



State of Alaska Department of Natural Resources Overview House Finance Committee February 6, 2015



DEPARTMENT OF NATURAL RESOURCES

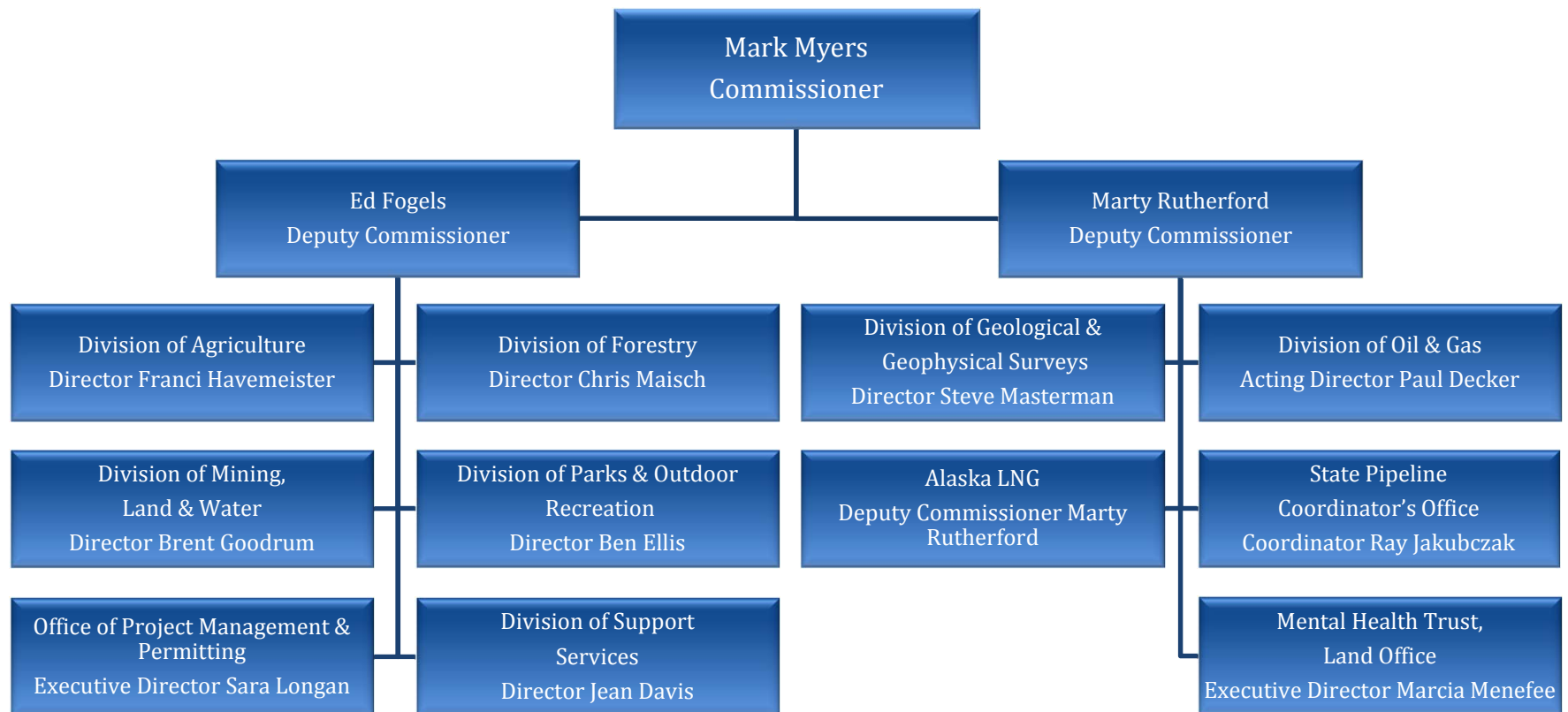
- PART I -



DNR Overview

DEPARTMENT OF NATURAL RESOURCES

- ORGANIZATION CHART -



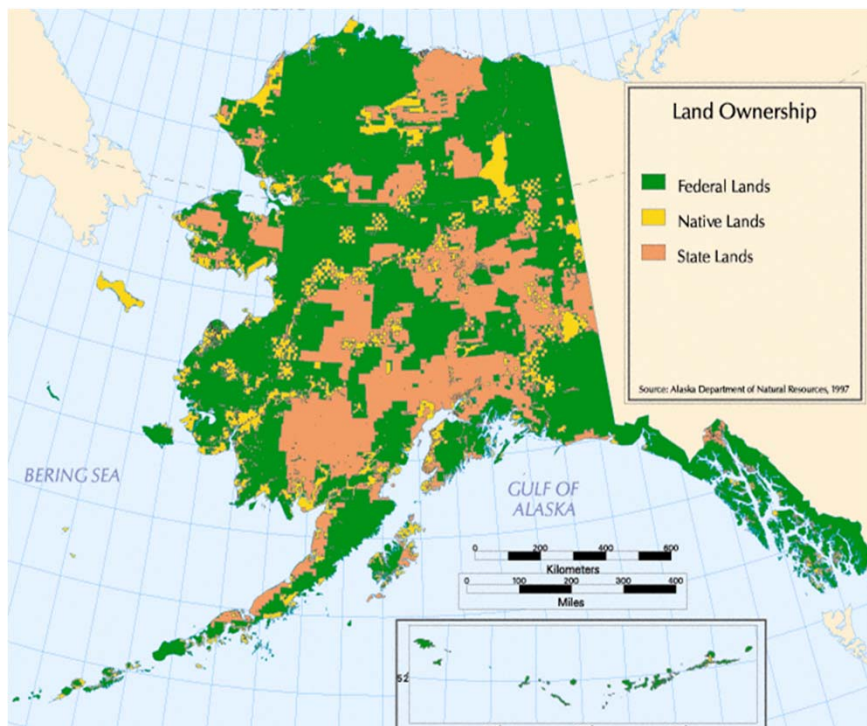
DEPARTMENT OF NATURAL RESOURCES

- 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 -



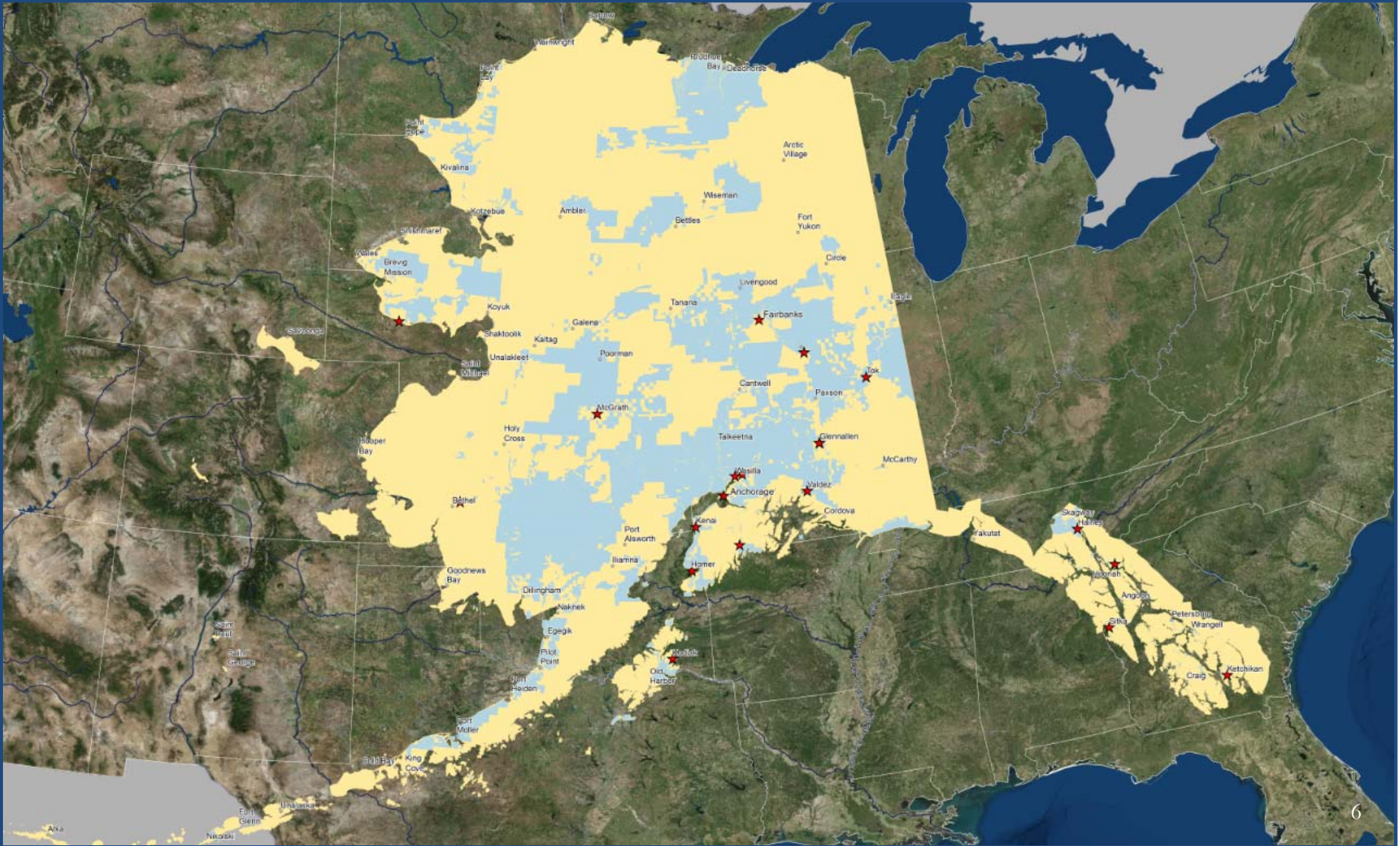
Land Ownership

- *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 -

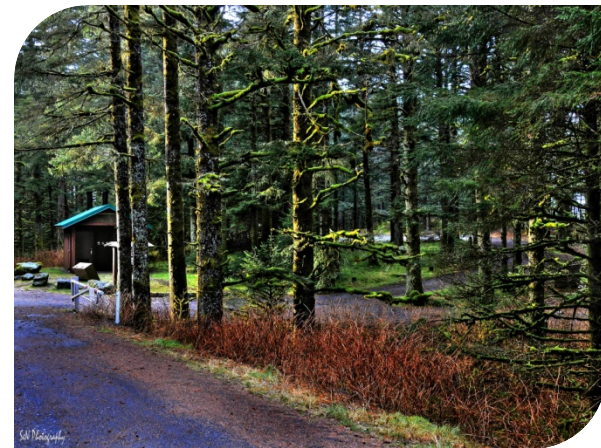
5. Division of Oil & Gas (DOG)

- 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

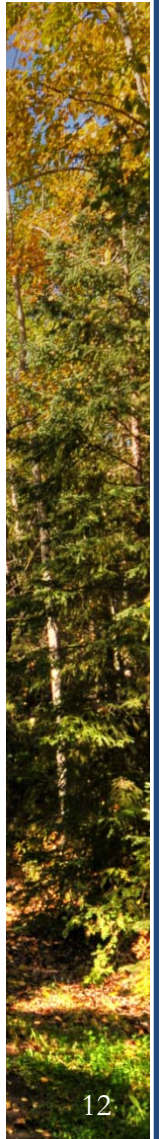
- OFFICE OVERVIEWS -

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)

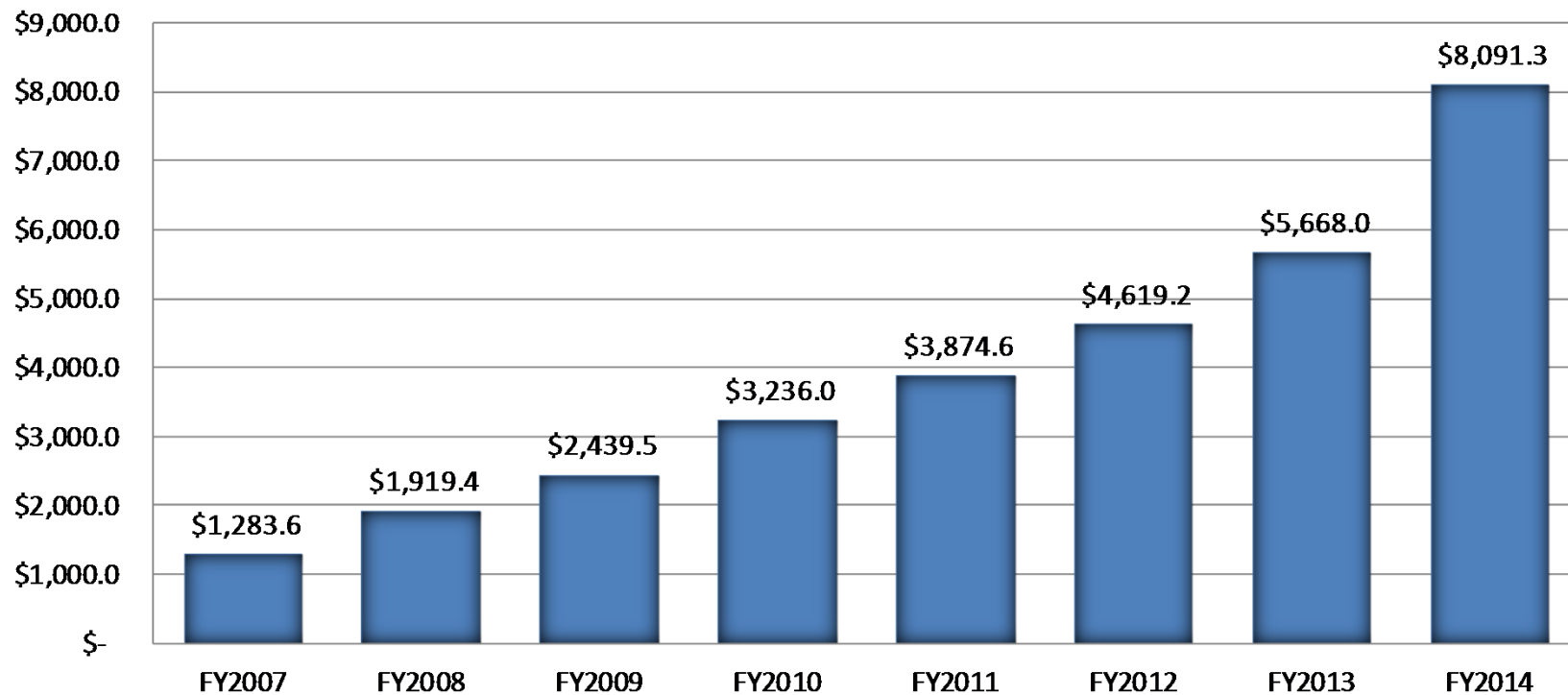
- Marcie Menefee, Executive Director
- 18 full and part-time budgeted positions
- 2.5% of DNR's FY16 Operating Budget Request
- \$4,321.9 total budget request (MHTAAR Receipts)
- Protecting and enhancing the value of Alaska Mental Health Trust Lands while maximizing revenues from those lands over time



KEY PERFORMANCE MEASURES

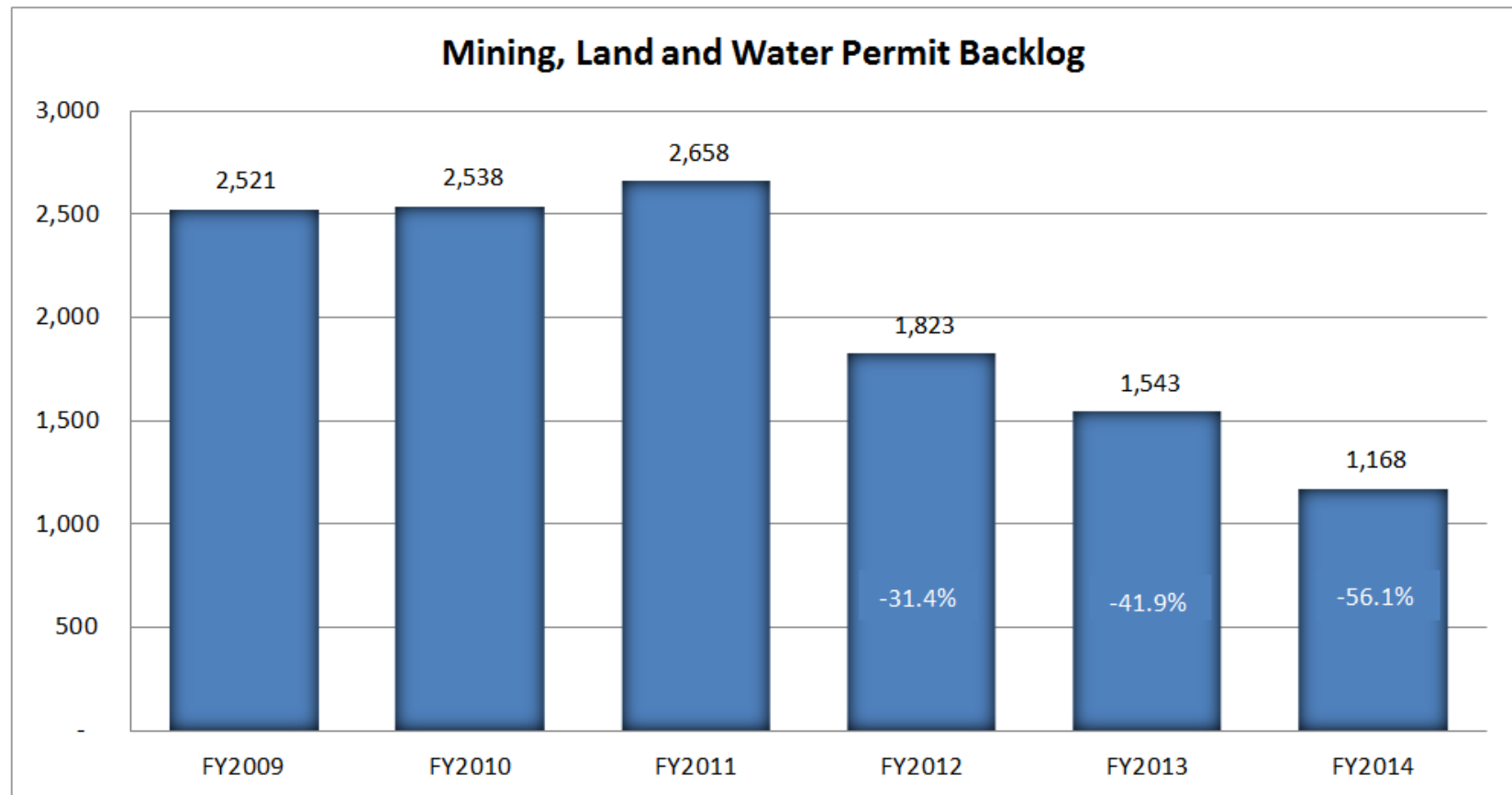
TARGET: Review, coordinate, and manage 100% of large resource development projects that request Office of Project Management & Permitting services to assist project proponents in navigating the state and federal permitting process.

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



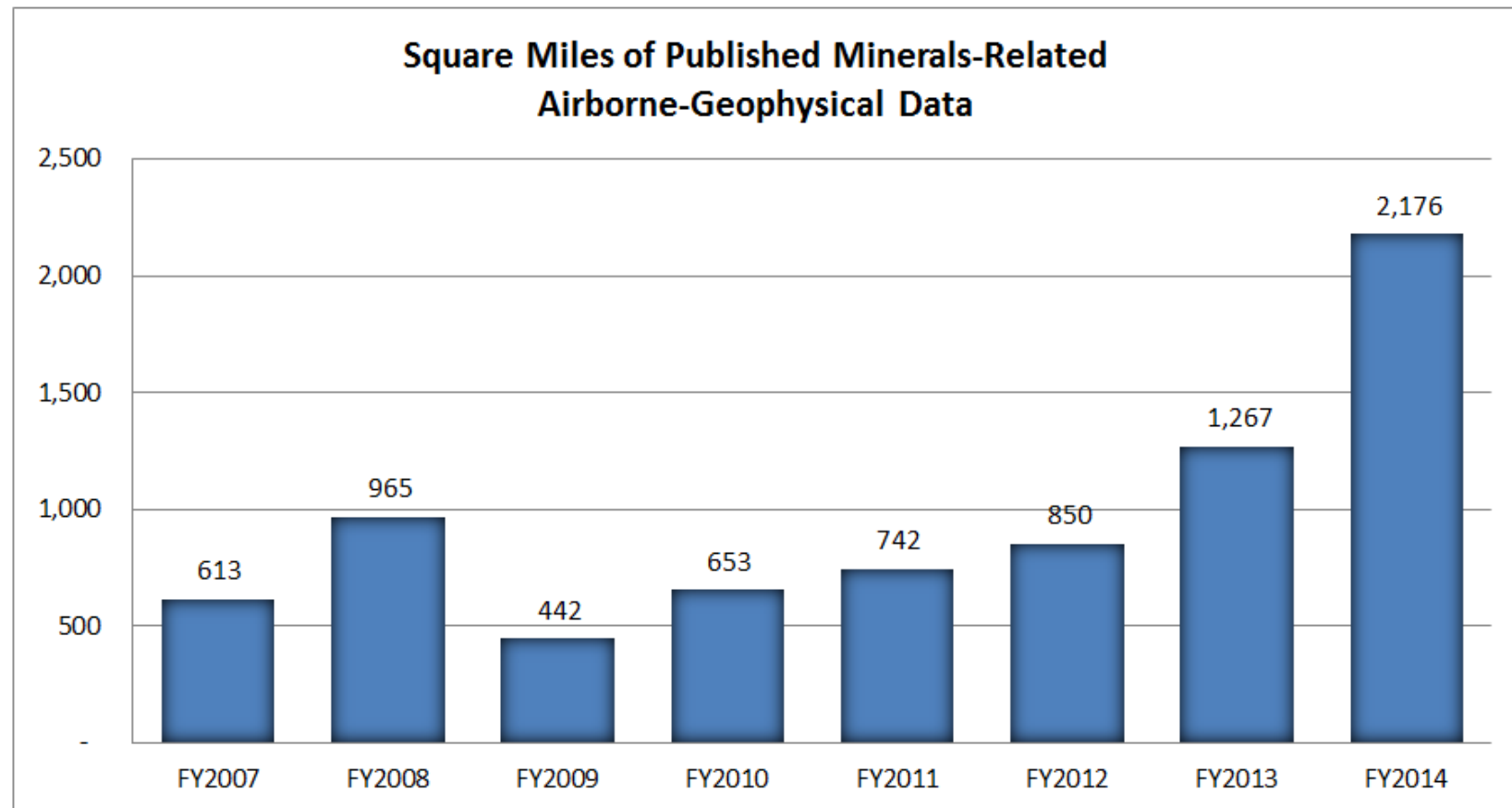
KEY PERFORMANCE MEASURES

TARGET: Eliminate 100% of the Permit Backlog



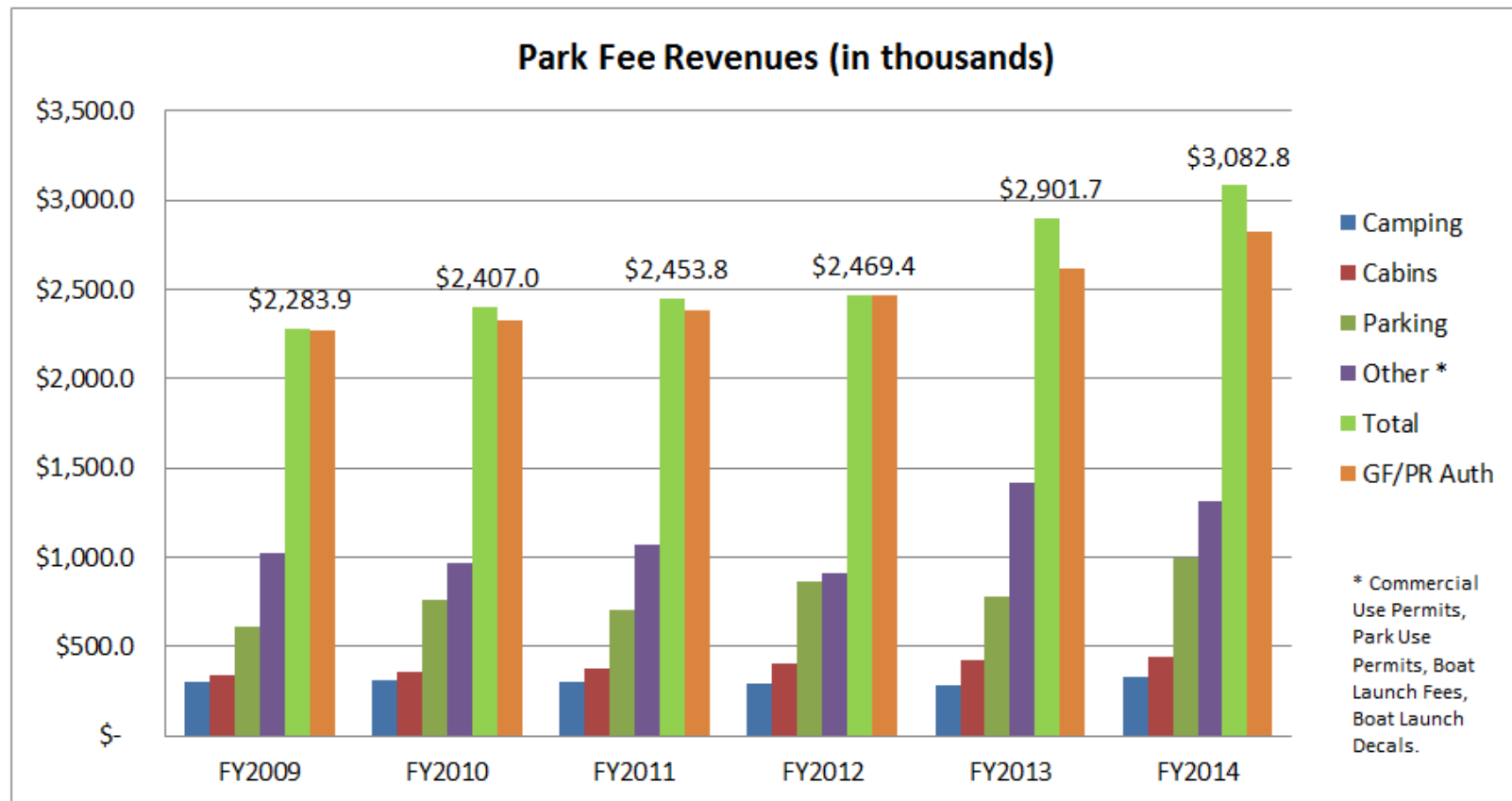
KEY PERFORMANCE MEASURES

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	
FY2012 Management Plan	759	248	93	1,100	% Change from FY2012
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%



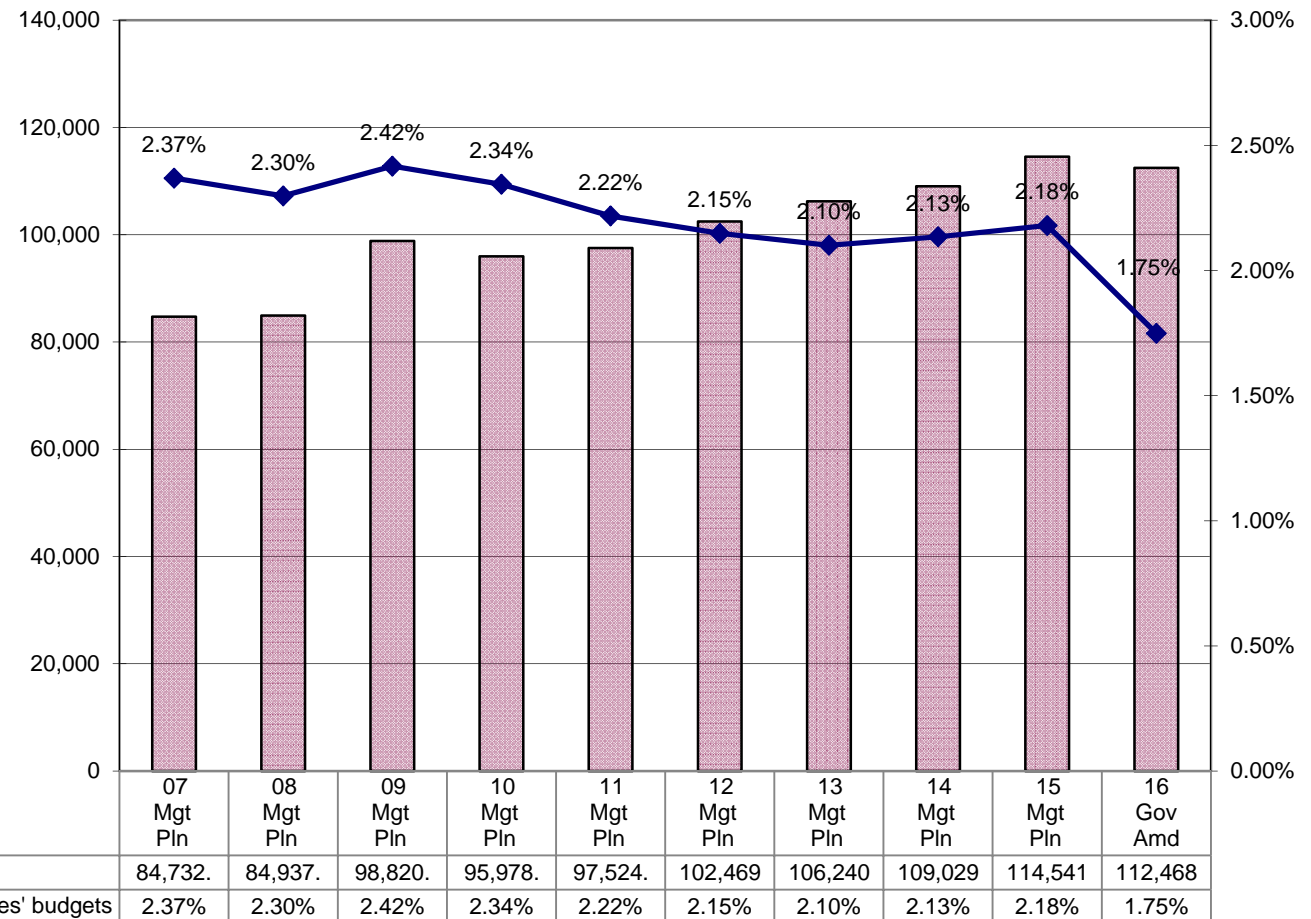
DNR FY2016 GOVERNOR AMENDED BUDGET

- BUDGET GROWTH ANALYSIS (PREPARED BY LEGISLATIVE FINANCE) -

Department of Natural Resources' Share of Total Agency Operations (GF Only, in Thousands)

DNR's GF budget grew by \$27,735.8 million between FY2007 and FY2016 Governor's Request - an average annual growth rate of 3.2%.

The department's total FY16 Governor's Request GF budget equals \$337,456 per resident worker.*



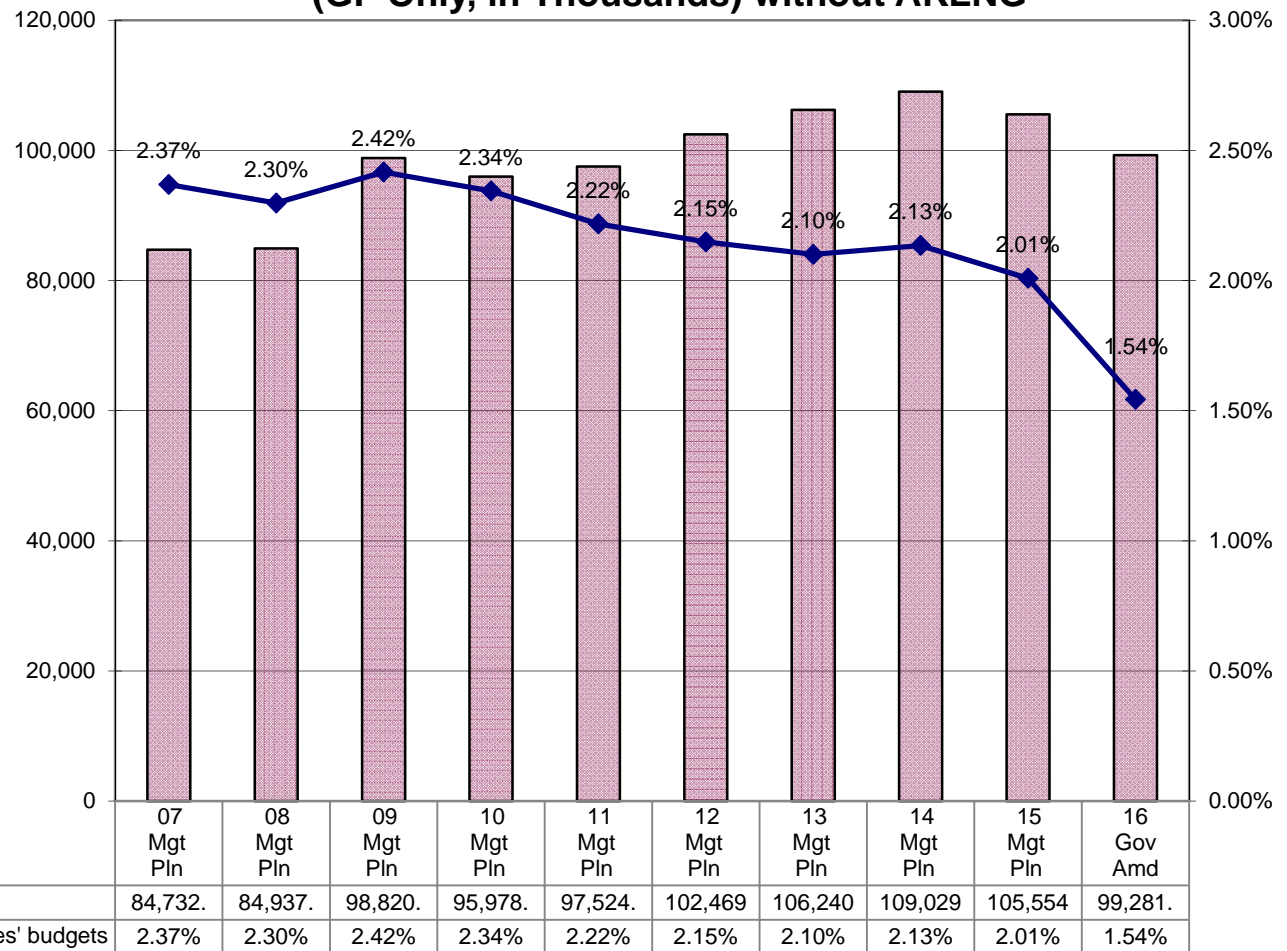
* According to the Department of Labor, there were 333,283 resident workers in Alaska in 2012.

DNR FY2016 GOVERNOR AMENDED BUDGET

- BUDGET GROWTH ANALYSIS WITHOUT AKLNG -

Without AKLNG, DNR's GF budget grew by \$14,549.1 million between FY2007 and FY2016 Governor's Request - an average annual growth rate of 1.8%.

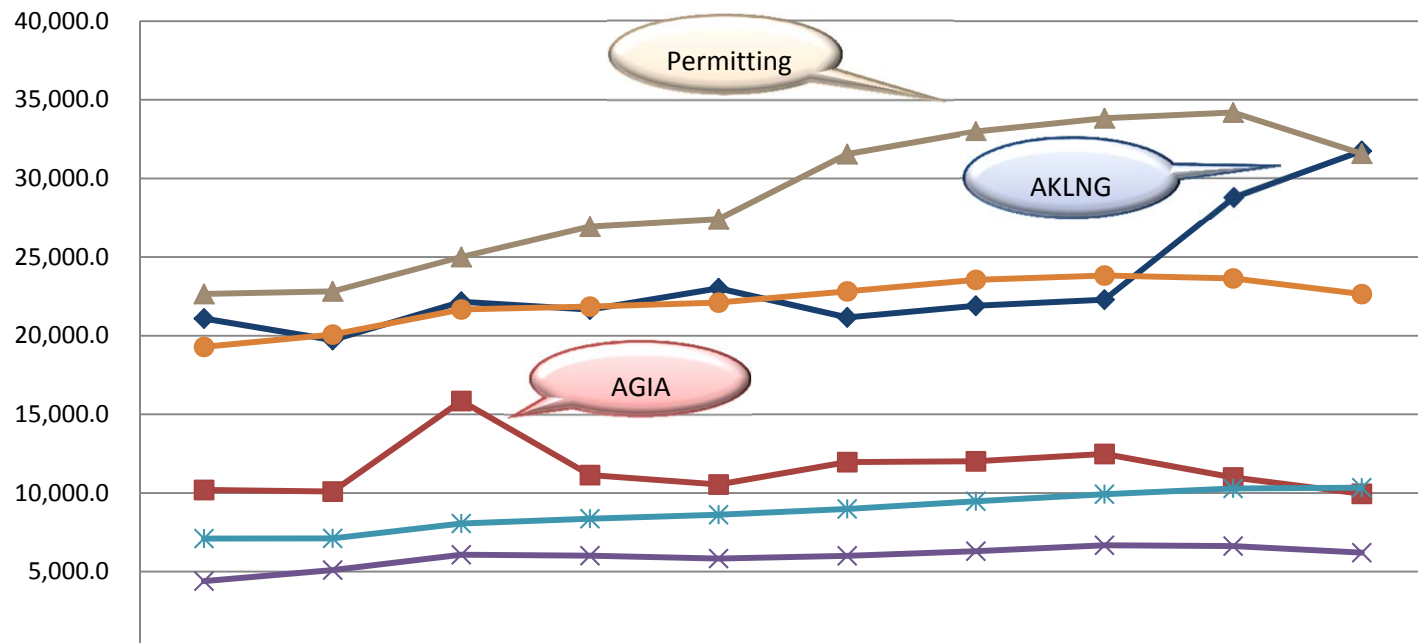
Department of Natural Resources' Share of Total Agency Operations (GF Only, in Thousands) without AKLNG



DNR FY2016 GOVERNOR AMENDED BUDGET

- BUDGET GROWTH ANALYSIS (PREPARED BY LEGISLATIVE FINANCE) -

**Appropriations within the Department of Natural Resources
(GF Only, in Thousands)**

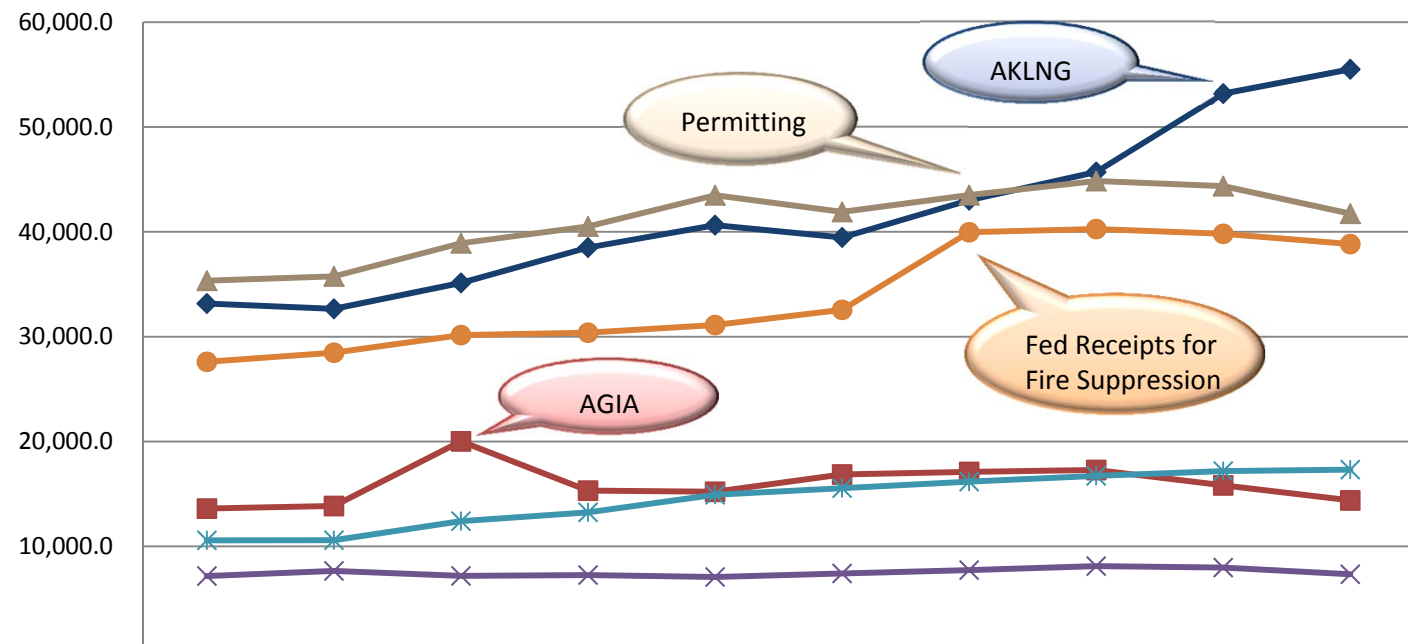


	07 MgtPln	08 MgtPln	09 MgtPln	10 MgtPln	11 MgtPln	12 MgtPln	13 MgtPln	14 MgtPln	15 MgtPln	16 Gov Amd
Administration & Support Services	21,087.5	19,729.0	22,156.6	21,657.9	23,017.9	21,163.9	21,905.1	22,293.3	28,795.6	31,739.3
Oil & Gas	10,195.8	10,099.5	15,849.9	11,140.8	10,546.4	11,962.6	12,020.7	12,484.8	10,994.2	9,952.6
Land & Water Resources	22,652.9	22,817.2	25,002.9	26,942.7	27,406.0	31,544.7	32,979.7	33,828.3	34,194.1	31,580.0
Agriculture	4,399.3	5,102.9	6,081.0	6,019.3	5,829.4	6,001.0	6,301.0	6,674.1	6,624.3	6,209.3
Parks & Outdoor Recreation	7,107.1	7,113.1	8,061.6	8,363.8	8,616.0	8,982.0	9,475.9	9,923.4	10,286.5	10,343.6
Fire Suppression	19,290.0	20,075.9	21,668.9	21,853.9	22,109.2	22,815.7	23,557.8	23,825.6	23,646.6	22,643.6

DNR FY2016 GOVERNOR AMENDED BUDGET

- BUDGET GROWTH ANALYSIS (PREPARED BY LEGISLATIVE FINANCE) -

**Appropriations within the Department of Natural Resources
(All Funds, in Thousands)**



	07 MgtPln	08 MgtPln	09 MgtPln	10 MgtPln	11 MgtPln	12 MgtPln	13 MgtPln	14 MgtPln	15 MgtPln	16 Gov Amd
Administration & Support Services	33,167.7	32,663.4	35,126.4	38,507.3	40,634.5	39,464.7	43,021.4	45,710.4	53,175.7	55,500.4
Oil & Gas	13,618.7	13,861.0	20,017.3	15,331.5	15,225.0	16,867.2	17,114.3	17,299.6	15,824.3	14,394.7
Land & Water Resources	35,350.3	35,763.3	38,920.9	40,513.0	43,495.7	41,910.8	43,501.5	44,849.0	44,356.0	41,733.5
Agriculture	7,176.8	7,664.2	7,198.3	7,261.3	7,087.0	7,413.6	7,739.6	8,124.6	7,983.6	7,350.6
Parks & Outdoor Recreation	10,573.8	10,599.9	12,403.6	13,254.6	14,929.3	15,556.0	16,184.0	16,723.3	17,179.4	17,326.1
Fire Suppression	27,604.3	28,474.9	30,153.9	30,381.9	31,121.4	32,573.2	39,961.7	40,268.1	39,811.4	38,840.3

DNR FY2016 GOVERNOR AMENDED BUDGET

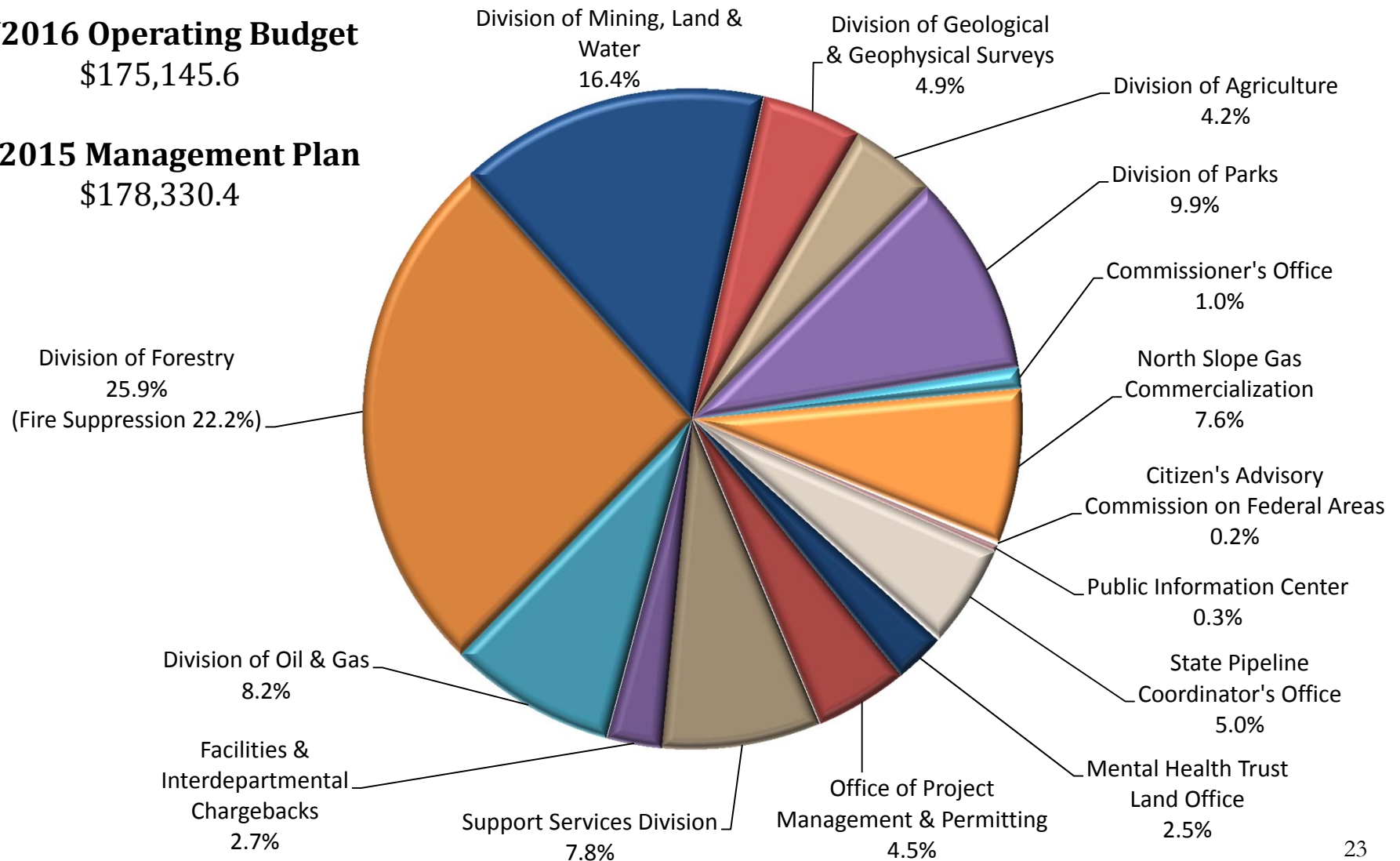
- OPERATING BUDGET BY DIVISION / OFFICE -

FY2016 Operating Budget

\$175,145.6

FY2015 Management Plan

\$178,330.4



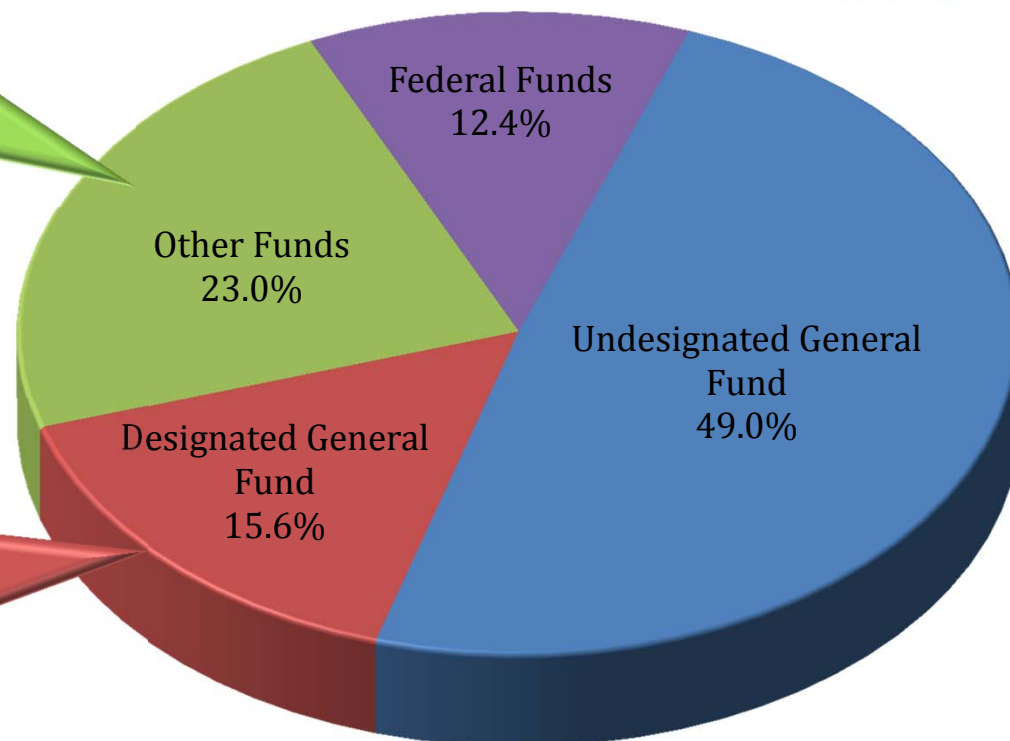
DNR FY2016 GOVERNOR AMENDED BUDGET

- OPERATING BUDGET BY FUND TYPE -

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

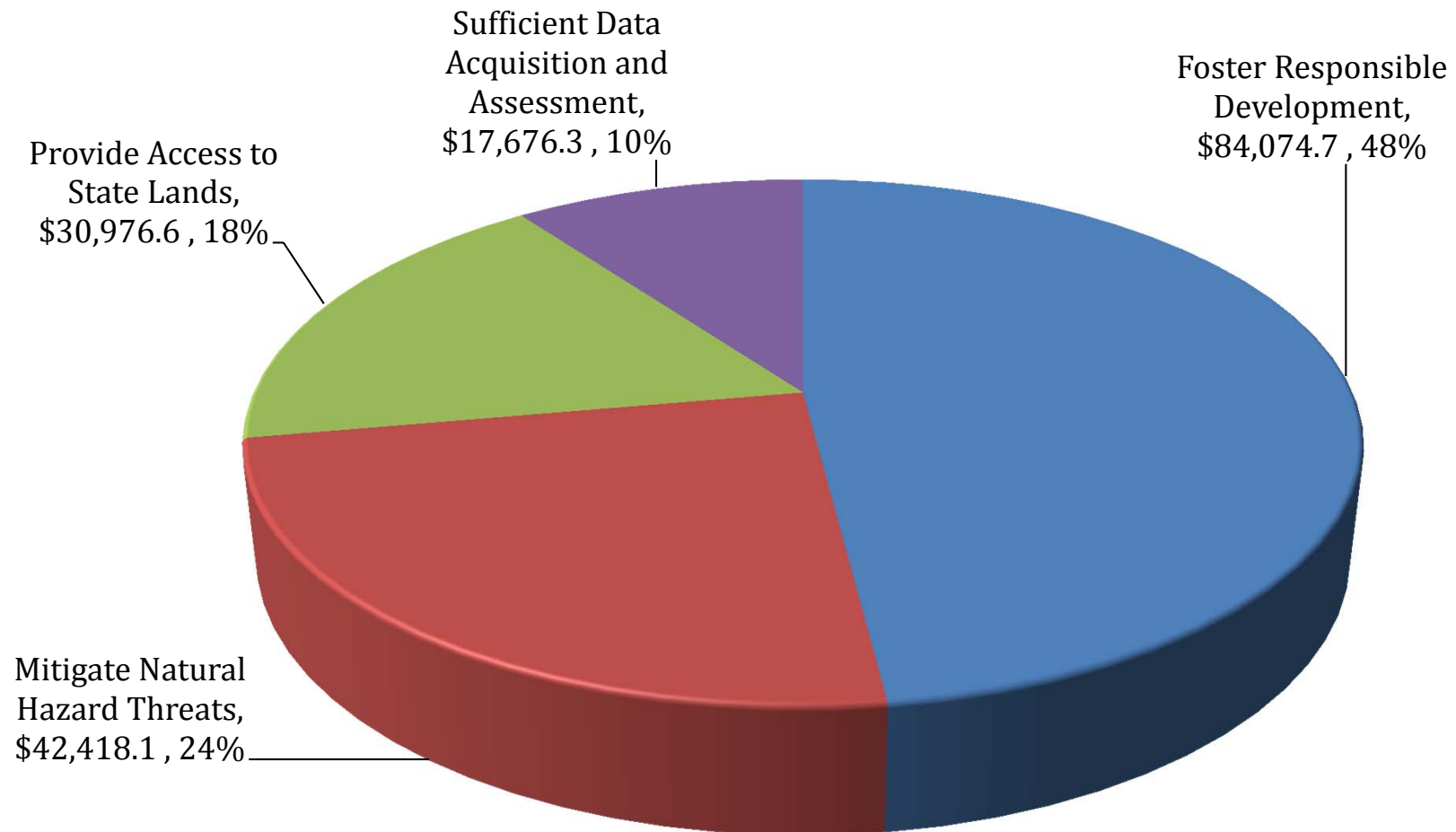
- Reimbursable Services Agreements (RSAs)
- Mental Health Receipts
- Industry Reimbursements
- Permanent Fund Receipts

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



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 -

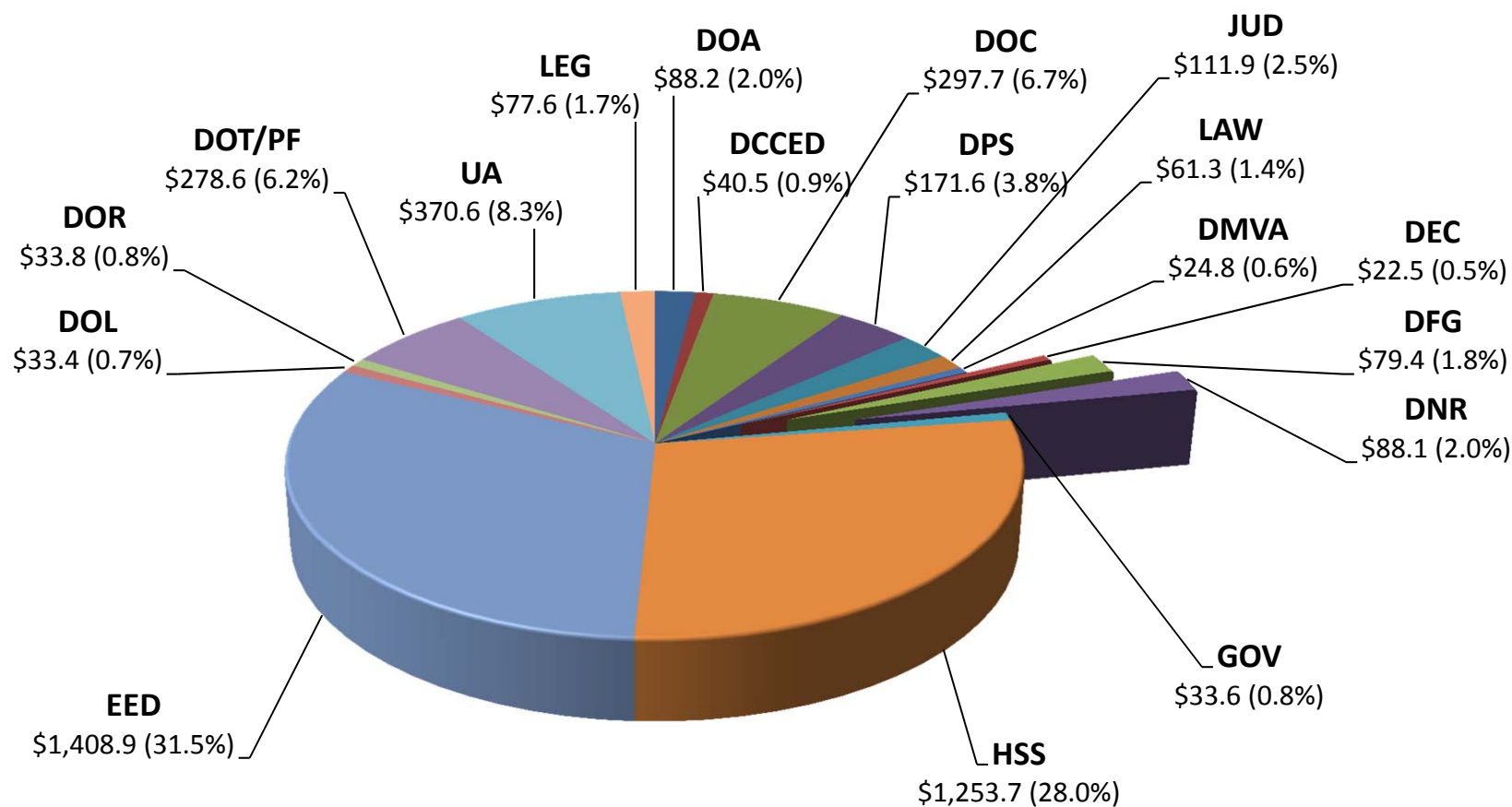
SUMMARY OF FY2016 GOVERNOR'S AMENDED BUDGET DEVELOPMENT

	Funding Sources					Positions				
	UGF	DGF	Other	Fed	Total	PFT	PPT	NP	Total	
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 Increases and Health Ins Rate Reductions	1,017.7	363.2	400.5	103.2	1,884.6				-	
Reversal of AKLNG Fiscal Note for SB138	(8,986.7)				(8,986.7)	(6)			(6)	
Reversal of Mental Health Trust Land Office Administrative Budget			(4,071.4)		(4,071.4)				-	
Reversal of Other One-Time Appropriations	(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)	8,986.7				8,986.7	6			6	
Additional Funding for Gas Pipeline AKLNG Project	4,200.0				4,200.0	1			1	
Spending and Receipt Authority for Pipeline and Gas Line Projects			585.2		585.2				-	
Restore Mental Health Trust Land Office Administrative Budget			4,071.4		4,071.4				-	
Additional Funding for Mental Health Trust Land Office Administrative Budget			255.6		255.6				-	
Subtotal Increments	13,186.7	0.0	4,912.2	0.0	18,098.9	7	0	0	7	
FY2016 Governor Amended Budget Decrements:										
Budget Reductions Across all Divisions	(5,941.0)	(253.3)	(2,291.4)	(165.0)	(8,650.7)	(26)	(19)	(3)	(48)	
FY2016 Governor Amended:	85,890.0	26,578.4	40,919.9	21,757.3	175,145.6	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%	-1.8%	-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	161,958.9	727	219	107	1,053	
% Change FY2016 Adjusted Base to FY2016 Governor Amended excluding AKLNG	-7.6%	-0.9%	6.8%	-0.8%	-2.3%	-3.5%	-8.0%	-2.7%	-4.4%	

DEPARTMENT COMPARISON

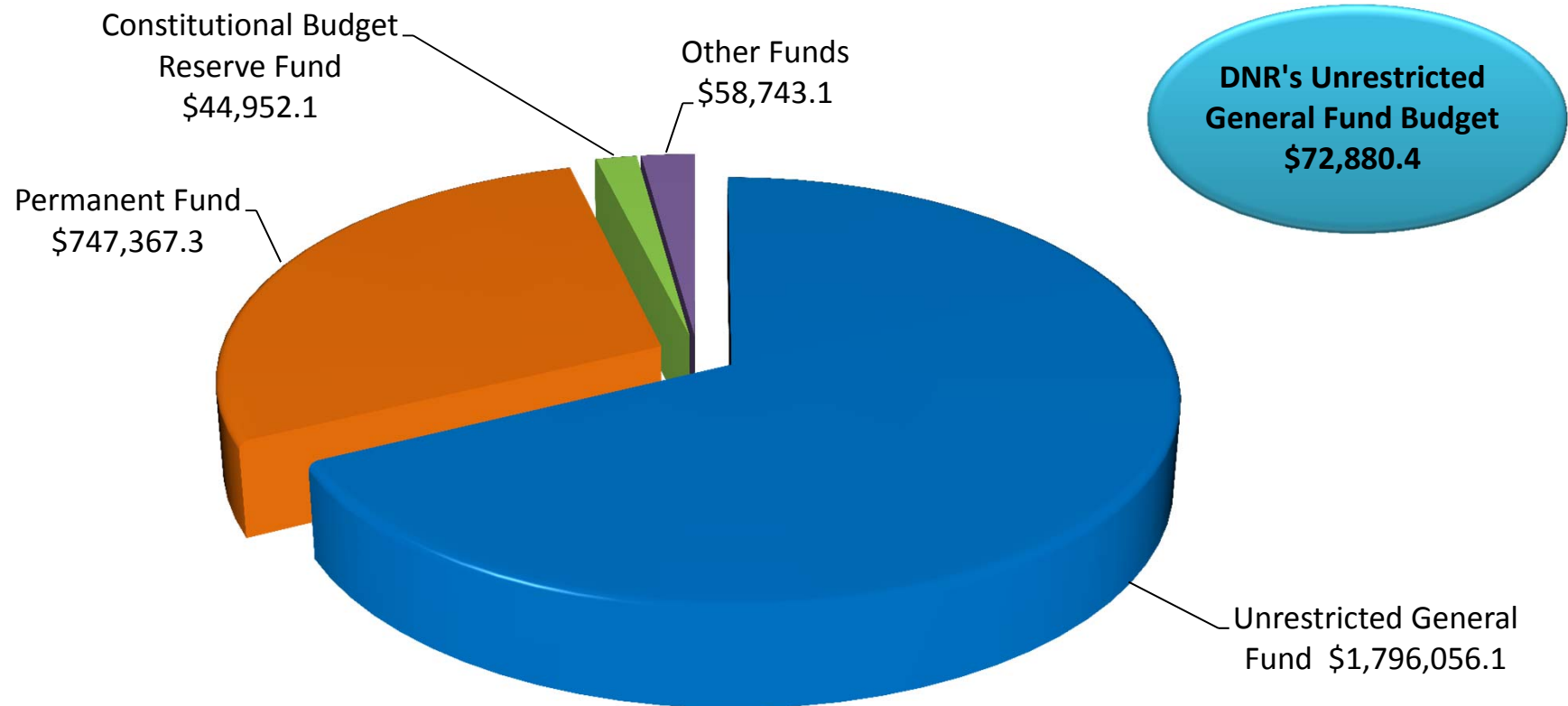
Department Comparison

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.

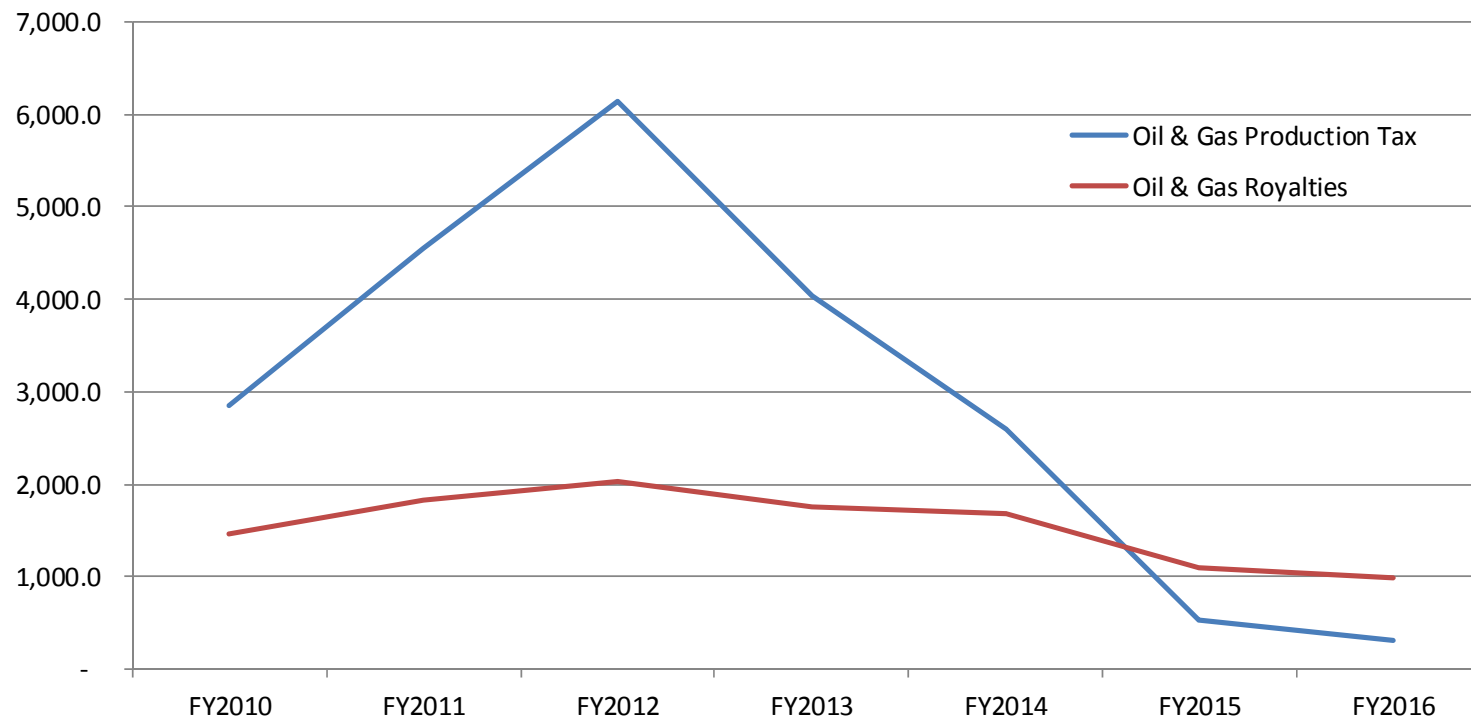
Additionally, of the \$3.38 billion in unrestricted general fund tax revenue collected by the Department of Revenue in FY2014, \$2.61 billion was generated from oil & gas and mining activities.

REVENUE ACTUALS & FORECAST

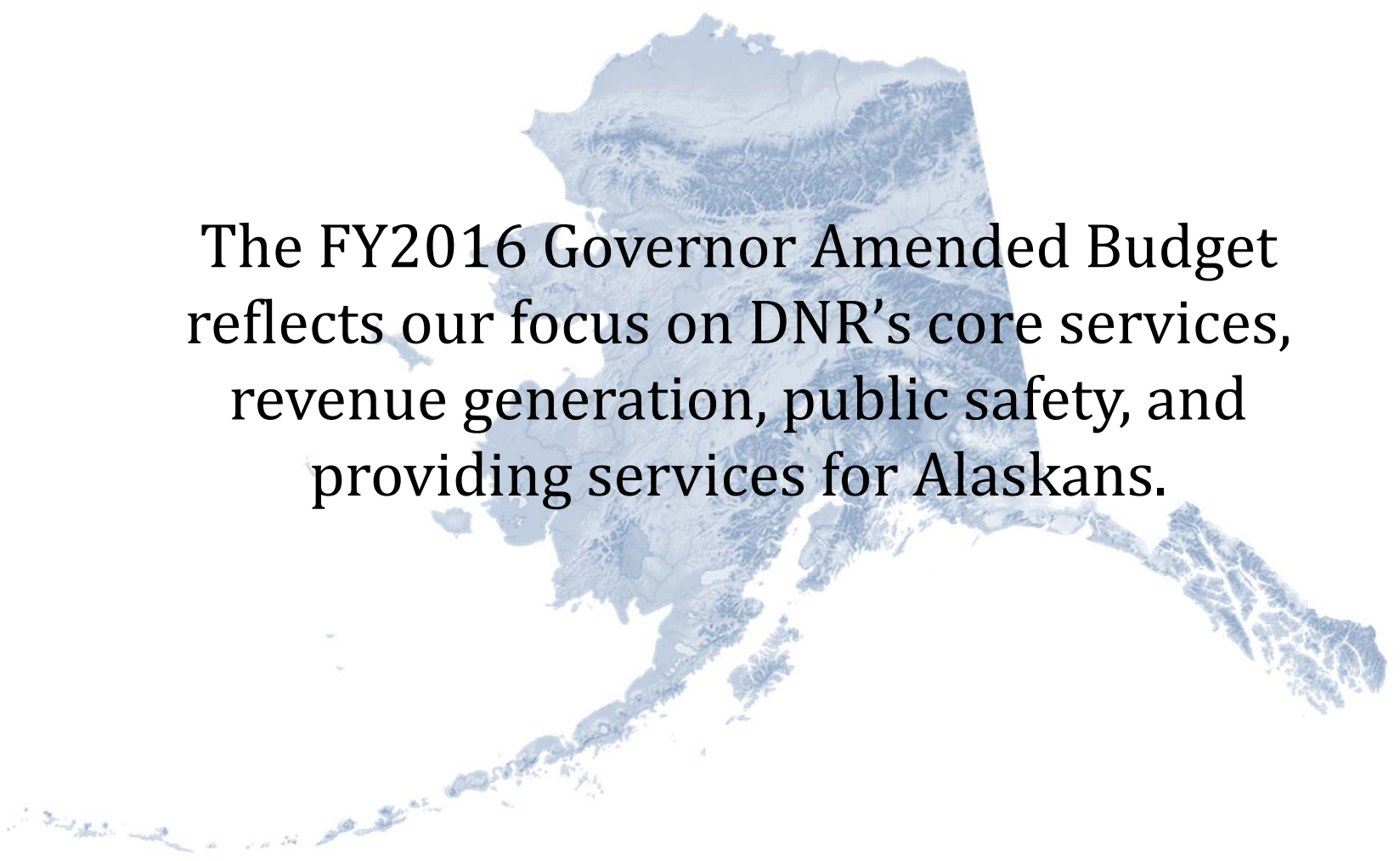
Revenue Sources Book Fall 2014

Alaska Department of Revenue

	Actuals	Actuals	Actuals	Actuals	Actuals	Forecast	Forecast
(in millions)	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.