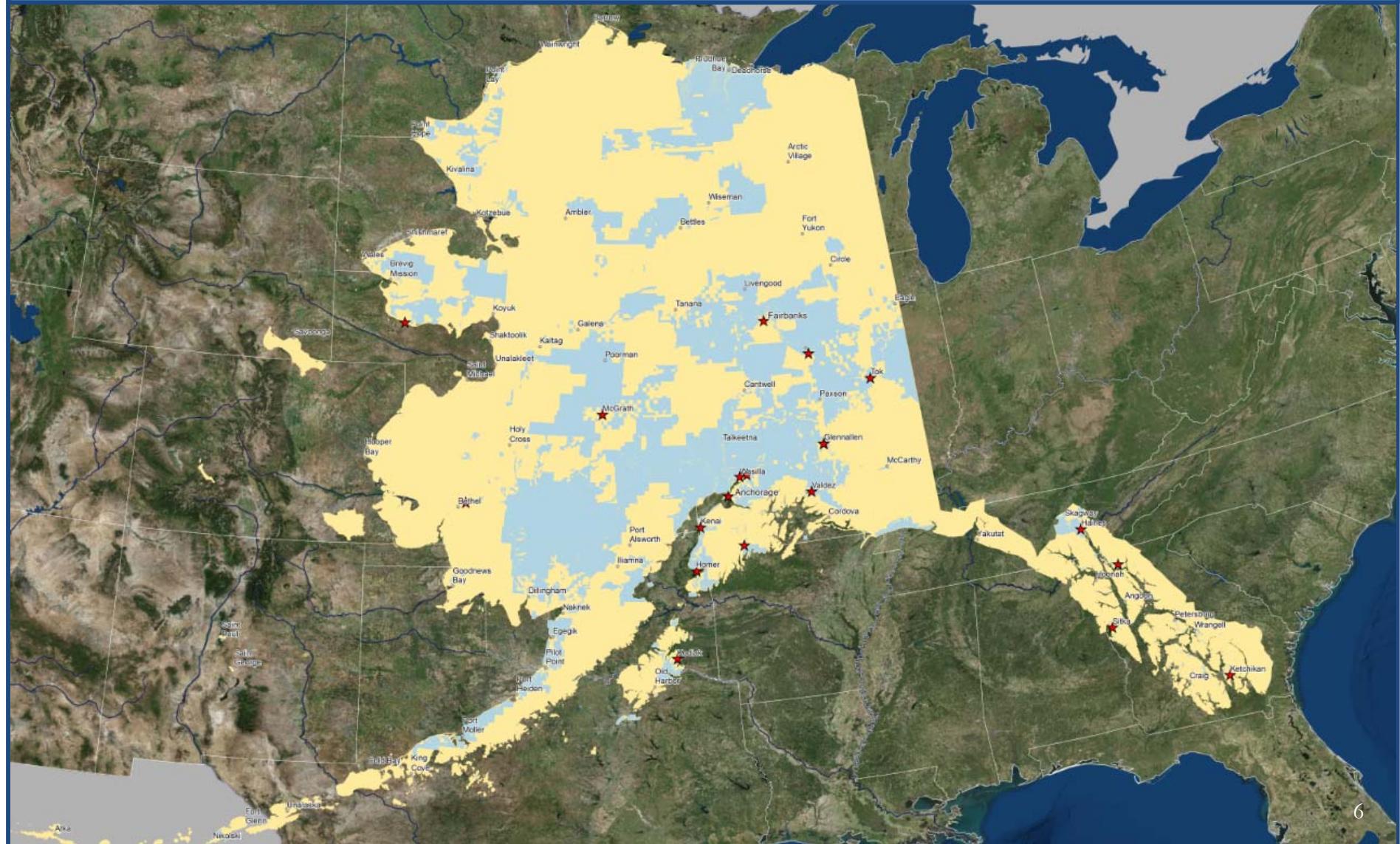
- *Federal Land*: More than 200 million acres
- *State Land*: Approx. 100 million acres of uplands, 60 million acres of tidelands, shore lands, and submerged lands, and 40,000 miles of coastline
- *Native Corporation Land*: 44 million acres

DNR:

- Manages one of the largest portfolios of oil, gas, minerals, renewable resources, water, and land in the world
- Manages all oil and gas fields on state land, including two of the largest oil and gas fields in North America
- Oversees all activities that occur on state land

DEPARTMENT OF NATURAL RESOURCES

- STATE LAND POSITION/DNR OFFICE LOCATIONS-



DEPARTMENT OF NATURAL RESOURCES

- DIVISION OVERVIEWS -

1. Division of Agriculture (DoA)

- Franci Havemeister, Director
- 40 full and part-time budgeted positions
- 4.2% of DNR's FY16 Operating Budget Request
- \$7,350.6 total budget request (\$3,149.0 UGF)
- Promotes and encourages development of an agriculture industry in Alaska



2. Division of Forestry (DoF)

- Chris Maisch, Director
- 254 full and part-time budgeted positions (does not include the hundreds of fire season crews)
- 25.9% of DNR's FY16 Operating Budget Request
- \$45,355.6 total budget request (\$26,251.0 UGF)
- 85.6% of Forestry's budget is Fire Suppression
- Serves Alaskans through forest management and wildland fire protection



DEPARTMENT OF NATURAL RESOURCES

- DIVISION OVERVIEWS -

3. Division of Geological & Geophysical Surveys (DGGS)

- Steve Masterman, Director
- 52 full and part-time budgeted positions
- 4.9% of DNR's FY16 Operating Budget Request
- \$8,622.2 total budget request (\$4,631.7 UGF)
- Determines the potential of Alaskan land for production of metals, minerals, fuels, and geothermal resources, the locations and supplies of groundwater and construction material, and the potential geologic hazards to buildings, roads, bridges, and other installations



4. Division of Mining, Land & Water (DMLW)

- Brent Goodrum, Director
- 210 full and part-time budgeted positions
- 15.2% of DNR's FY16 Operating Budget Request
- \$26,596.0 total budget request (\$11,795.6 UGF)
- Provides for the appropriate use and management of Alaska's state owned land and water, aiming toward maximum use consistent with the public interest

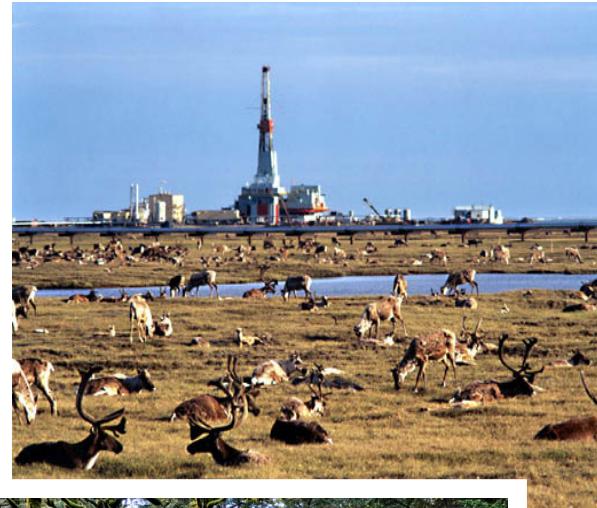


DEPARTMENT OF NATURAL RESOURCES

- DIVISION OVERVIEWS -

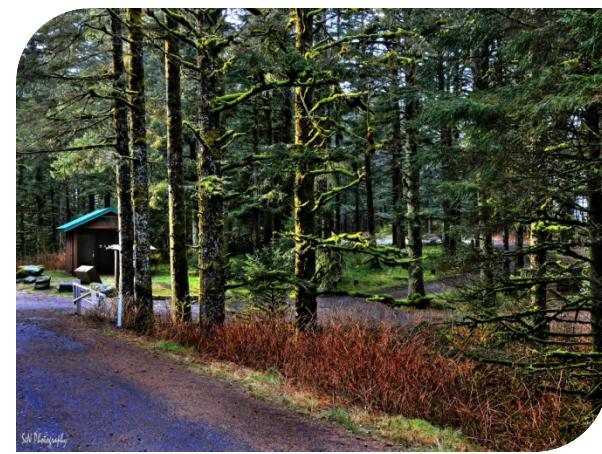
5. Division of Oil & Gas (DOG)

- Paul Decker, Acting Director
- 125 full and part-time budgeted positions
- 13.2% of DNR's FY16 Operating Budget Request
- \$23,095.2 total budget request (\$9,771.5 UGF)
- Responsible for the leasing of state lands for oil, gas, and geothermal exploration, and issuing and monitoring pipeline right-of-way leases.



6. Division of Parks & Outdoor Recreation (DPOR)

- Ben Ellis, Director
- 187 full and part-time budgeted positions
- 9.9% of DNR's FY16 Operating Budget Request
- \$17,326.1 total budget request (\$3,952.3 UGF)
- Provides outdoor recreation opportunities and conserves and interprets natural, cultural, and historic resources for the use, enjoyment, and welfare of the people



DEPARTMENT OF NATURAL RESOURCES

- DIVISION OVERVIEWS -

7. Division of Support Services (SSD)

- Jean Davis, Director
- 131 full and part-time budgeted positions
- 7.8% of DNR's FY16 Operating Budget Request
- \$13,709.1 budget request (\$5,867.8 UGF)
- Provides client-focused, efficient and cost-effective financial, budget, procurement, human resource, information technology and recording services to DNR and the public



DEPARTMENT OF NATURAL RESOURCES

- OFFICE OVERVIEWS -

Office of the Commissioner

- Mark Myers, Commissioner
- 9 full-time budgeted positions
- 1.0% of DNR's FY16 Operating Budget Request
- \$1,828.2 total budget request (\$1,654.8 UGF)

North Slope Gas Commercialization (NSGC)

- Marty Rutherford, Deputy Commissioner
- 8 full-time budgeted positions
- 7.6% of DNR's FY16 Operating Budget Request
- \$13,225.2 total budget request (UGF)



DEPARTMENT OF NATURAL RESOURCES

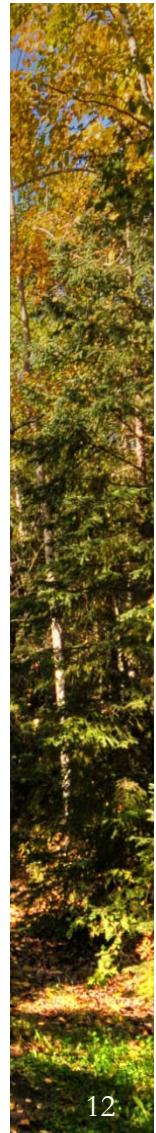
- OFFICE OVERVIEWS -

Office of Project Management & Permitting (OPMP)

- Sara Longan, Director
- 19 full-time budgeted positions
- 4.6% of DNR's FY16 Operating Budget Request
- \$8,134.6 total budget request (\$738.8 UGF, \$5,648.3 Industry Receipts)
- Coordinates the review of larger scale projects in the state

Alaska Mental Health Trust Land Office (MHTLO)

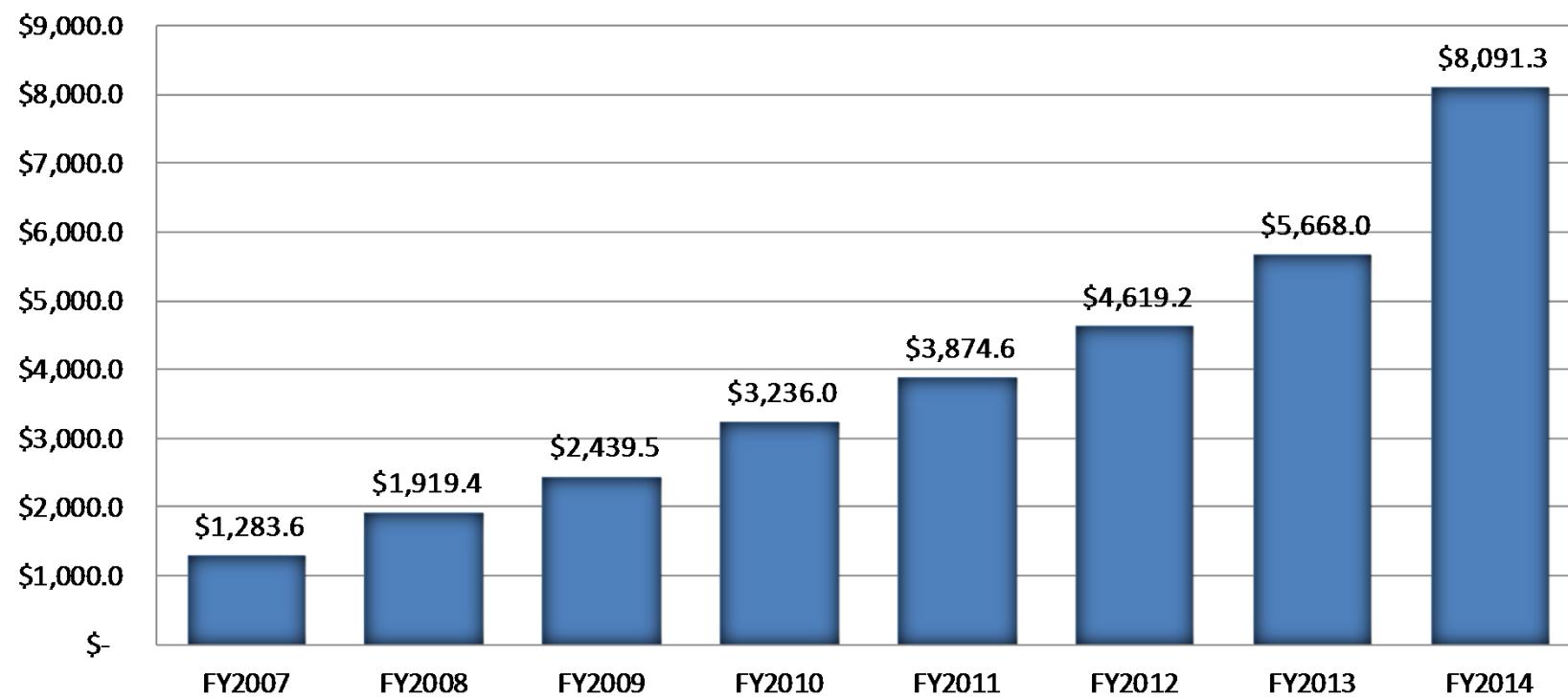
- Marcie Menefee, Executive Director
- 18 full and part-time budgeted positions
- 2.5% of DNR's FY16 Operating Budget Request
- \$4,321.9 total budget request (MHTAAR Receipts)
- Protecting and enhancing the value of Alaska Mental Health Trust Lands while maximizing revenues from those lands over time



KEY PERFORMANCE MEASURES

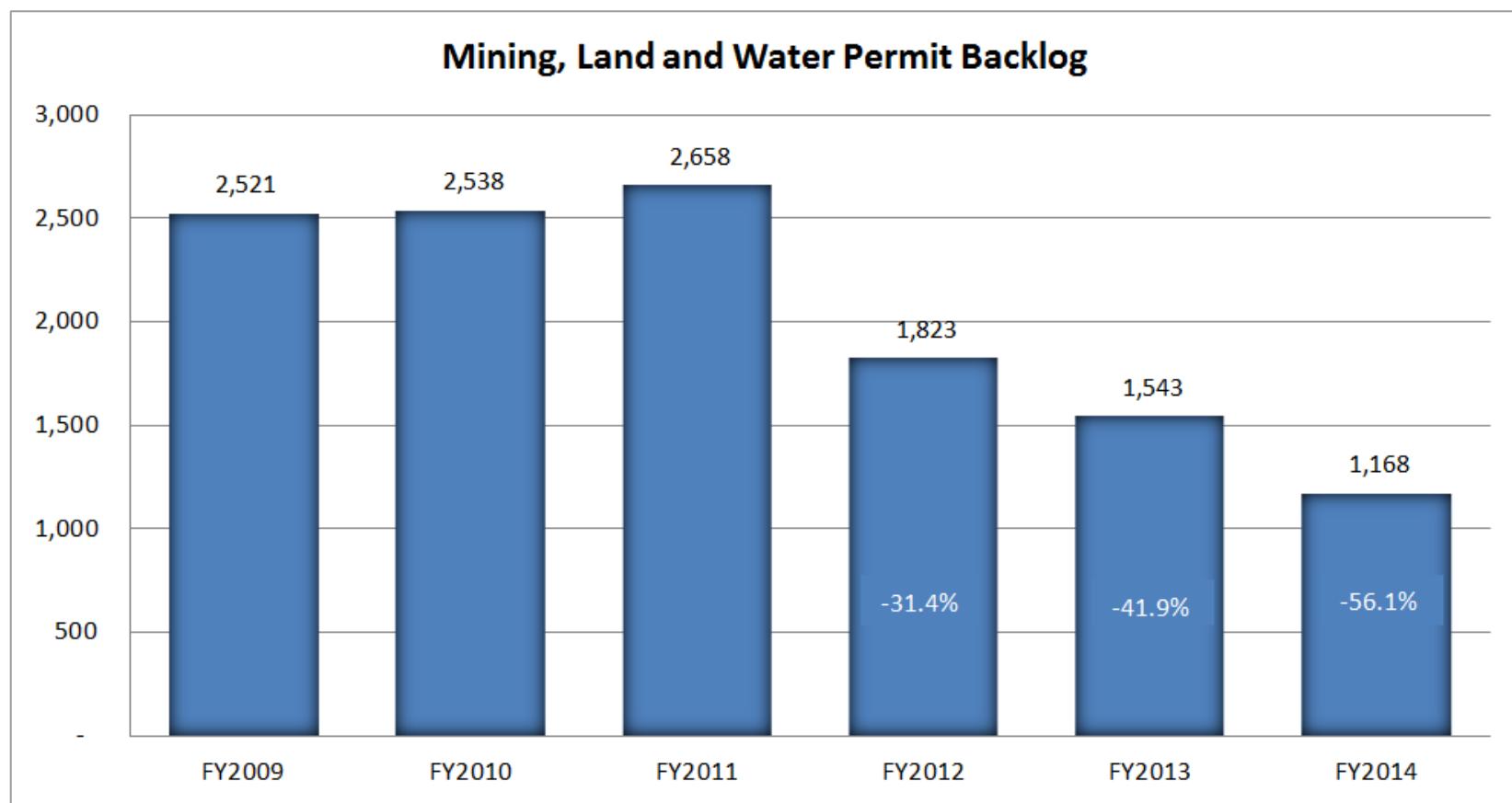
TARGET: Review, coordinate, and manage 100% of large resource development projects that request Office of Project Management & Permitting services to assist project proponents in navigating the state and federal permitting process.

Dollar Value (in thousands) of Agreements under MOU and RSA for Large Development Projects Permitting Coordination



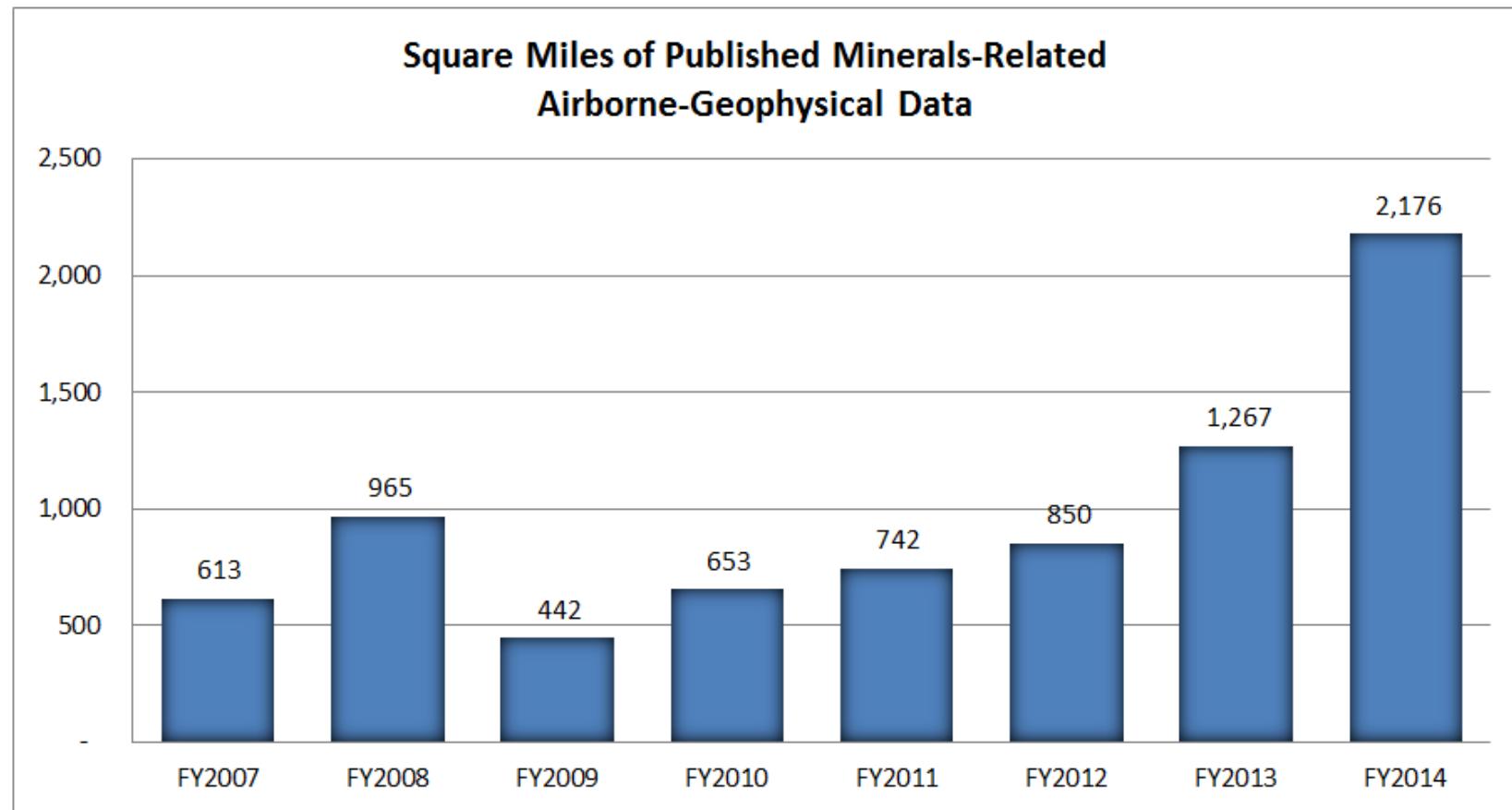
KEY PERFORMANCE MEASURES

TARGET: Eliminate 100% of the Permit Backlog



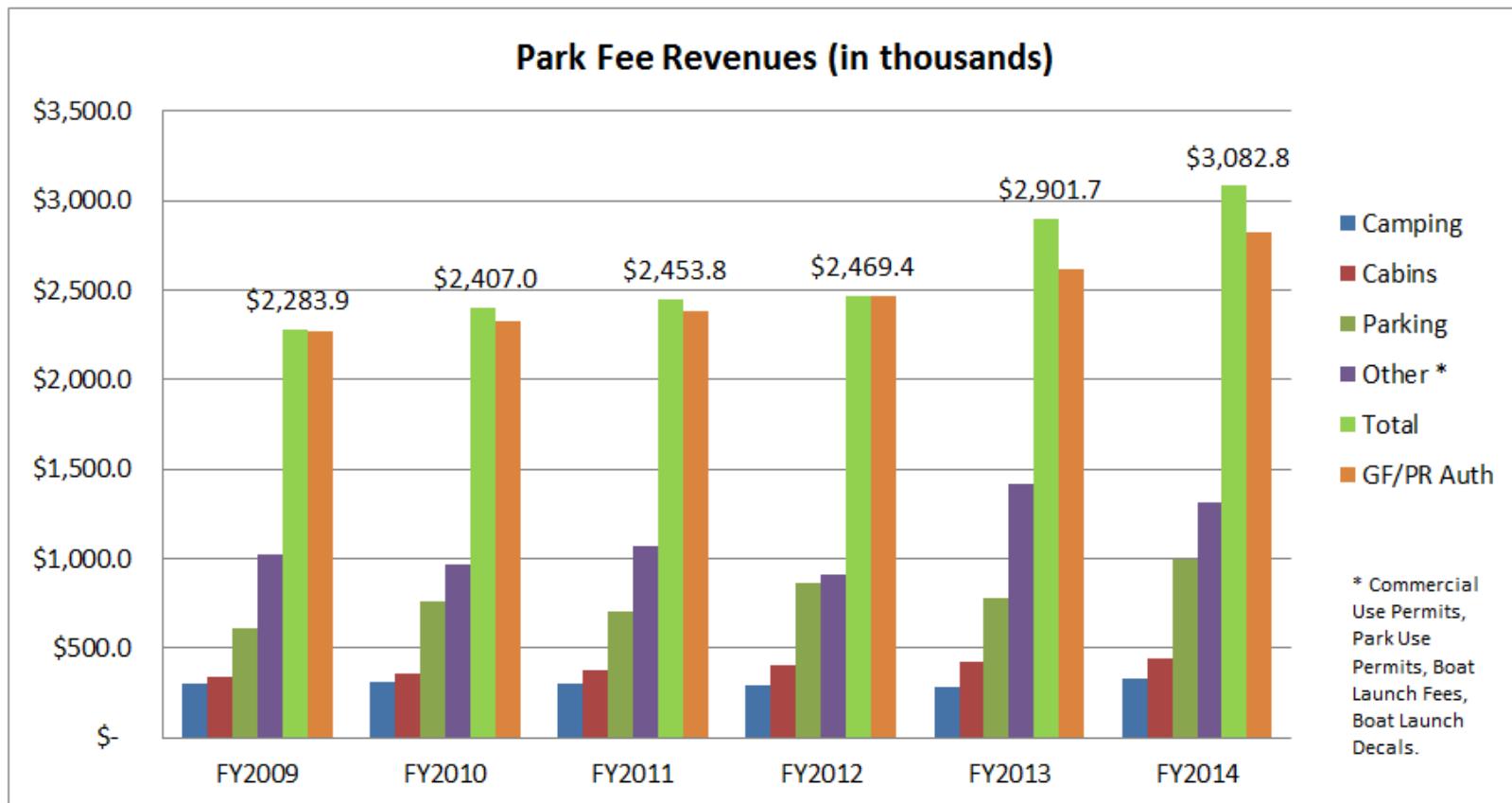
KEY PERFORMANCE MEASURES

TARGET: Square miles of published airborne geophysical survey data of minerals-interest lands.



KEY PERFORMANCE MEASURES

TARGET: Collect enough fees yearly to cover the authorized program receipt funds in the Parks Management and Access budget. Increase fee revenues annually.



DEPARTMENT OF NATURAL RESOURCES

PART II

FY2016 Governor Amended Budget Highlights

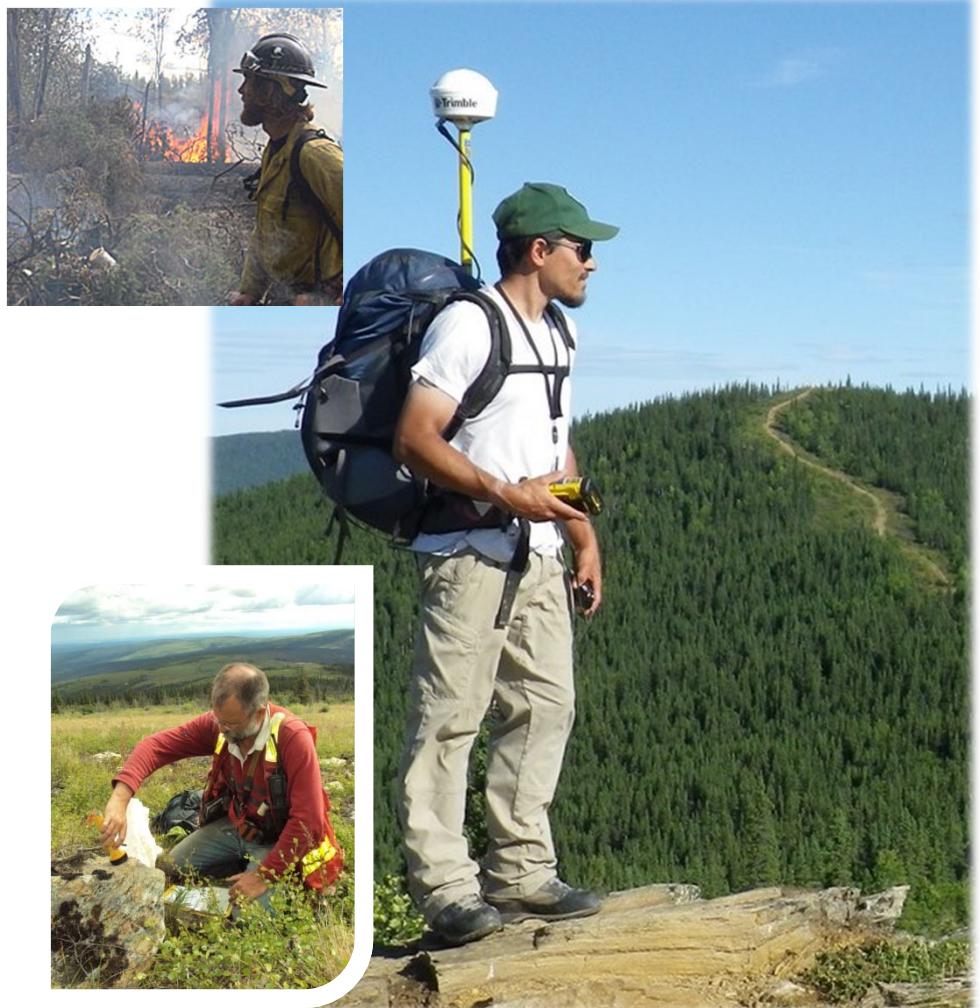


DNR FY2016 GOVERNOR AMENDED BUDGET

- EMPLOYEES -

DNR will employ about 1,060 Alaskans in full-time and seasonal positions, in 29 locations, with main offices in Anchorage, Juneau, Fairbanks and Palmer, and regional offices throughout the state

	FT	PT	NP	Total	% Change from FY2012
FY2012 Management Plan	759	248	93	1,100	
FY2013 Management Plan	755	241	103	1,099	-0.09%
FY2014 Management Plan	757	243	112	1,112	1.09%
FY2015 Management Plan	759	238	110	1,107	0.64%
FY2016 Governor Amend	734	219	107	1,060	-3.64%



DNR FY2016 GOVERNOR AMENDED BUDGET

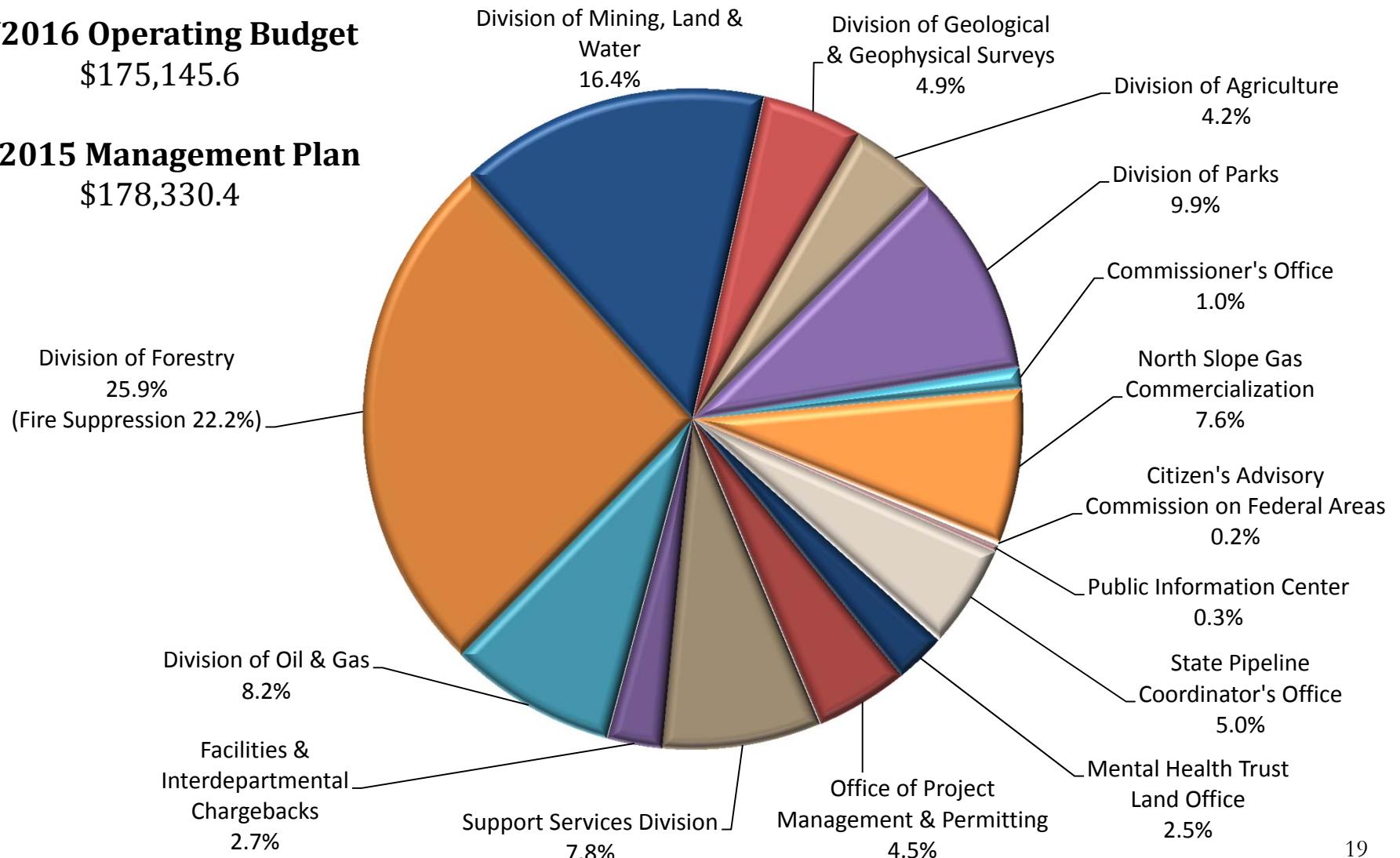
- OPERATING BUDGET BY DIVISION / OFFICE -

FY2016 Operating Budget

\$175,145.6

FY2015 Management Plan

\$178,330.4

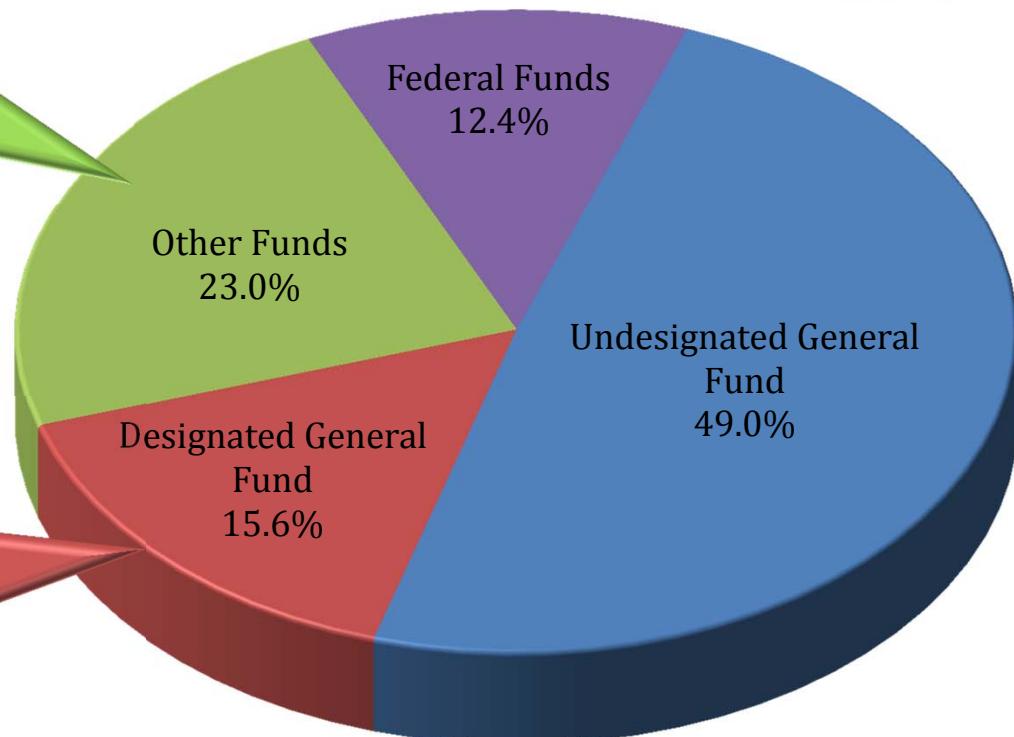


DNR FY2016 GOVERNOR AMENDED BUDGET

- OPERATING BUDGET BY FUND TYPE -

- Reimbursable Services Agreements (RSAs)
- Mental Health Receipts
- Industry Reimbursements
- Permanent Fund Receipts

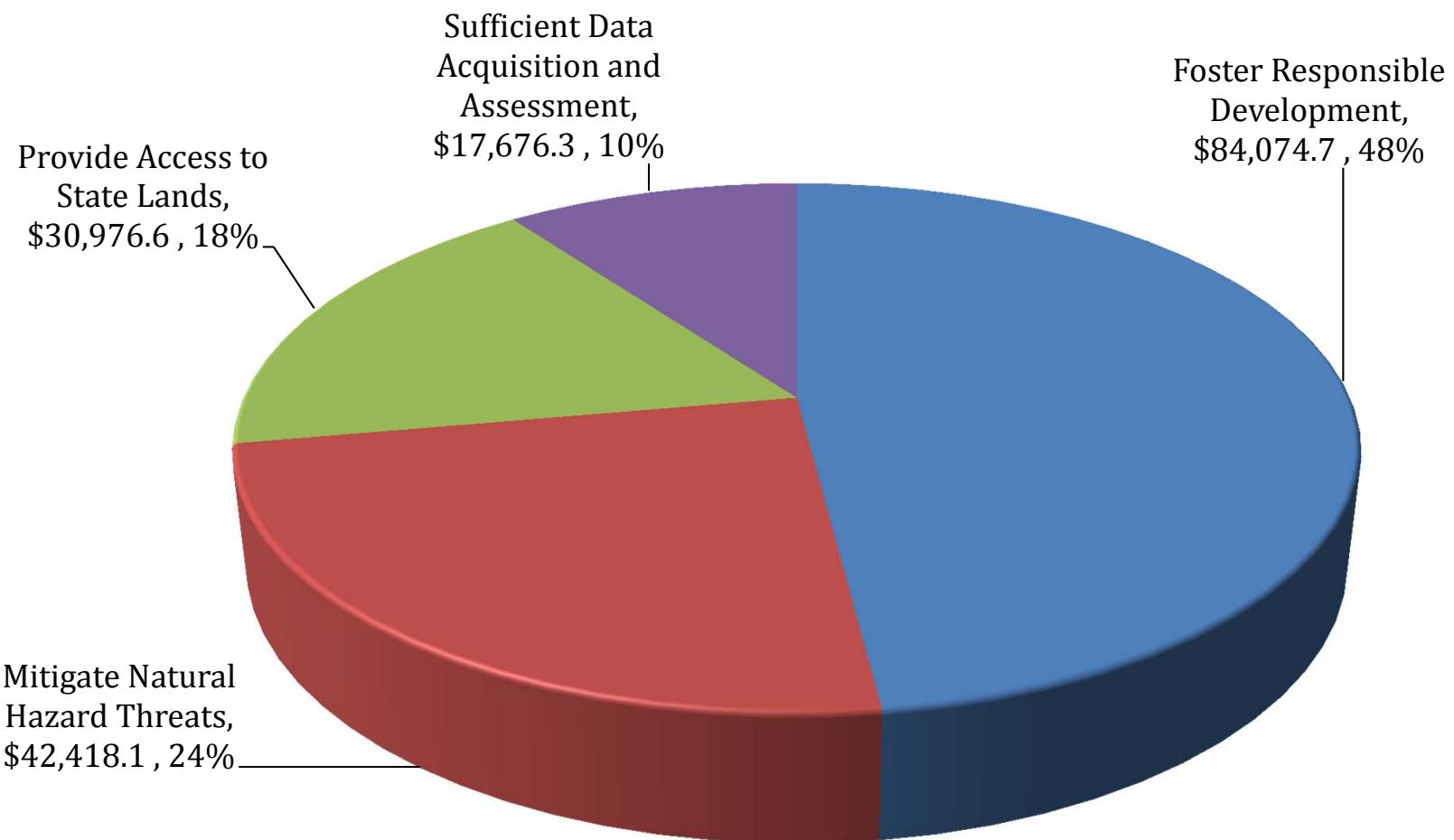
- Fees (Parks, Recorder's Office, Permits)
- Land Disposal Income Fund
- Timber Receipts
- ARLF
- Vehicle Rental Tax



Undesignated GF	\$ 85,890.0
Designated GF	\$ 27,245.4
Other Funds	\$ 40,252.9
Federal	\$ 21,757.3
Total	\$ 175,145.6

DNR FY2016 GOVERNOR AMENDED BUDGET

- OPERATING BUDGET BY CORE SERVICES -



DNR FY2016 GOVERNOR AMENDED BUDGET

- OPERATING BUDGET BY CORE SERVICE -

Comparison of FY2015 Management Plan To FY2016 Adjusted Base

	FY2015 Management Plan					FY2016 Adjusted Base					Change from FY2015 Management Plan
	UGF	DGF	Other	Federal	Total	UGF	DGF	Other	Federal	Total	
Foster Responsible Development	40,473.2	12,291.8	28,225.9	3,251.1	84,242.0	30,607.2	12,450.3	24,361.2	3,278.0	70,696.7	(13,545.3)
Mitigate Natural Hazard Threats	25,728.5	800.0	3,468.5	13,464.2	43,461.2	25,940.7	812.2	3,497.5	13,484.0	43,734.4	273.2
Provide Access to State Lands	12,154.9	11,634.0	6,113.7	1,979.1	31,881.7	12,222.1	11,798.2	6,210.4	2,002.4	32,233.1	351.4
Sufficient Data Acquisition and Assessment	9,716.2	1,742.7	4,161.9	3,124.7	18,745.5	9,874.3	1,771.0	4,230.0	3,157.9	19,033.2	287.7
TOTALS	88,072.8	26,468.5	41,970.0	21,819.1	178,330.4	78,644.3	26,831.7	38,299.1	21,922.3	165,697.4	(12,633.0)

Comparison of FY2016 Adjusted Base To FY2016 Governor Amended

	FY2016 Adjusted Base					FY2016 Governor Amended					Change from FY2016 Adj Base
	UGF	DGF	Other	Federal	Total	UGF	DGF	Other	Federal	Total	
Foster Responsible Development	30,607.2	12,450.3	24,361.2	3,278.0	70,696.7	41,096.4	12,283.6	27,566.6	3,128.0	84,074.6	13,377.9
Mitigate Natural Hazard Threats	25,940.7	812.2	3,497.5	13,484.0	43,734.4	24,724.0	784.5	3,425.6	13,484.0	42,418.1	(1,316.3)
Provide Access to State Lands	12,222.1	11,798.2	6,210.4	2,002.4	32,233.1	11,399.7	11,761.8	5,812.7	2,002.4	30,976.6	(1,256.5)
Sufficient Data Acquisition and Assessment	9,874.3	1,771.0	4,230.0	3,157.9	19,033.2	8,669.9	1,748.5	4,115.0	3,142.9	17,676.3	(1,356.9)
TOTALS	78,644.3	26,831.7	38,299.1	21,922.3	165,697.4	85,890.0	26,578.4	40,919.9	21,757.3	175,145.6	9,448.2

DNR FY2016 GOVERNOR AMENDED BUDGET

- SUMMARY -

SUMMARY OF FY2016 GOVERNOR'S AMENDED BUDGET DEVELOPMENT

	<u>Division</u>	<u>Funding Sources</u>					<u>Positions</u>			
		<u>UGF</u>	<u>DGF</u>	<u>Other</u>	<u>Fed</u>	<u>Total</u>	<u>PFT</u>	<u>PPT</u>	<u>NP</u>	<u>Total</u>
FY2015 Management Plan:		88,072.8	26,468.5	41,970.0	21,819.1	178,330.4	759	238	110	1,107
FY2016 Adjusted Base (Legislative Finance) Actions:										
Net FY16 Contractual Salary Inc and Health Ins Rate Reductions	Multiple	1,017.7	363.2	400.5	103.2	1,884.6				-
Reversal of AKLNG Fiscal Note for SB138	AKLNG	(8,986.7)				(8,986.7)	(6)			(6)
Reversal of Mental Health Trust Land Office Administrative Budget	MHTLO			(4,071.4)		(4,071.4)				-
Reversal of Other One-Time Appropriations	Multiple	(1,459.5)				(1,459.5)				-
FY2016 Adjusted Base (Legislative Finance):		78,644.3	26,831.7	38,299.1	21,922.3	165,697.4	753	238	110	1,101
FY2016 Governor Amended Budget Increments:										
Restore Gas Pipeline AKLNG Project Funding to FY2015 Level (SB138)	AKLNG	8,986.7				8,986.7	6			6
Additional Funding for Gas Pipeline AKLNG Project	AKLNG	4,200.0				4,200.0	1			1
Spending and Receipt Authority for Pipeline and Gas Line Projects	SPCO			585.2		585.2				-
Restore Mental Health Trust Land Office Administrative Budget	MHTLO			4,071.4		4,071.4				-
Additional Funding for Mental Health Trust Land Office Administrative Budget	MHTLO			255.6		255.6				-
Subtotal Increments		13,186.7	0.0	4,912.2	0.0	18,098.9	7	0	0	7

DNR FY2016 GOVERNOR AMENDED BUDGET

- SUMMARY -

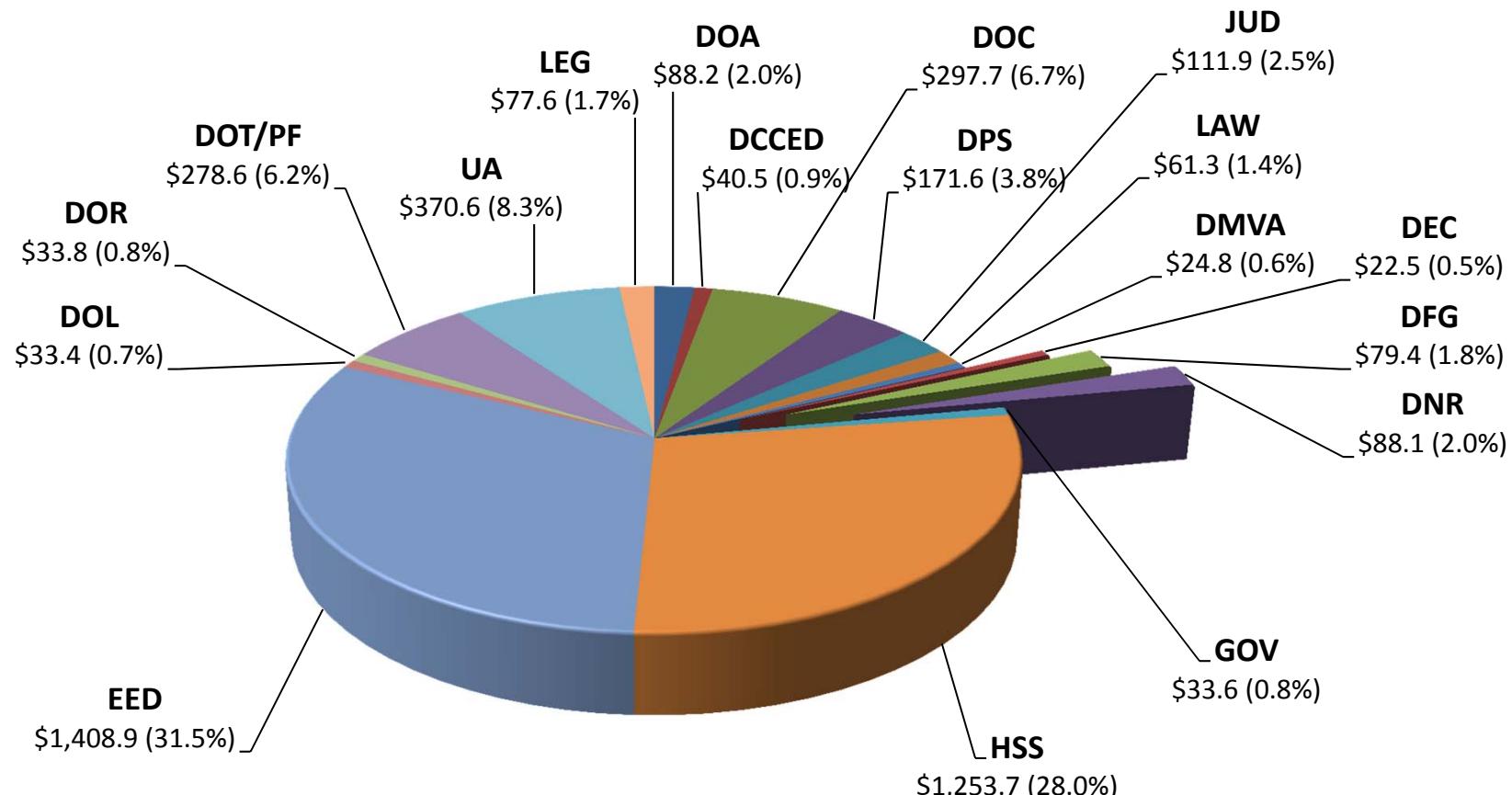
SUMMARY OF FY2016 GOVERNOR'S AMENDED BUDGET DEVELOPMENT

	Division	Funding Sources			Positions					
		UGF	DGF	Other	Fed	Total	PFT	PPT	NP	Total
FY2016 Governor Amended Budget Decrements (alphabetical by division):										
Eliminate Funding for Natural Resources Conservation and Development Board	Agriculture	(116.5)				(116.5)				-
Agricultural Program Consolidation and Efficiencies	Agriculture	(71.9)					(1)			(1)
Eliminate Ethnobotany Program and Garden	Agriculture	(147.8)				(147.8)	(1)	(2)		(3)
Delete Special Assistant to the Commissioner Position	Commissioner	(70.0)				(70.0)	(1)			(1)
Elimination of Airborne Geophysical Surveys and Support for Geothermal and Coal Resources	DGGS	(1,000.0)				(1,000.0)	(4)			(4)
Eliminate Iditarod Trail Oversight and Management	DMLW	(100.9)		(137.0)		(237.9)	(2)			(2)
Eliminate RS2477/Navigability Program	DMLW	(1,547.8)				(1,547.8)	(6)			(6)
Consolidation of Regional Management in Forestry Area Office	Forestry	(50.0)				(50.0)	(1)			(1)
Reorganize the McGrath Fire Suppression Protection Area and Discontinue the Wildland Fire Academy	Forestry	(1,100.0)				(1,100.0)		(16)		(16)
Eliminate Coordination of Agency Input to Forest Service Tongass Planning and Timber Sale Projects	Forestry	(111.0)		(16.1)		(127.1)	(1)			(1)
Restructure of Oil and Gas as a Result of Work Process Improvements	Oil & Gas	(644.0)				(644.0)	(3)		(2)	(5)
Reduce Alaska National Interest Lands Conservation Act (ANICLA) Office	OPMP	(226.0)				(226.0)	(1)			(1)
Eliminate Coordination of Agency Input to Forest Service Tongass Planning and Timber Sale Projects	OPMP	(37.5)				(37.5)				-
Reduce Receipt Authority for Permitting Coordination Projects	OPMP			(500.0)		(500.0)				-
Decrease Exxon Valdez Oil Spill Authorization to Match Trustee Council Budget	OPMP			(246.9)		(246.9)				-
Reallocation of Administrative Duties to Recognize Efficiencies in Parks	Parks	(25.0)			(15.0)	(40.0)	(1)			(1)
Reorganization of State Pipeline Coordinator's Office	SPCO	(80.0)	(438.9)			(518.9)	(3)			(3)
Delete Petroleum Systems Integrity Office	SPCO/PSIO	(607.6)				(607.6)				-
Centralize Information Technology Functions and Services	SSD	(85.0)				(85.0)	(1)			(1)
Recorder's Office Consolidation and Efficiencies	SSD	(173.3)				(173.3)		(1)		(1)
Delete Excess Authorization from Miscellaneous Components	Multiple		(952.5)	(150.0)	(1,102.5)			(1)		(1)
Subtotal Decrements		(5,941.0)	(253.3)	(2,291.4)	(165.0)	(8,578.8)	(26)	(19)	(3)	(48)
FY2016 Governor Amended:										85,890.0 26,578.4 40,919.9 21,757.3 175,217.5 734 219 107 1,060

Comparisons:									
% Change FY2016 Adjusted Base to FY2016 Governor Amended	9.2%	-0.9%	6.8%	-0.8%	5.7%	-2.5%	-8.0%	-2.7%	-3.7%
% Change FY2015 Management Plan to FY2016 Governor Amended	-2.5%	0.4%	-2.5%	-0.3%	-1.7%	-3.3%	-8.0%	-2.7%	-4.2%
Comparison Excluding AKLNG:									
FY2016 Governor Amended excluding AKLNG	72,703.3	26,578.4	40,919.9	21,757.3	162,030.8	727	219	107	1,053
% Change FY2016 Adjusted Base to FY2016 Governor Amended excluding AKLNG	-7.6%	-0.9%	6.8%	-0.8%	-2.2%	-3.5%	-8.0%	-2.7%	-4.4%

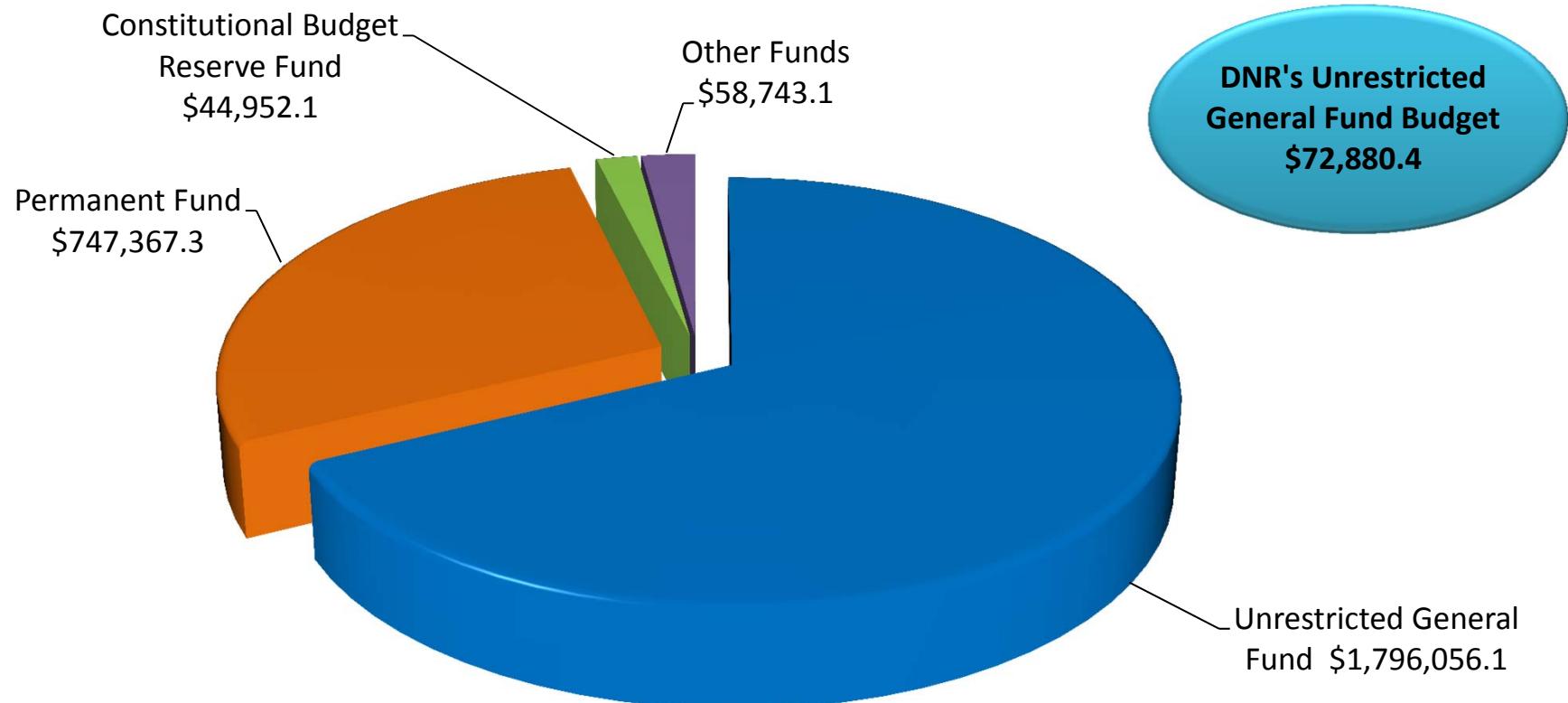
DEPARTMENT COMPARISON

Department Comparison
FY2015 Management Plan Operating Budget
(UGF only - in millions)



DNR REVENUE GENERATION

DNR GENERATED REVENUE COMPARED TO DNR's UNRESTRICTED GENERAL FUND BUDGET
ANNUAL AVERAGE FOR FY2006 – FY2014 (IN THOUSANDS)



DNR generates an average of \$2.6 billion in revenue annually.

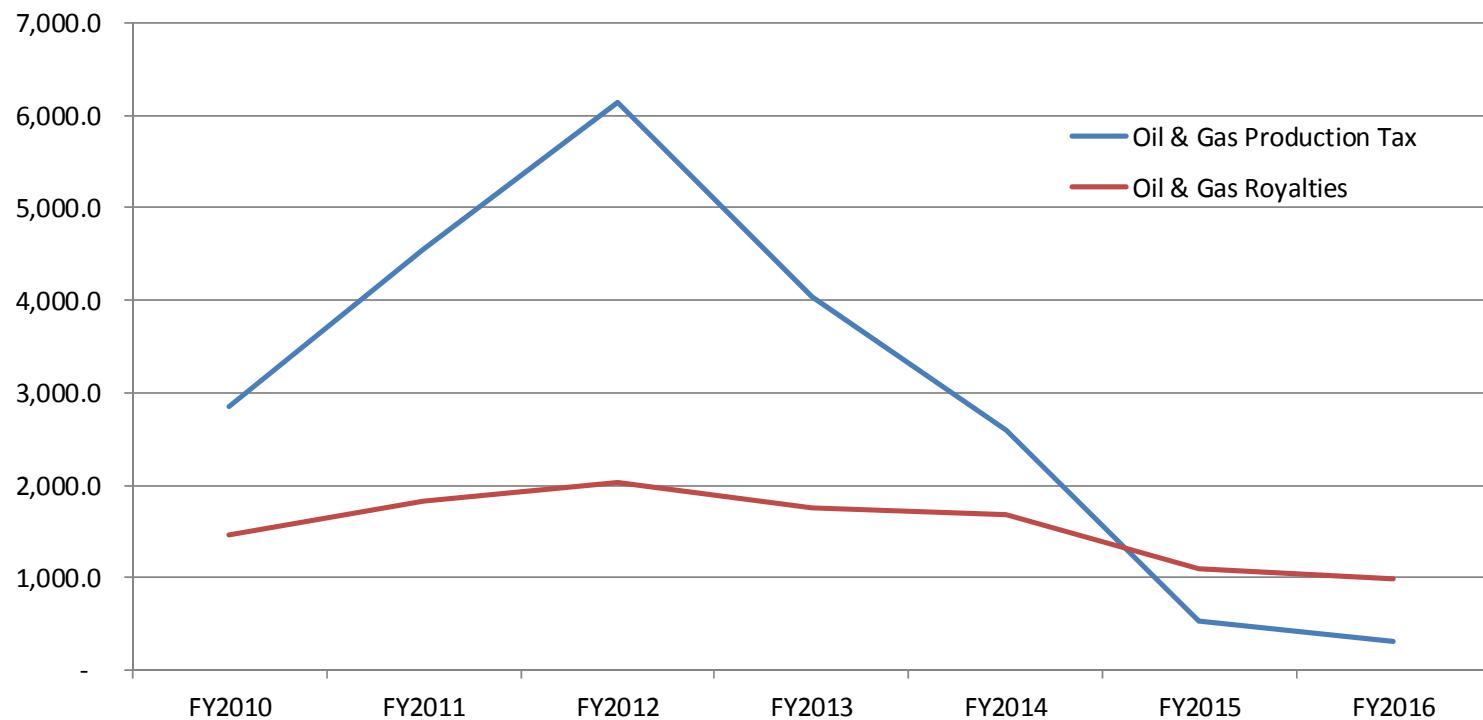
Additionally, of the \$3.38 billion in unrestricted general fund tax revenue collected by the Department of Revenue in FY2014, \$2.61 billion was generated from oil & gas and mining activities.

REVENUE ACTUALS & FORECAST

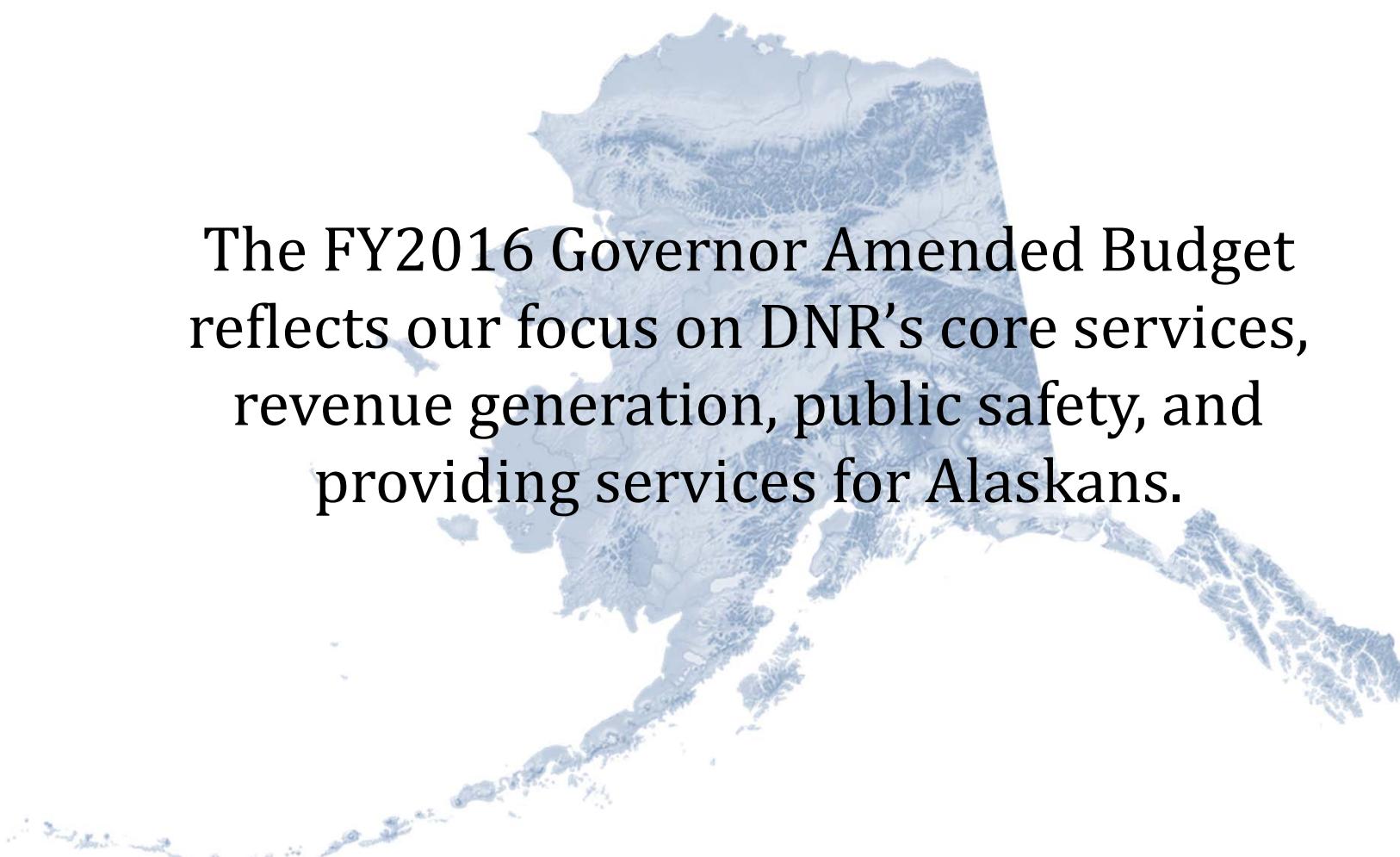
Revenue Sources Book Fall 2014

Alaska Department of Revenue

(in millions)	Actuals		Actuals		Actuals		Actuals		Forecast	
	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016			
Oil & Gas Production Tax	2,860.7	4,543.2	6,136.7	4,042.5	2,598.2	523.6	308.4			
Oil & Gas Royalties	1,469.0	1,821.3	2,022.8	1,748.4	1,685.0	1,100.8	989.9			



IN CONCLUSION



The FY2016 Governor Amended Budget reflects our focus on DNR's core services, revenue generation, public safety, and providing services for Alaskans.