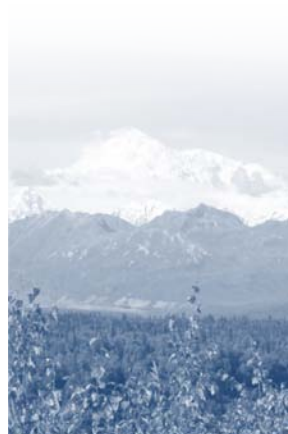




State of ALASKA

Department of Natural Resources



House Finance Subcommittee

DNR FY2014 Budget Review: 10-year Fiscal Plan

January 28, 2013

Alaska Department of Natural Resources
www.dnr.alaska.gov

AGENDA



- I. Budget Growth Analysis
- II. DNR's 10-Year Fiscal Plan

Part I



BUDGET GROWTH ANALYSIS

DNR FY2014 Budget

Operating Budget Growth Analysis (Prepared by Legislative Finance)



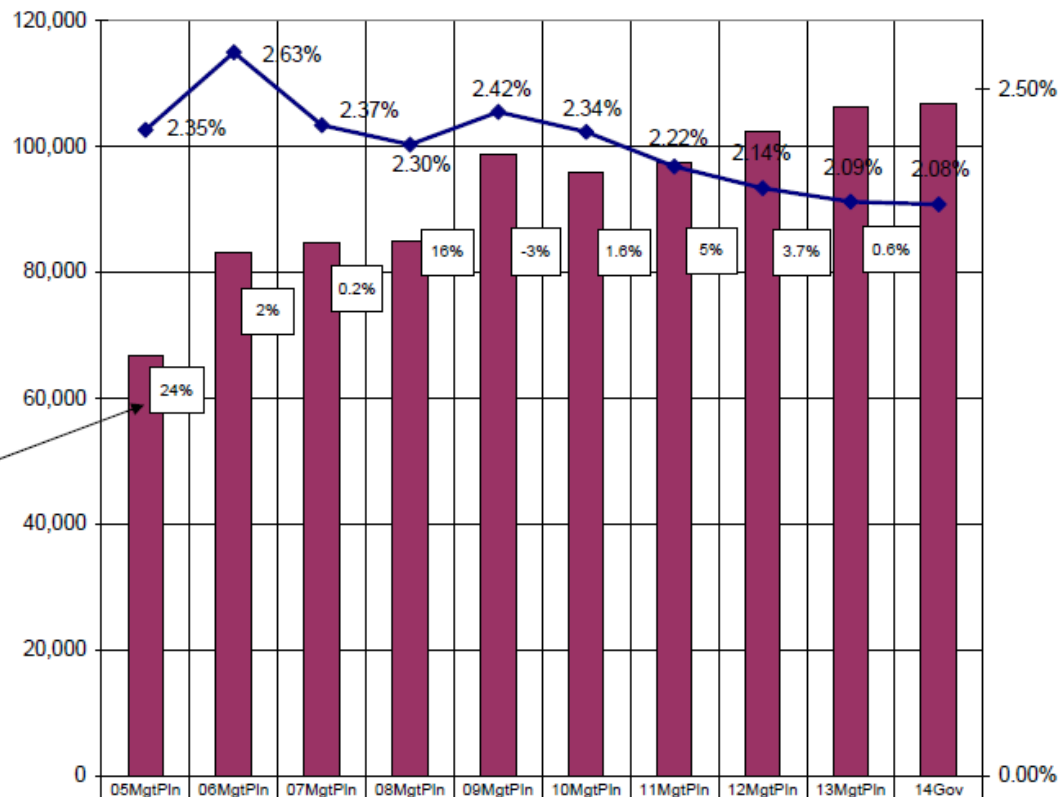
Department of Natural Resources Share of Total Agency Operations

(GF Only)
(\$ Thousands)

DNR's GF budget grew by \$40 million between FY05 and FY14 -- an average annual growth rate of 5.3%.

The FY14 GF budget equates to \$325 per resident worker (based on 328,611 Alaskan workers).

Percentage change year over year



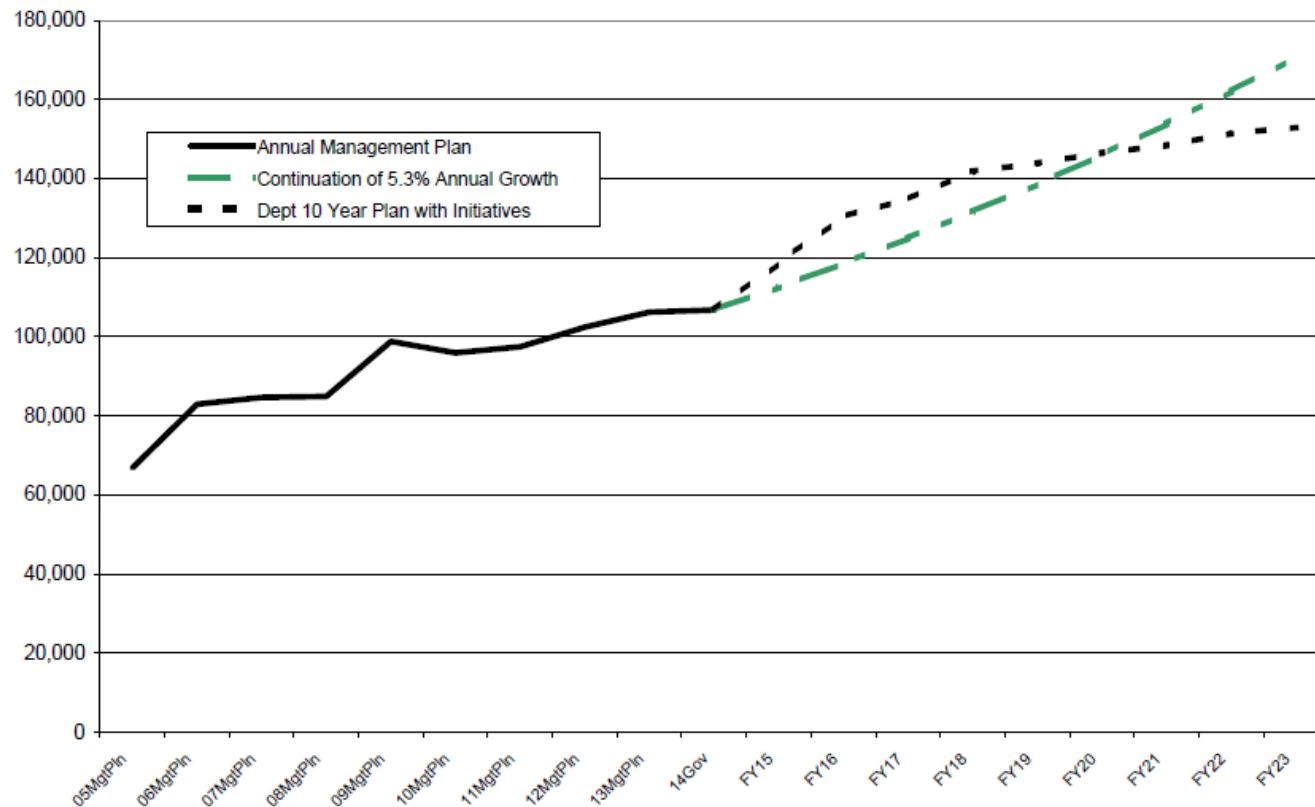
| | | | | | | | | | | |
|---|----------|----------|----------|----------|----------|----------|----------|-----------|-----------|-----------|
| Total Agency Budget (GF Only) | 05MgtPin | 06MgtPin | 07MgtPin | 08MgtPin | 09MgtPin | 10MgtPin | 11MgtPin | 12MgtPin | 13MgtPin | 14Gov |
| | 66,859.7 | 83,004.4 | 84,732.6 | 84,937.6 | 98,820.9 | 95,978.4 | 97,524.9 | 102,469.9 | 106,240.2 | 106,842.4 |
| % of Agency Budget to Total Agencies' budgets | 2.35% | 2.63% | 2.37% | 2.30% | 2.42% | 2.34% | 2.22% | 2.14% | 2.09% | 2.08% |

DNR FY2014 Budget

*Operating Budget Growth Analysis
(Prepared by Legislative Finance)*



Department of Natural Resources
Continued Budget Growth Compared to 10-Year Plan
(GF Only)
(\$ Thousands)

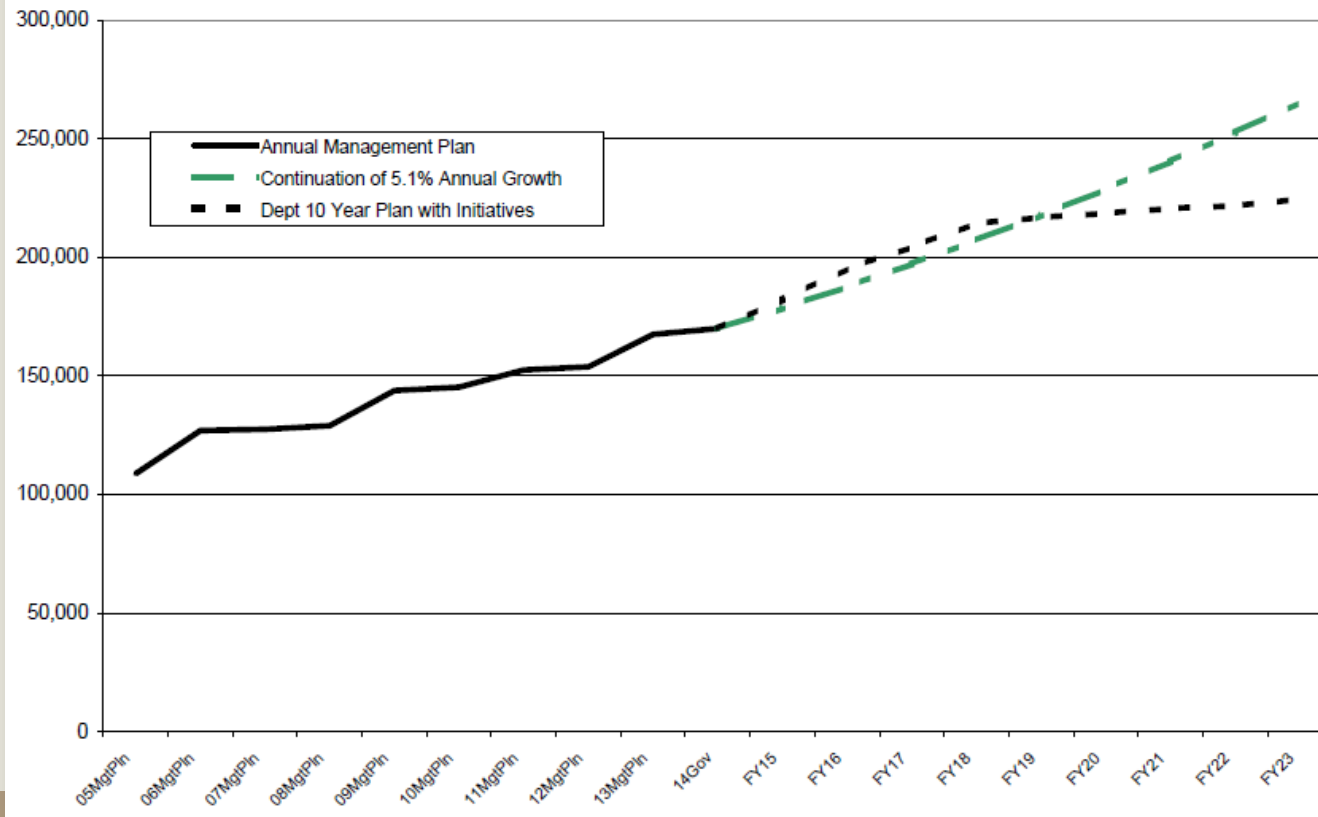


DNR FY2014 Budget

*Operating Budget Growth Analysis
(Prepared by Legislative Finance)*



Department of Natural Resources
Continued Budget Growth Compared to 10-Year Plan
(All Funds)
(\$ Thousands)



Part II



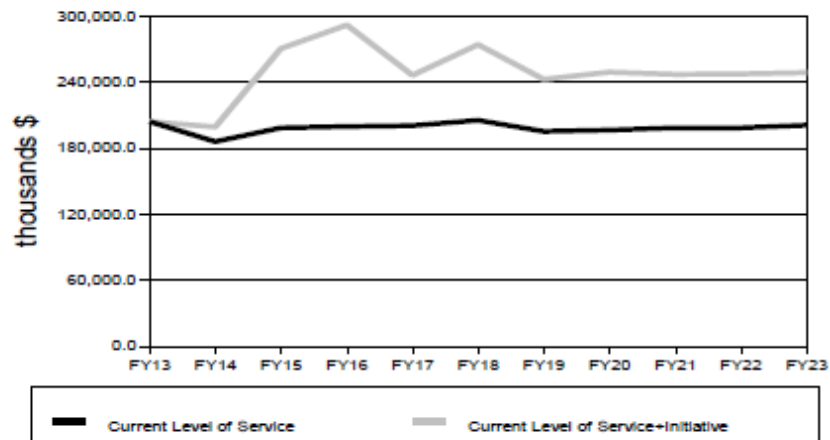
DNR'S 10-YEAR FISCAL PLAN

10-Year Fiscal Plan

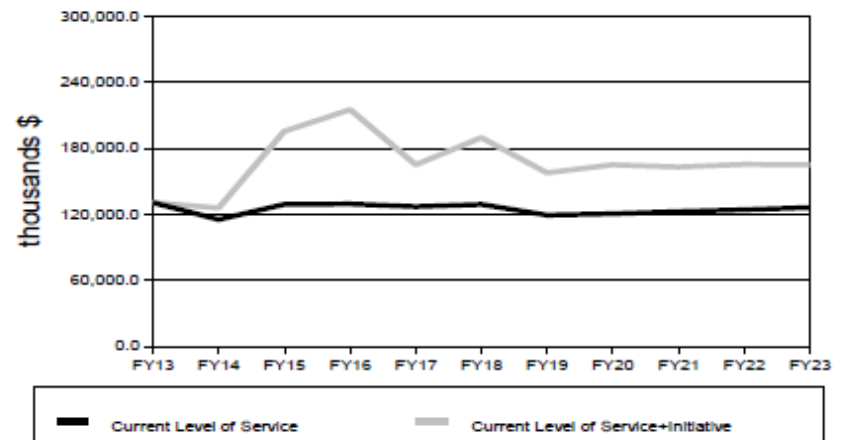
Operating and Capital Budgets



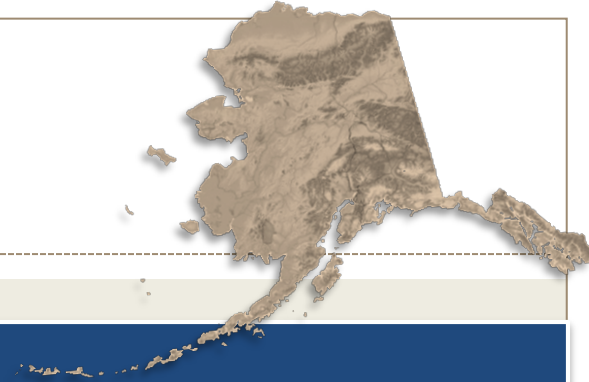
All Funds



General Funds



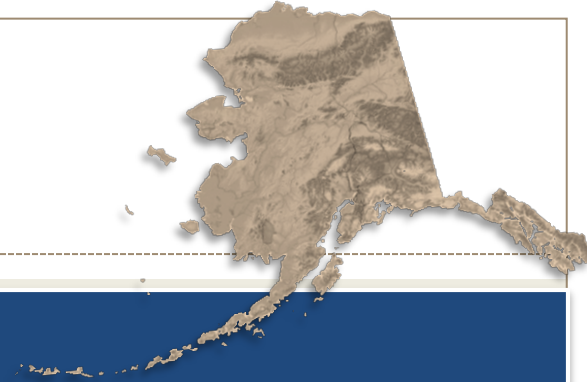
10-Year Fiscal Plan Development



- The framework for DNR's 10-year fiscal plan is built around the four departmental 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*
 - *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 development*
 - *Mitigate threat to the public from natural hazards by providing comprehensive fire protection services on state, private, and municipal lands, and through identifying significant geological hazards*
- Divisions provide input on future budget needs and initiatives designed to ensure they are equipped to meet their mission, and to respond to the challenges and opportunities ahead.
- Assumptions used to develop the key initiatives in the core services areas follow.

Core Service #1

Fiscal Plan Assumptions

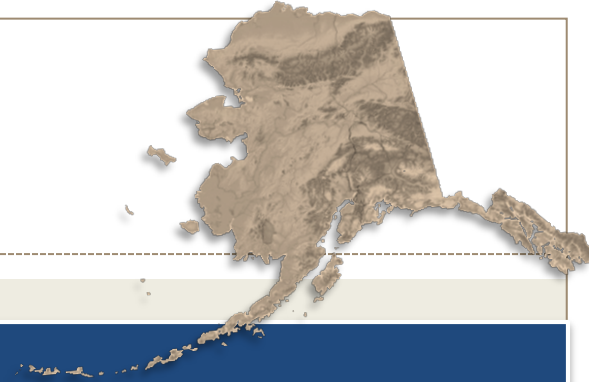


1. Foster responsible commercial development and use of state land and natural resources, consistent with the public interest, for long-term wealth and employment

- Oil & Gas
 - Continued North Slope development, including smaller, independent company participation; development of shale resources; development of the Pt. Thomson field.
 - Cook Inlet resurgence of oil and gas production; and at the same time platform abandonment and removal challenges.
 - Continued negotiations and arbitration of oil and gas royalty issues.
 - Streamlining of leasing and permitting processes.
- Project Management & Permitting
 - Large mine projects are likely to move forward in seeking permits and leases for operations.
 - Energy and transportation projects and eventual increases in offshore exploration and development activity are anticipated.
- Pipeline Coordination
 - Increased activity in oil and gas pipeline activity and resultant workload to prepare and negotiate leases, provide lease compliance and oversight of pipeline constructions and operations.

Core Service #1

Fiscal Plan Assumptions continued

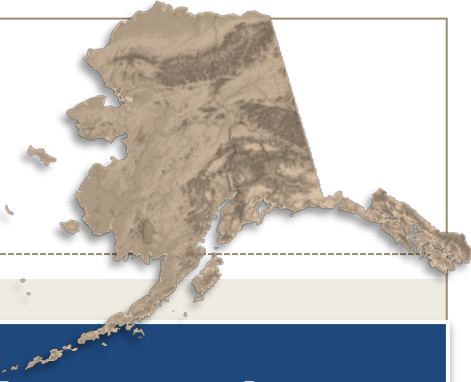


1. Foster responsible commercial development and use of state land and natural resources, consistent with the public interest, for long-term wealth and employment

- Mining, Land & Water
 - Reductions and eventual elimination of the backlog of permit requests, and the streamlining of future authorization requests.
 - Increased use of state land requiring more on-site presence for monitoring, compliance with permits and rights-of-way stipulations, and protecting state assets.
 - Long-term sustainability of the State Land Disposal Income Fund.
- Forestry
 - Increasing demand in biomass-fueled heating and energy facilities in rural and urban areas requiring long-term timber sale contracts.
- Agriculture
 - Exploration and development of new markets for crops; marketing of Alaska Grown; increasing overall local food production; grain and forage crop evaluation; pesticide research; maintenance of the ARLF to provide sufficient loans to meet demand.

Core Service #2

Fiscal Plan Assumptions

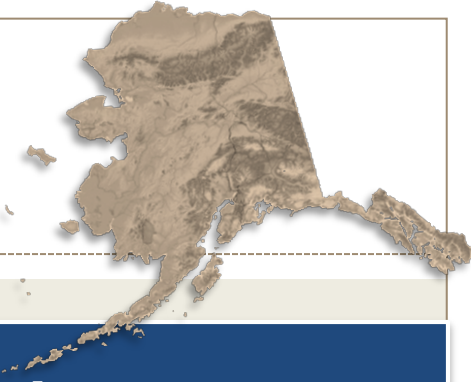


2. Provide access to state lands for public and private use, settlement, and recreation

- Mining, Land & Water
 - Continued focus on assertion of state access rights, including RS2477 and navigability.
 - Continue offering state land for sale to Alaskans.
- Forestry
 - Increase access for Alaskans to state lands and resources through construction of forestry roads.
- Parks and Outdoor Recreation
 - Continued efforts to provide affordable, accessible, clean and safe park facilities. Focus areas are providing adequate staffing levels and addressing the backlog of deferred maintenance projects, as well as long-term development of facilities and infrastructure to meet demands and opportunities.

Core Service #3

Fiscal Plan Assumptions

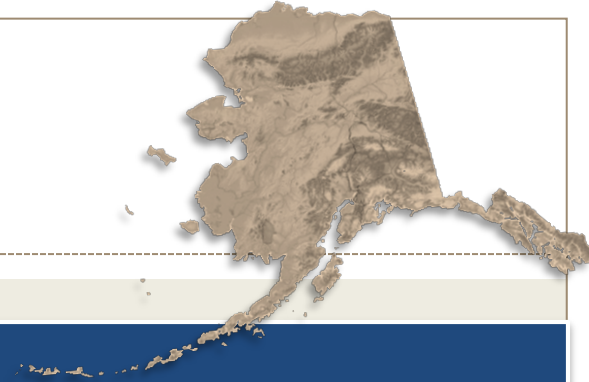


3. Ensure sufficient data acquisition and assessment of land and resources to foster responsible resource development

- Geological & Geophysical Surveys
 - In response to increased exploration and development pressure, enhance the Division's role as the primary source of geologic information concerning Alaska's mineral, energy and groundwater resources and geologic hazards by expanding the acquisition of field-geologic data. Specific focus on Strategic and Critical Minerals evaluation, as well as assessment and characterization of conventional and unconventional geologic resources on the North Slope, Cook Inlet and other frontier basins.
- Oil & Gas
 - Continue development of a database of current environmental data for use by all shale developers for federal environmental impact statements; and long-term protection of confidential seismic data in temperature-controlled and secure environments.
- Department-wide
 - Continued development of information technology systems to provide streamlining of DNR's key business processes.

Core Service #4

Fiscal Plan Assumptions



4. Mitigate threat to the public from natural hazards by providing comprehensive fire protection services on state, private, and municipal lands, and through identifying significant geological hazards.

- Forestry & Fire Suppression
 - Provide increased in-state capacity and local jobs thru utilization of state initial attack fire crews, reducing the risk of loss of life and property to wildland fires.
 - Address increasing costs for equipment contracts for helicopters, fixed wing aircraft, and communications equipment; address infrastructure needs in Fairbanks, Palmer and Kenai.
- Geological & Geophysical Surveys
 - Acquire and publish new geologic field data to assess natural-hazard risks to expanding urban development and infrastructure projects; maintain state participation in the Alaska Volcano Observatory to ensure the state's priorities for hazard evaluations are met.

Fiscal Plan on the Web



Available at omb.alaska.gov
Information – FY2014 10-Year Plan