

# FISCAL NOTE

**STATE OF ALASKA**  
**2012 LEGISLATIVE SESSION**

Bill Version SB 215  
 Fiscal Note Number 1  
 (S) Publish Date 4/4/12

Identifier (file name) SB 215-DOR-AHFC-03-27-12 Dept. Affected Revenue  
 Title Gasline Development Corp.: In-State Gas Pipeline Appropriation Alaska Housing Finance Corp.  
 Allocation Alaska Gasline Development Corp.  
 Sponsor Senator Thomas  
 Requester (S) RES OMB Component Number 2986

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	FY13 Appropriation Requested	Included in Governor's FY13 Request	Out-Year Cost Estimates				
			FY14	FY15	FY16	FY17	FY18
<b>OPERATING EXPENDITURES</b>	<b>FY13</b>	<b>FY13</b>					
Personal Services	5,204.2	1,207.2					
Travel	65.2						
Services	7,098.3	2,422.2					
Commodities	39.5						
Capital Outlay							
Grants, Benefits							
Miscellaneous	5.0						
<b>TOTAL OPERATING</b>	<b>12,412.2</b>	<b>3,629.4</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**FUND SOURCE** (Thousands of Dollars)

			FY14	FY15	FY16	FY17	FY18
1002	Federal Receipts						
1003	GF Match						
1004	GF						
1005	GF/Prgm (DGF)						
1178	temp code (UGF)		0.0	0.0	0.0	0.0	0.0
1061	CIP Rcpts (Other)	12,412.2	3,629.4				
<b>TOTAL</b>		<b>12,412.2</b>	<b>3,629.4</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**POSITIONS**

	FY13	FY14	FY15	FY16	FY17	FY18
Full-time	29	45	48	61	54	54
Part-time						
Temporary						

**CHANGE IN REVENUES**

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**Estimated SUPPLEMENTAL (FY12) operating costs** 0.0 (separate supplemental appropriation required)  
 (discuss reasons and fund source(s) in analysis section)

**Estimated CAPITAL (FY13) costs** 1,800,000.0 (separate capital appropriation required)  
 (discuss reasons and fund source(s) in analysis section)

**Why this fiscal note differs from previous version (if initial version, please note as such)**

Initial Fiscal Note

Prepared by Joe Dubler, Vice President and Chief Financial Officer  
 Division Alaska Gasline Development Corporation  
 Approved by Dan Fauske, President, AGDC  
Department of Revenue

Phone 907.330.6303  
 Date/Time 3/27/12 4:00 PM  
 Date 3/27/2012

**FISCAL NOTE #1**

**STATE OF ALASKA  
2012 LEGISLATIVE SESSION**

**BILL NO. SB 215**

**Analysis**

This bill directs the Alaska Gasline Development Corporation to begin the analysis, design, and construction of a natural gas pipeline from Cook Inlet to Fairbanks with connections to other communities that do not have access to a natural gas pipeline. Capital required above is to allow AGDC to build the South to North pipeline with the same specifications and identical tariff as the North to South pipeline contemplated in its July 1, 2011 report. It is estimated to take 18-24 months longer due to re-permitting and re-engineering for the modified gas flow.

This legislation will have an estimated fiscal impact for the following state agencies:

**Alaska Housing Finance Corporation**

- Alaska Gas Line Development Corporation
- Alaska Natural Gas Development Authority

**Department of Natural Resources**

- State Pipeline Coordinators Office
- Office of History and Archaeology
- Division of Geological and Geophysical Surveys
- Division of Mining, Land and Water

**Department of Environmental Conservation**

- Division of Environmental Health - Air Quality
- Division of Environmental Health - Drinking Water
- Division of Environmental Health - Food Safety and Sanitation
- Division of Environmental Health - Solid Waste Management
- Division of Spill Prevention and Response - Contaminated Sites
- Division of Spill Prevention and Response - Industry Preparedness & Pipeline Operations
- Division of Spill Prevention and Response - Prevention and Emergency Response Program
- Division of Water

**Department of Transportation & Public Facilities**

- Statewide Engineering & Design

See attachment for budget details for each agency. These budget numbers are preliminary, as engineering has not been considered for a line contemplated by this legislation and considerable modifications to the current North to South design may be necessary.

	<b>FY13</b>	<b>FY13</b>	<b>FY14</b>	<b>FY15</b>	<b>FY16</b>	<b>FY17</b>	<b>FY18</b>
<b>AGDC</b>	6,014.0	3,629.4	11,031.7	11,031.7	11,031.7	11,031.7	11,031.7
<b>ANGDA</b>	436.7		436.7	436.7	436.7	436.7	436.7
<b>DNR</b>	609.7		2,237.6	2,563.0	2,563.0	374.1	374.1
<b>DEC</b>	290.8		410.6	808.0	2,436.2	2,604.4	2,626.9
<b>DOT/PF</b>	1,431.6		1,411.6	1,411.6	411.6	-	
<b>Total:</b>	<b>8,782.8</b>	<b>3,629.4</b>	<b>15,528.2</b>	<b>16,251.0</b>	<b>16,879.2</b>	<b>14,446.9</b>	<b>14,469.4</b>

# Fiscal Note Attachment

File Name: SB215-DOR-AHFC-3-27-12  
Title: In State Gasline Development Corp.  
Sponsor: Senator Thomas

## Alaska Gasline Development Corporation

### Component Number

	FY13 Appropriation Requested	Included in Governor's FY13 Request	Out-Year Cost Estimates				
			FY14	FY15	FY16	FY17	FY18
<b>OPERATING EXPENDITURES</b>	<b>FY13</b>	<b>FY13</b>	<b>FY14</b>	<b>FY15</b>	<b>FY16</b>	<b>FY17</b>	<b>FY18</b>
Personal Services	2,414.0	1,207.2	4,828.8	4,828.8	4,828.8	4,828.8	4,828.8
Travel							
Services	3,600.0	2,422.2	6,202.9	6,202.9	6,202.9	6,202.9	6,202.9
Commodities							
Capital Outlay							
Grants, Benefits							
Miscellaneous							
<b>TOTAL OPERATING</b>	<b>6,014.0</b>	<b>3,629.4</b>	<b>11,031.7</b>	<b>11,031.7</b>	<b>11,031.7</b>	<b>11,031.7</b>	<b>11,031.7</b>
<b>Positions</b>	<b>14</b>	<b>7</b>	<b>28</b>	<b>28</b>	<b>28</b>	<b>28</b>	<b>28</b>

While this Fiscal Note indicates a relatively small fiscal impact in the current year, it should be noted that capital expenditures required for the actions described in the bill are anticipated according to the following schedule (in million \$; at a +/- 30% confidence level):

Fiscal Year	Capital Budget	Owner Capital/Bond Proceeds	Total
2009-2012	\$ 50,668.2		\$ 50,668.2
2013	96,990.0		96,990.0
2014	114,810.0		114,810.0
2015	137,531.8		137,531.8
2016	345,000.0		345,000.0
2017	650,000.0		650,000.0
2018	805,000.0	850,000.0	850,000.0
2019	0	2,500,000.0	2,500,000.0
2020	0	1,970,000.0	1,970,000.0
<b>Total:</b>	<b>\$2,200,000.0</b>	<b>\$5,320,000.0</b>	<b>\$ 7,520,000.0</b>

To continue the project at that level, it is anticipated that 14 additional staff will be added during FY 2013 at an average annual fully-loaded cost of approximately \$170,000 per year. The seven positions requested in FY2014 will be of a similar nature and will help to lead the project through open-season.

708	Manager, Stakeholder Engagement	90,000
709	Governmental & External Affairs Splst	95,000
710	General Counsel	170,000
711	Staff Attorney	120,000
712	Paralegal	80,000
713	Supervisor, Administrative Support	70,000
714	Manager, Building Services	90,000
715	Manager, Human Resources	95,000
716	Manager, I/T I/S	95,000
717	Desktop Support/ Sharepoint Admin	80,000
718	Document Control/Admin. Record	80,000
719	Network Supervisor	80,000
720	GIS	95,000
721	Risk Manager	125,000
722	Procurement & Logistics Specialist	85,000
723	Admin Assistant I	35,000
724	Admin Assistant I	35,000
725	Admin Assistant II	45,000
726	Admin Assistant II	45,000
727	Admin Assistant II	45,000
728	Admin Assistant III	60,000

The related operating budget items will be expended in support of the capital budget items in each of the subsequent fiscal years.

Total initial capital expenditures are budgeted in the following categories. Upon beginning of construction, the remaining \$1.8 billion will be expended on capital construction costs.

Project Plan Completion	\$ 30,000,000
Commercial Operations	13,825,000
Pipeline Engineering	93,784,000
Facilities Engineering	182,962,000
Support Activities	79,429,000
<b>Total</b>	<b>\$400,000,000</b>

**Project Plan Completion:** Completion of the project plan required by HB 369 and delivered to the Legislature in July, 2011 included all preliminary engineering and commercial analysis up to that point.

**Commercial Operations:** Progress commercial discussions with potential shippers and markets. Develop agreements to allow for the future development of this project. Engage and work with the Prudhoe Bay operations & owners on numerous integration issues.

**Pipeline Engineering, Environmental & Permitting:** Progress pipeline route data collection and design, utilizing the information to upgrade project cost estimates and plans necessary for serious commercial discussions and project development approvals. Engineering work to be developed inline the industry best practices for mega-projects. Collect key environmental data necessary for permits preparation prior to construction.

**Facilities Engineering, Environmental & Permitting:** Conduct preliminary and front-end engineering development, utilizing the information to upgrade project cost estimates and plans necessary for serious commercial discussions and project development approvals. Engineering work to be developed inline the industry best practices for mega-projects. Prepare engineering design to be ready for placing long lead equipment and stock orders. Collect key environmental data necessary for permits preparation prior to construction.

**AGDC Support Activities:** Home office activities to support the commercial and engineering development of the project including all external affairs, accounting, budget, legal, records management and managerial oversight activities.



## Department of Natural Resources

In the preparation of this fiscal note certain assumptions have been made:

### **Option One – Phase 1 of a 2 phase ASAP project (no delays)- Financials based on this option**

- 1) Phase one of the ASAP pipeline construction under the current state lease with amendments as necessary to define the construction phases.
- 2) Assumes the current EIS being prepared by the COE will be applicable.
- 3) Assumes construction of the southern half of the pipeline first with gas going from Cook Inlet to Fairbanks, to be reversed after phase two construction.
- 4) Would require an amendment to AS38.34.099(1) to modify the definition of In State Natural Gas Pipeline to include shipment of natural gas from Cook Inlet to Fairbanks.
- 5) Assumes a 1.5 year construction schedule.
- 6) Participating state agencies will provide separate fiscal notes.
- 7) DGGs cost estimate assumes that the state needs to understand the geohazards to ensure the applicant has identified and considered all geologic hazards along the route. These numbers may be reduced after examining existing data for this area.
- 8) Schedule assumptions are based on AGDC's currently proposed schedule.
- 9) Construction oversight begins in FY 2014 and continues through FY 2015. Operational oversight begins in FY 2016.
- 10) The oversight cost estimate is for DNR only and does not include estimates for other state agencies.
- 11) Assume SPCO will administer material sales and the material sites after initial sale.
- 12) DMLW has concluded that costs after FY 2013 are indeterminate. This budget does not include any funding for DMLW for fiscal years 2014-2018.

### **Option Two – New Pipeline project (delayed construction)-No Financials Included**

- 1) Assumes that the project will require a new state lease.
- 2) Modification of AS 38.34 required if the intent is to provide this pipeline with the leasing benefits provided to ASAP.
- 3) Would require an environmental assessment from the Corps of Engineers (COE).
- 4) One year delay in initiating construction to allow for new lease and a new permit application to the COE.
- 5) Assumes a 1.5 year construction schedule.
- 6) Participating state agency will provide separate fiscal notes.
- 7) DGGs cost estimate assumes that the state needs to understand the geohazards to ensure the applicant has identified and considered all geologic hazards along the route. These numbers may be reduced after examining existing data for this area.
- 8) Schedule assumptions are based on AGDC's currently proposed schedule.
- 9) Construction oversight begins in FY 2015 and continues through FY 2016. Operational oversight begins in FY 2017.
- 10) The oversight cost estimate is for DNR only and does not include estimates for other state agencies.
- 11) Assume SPCO will administer material sales and the material sites after initial sale.

- 12) DMLW has concluded that costs after FY 2013 are indeterminate. This budget does not include any funding for DMLW for fiscal years 2014-2018.

### **Option One Details**

#### **STATE PIPELINE COORDINATORS OFFICE**

Costs to DNR would include SPCO expenses to coordinate the participation of state agencies in pre-construction permitting, work on the Federal EIS and work associated with AGDC's development of Plans and processes required by the State Lease, lease compliance and the preparation and issuance of Notices to Proceed. In addition to SPCO costs, estimated expenses are included for the participation of the State Historic Preservation Office (SHPO), the Division of Geological and Geophysical and Surveys (DGGs), and the Division of Mining Land and Water (DMLW). Eight new long-term non-perm Natural Resource Specialist (NRS) III (range 18) positions will be created in FY 2014 and will exist through FY 2015. All other positions are established SPCO staff, FY 2013 through FY 2018, **(a list of positions are listed at the end of the narrative for each fiscal year).**

#### **SPCO Personal Service Costs per year:**

FY2013 \$ 473,234  
 FY2014 \$ 1,782,836  
 FY2015 \$ 2,051,703  
 FY2016 \$ 299,603  
 FY2017 \$ 299,603  
 FY2018 \$ 299,603

#### **OFFICE OF HISTORY & ARCHAEOLOGY**

Position in Anchorage for review and monitoring the cultural resource project program.

- one Archeologist = \$25,000
- Administrative Overhead = \$2,500

**\$27,500 personal services cost /year for FY 2013 through FY 2015**

Position in Anchorage for review and monitoring the cultural resource project program.

- one Archeologist = \$12,500
- Administrative Overhead = \$1,250

**\$13,750 personal services cost /year for FY 2016 through FY 2018**

(This may be reduced for phase one if there is sufficient data for this area)

#### **DIVISION OF GEOLOGICAL AND GEOPHYSICAL SURVEYS**

Positions in Fairbanks for management of geohazards project related studies and review of existing information.

- one Geologist IV (range 21)
- one LTNP Geologist III (range 19)
- one Graduate Intern

**\$137,300 personal services cost /year for FY 2014 through FY 2015**

(This may be reduced for phase one if there is sufficient data for this area)

#### **DIVISION OF MINING, LAND AND WATER**

## Assumptions:

That DNR/DMLW will be required to supervise, review and approve a title report prepared by SPCO regarding state owned lands in the pipeline ROW.

That DNR will not be required to transfer title to any state lands to DOT/PF.

That DNR/DMLW will not be responsible for title or ROW acquisitions from entities other than DNR managed lands including lands owned by private persons, boroughs, the university, mental health trust, ANCSA corporations, native allotments, and the federal government.

That DNR/DMLW will review and approve all land surveys associated with granting an in-state gasline ROW and developing an in-state gasline across state land. DNR/DMLW will participate in the ROW planning effort to some degree across state land, the review of the AS 38.35 ROW lease to be prepared by SPCO for issuance to DOT/PF, and the ACMP (if reauthorized) review of the ROW, DMLW will participate in the identifying lands within legislatively designated areas over which the ROW will cross and assist the responsible state agencies with efforts to extricate the ROW from the LDAs.

That SPCO will issue AS 38.35 ROW across lands to DOT/PF, and SPCO will be responsible for issuance of the majority of the land use permits and material sales necessary within the ROW, but that DNR/DMLW will be required to issue some land use permits (within and without the ROW), and material sales (outside the ROW) during the construction phase for gasline construction and maintenance (Beyond FY13). The costs to DMLW would include expenses during FY13 for providing assistance during the development teams planning efforts and pre-application meetings as well as costs associated with materials sales and permitting, as necessary, during the construction of the gasline. Funds to be provided to DLWM through RSA for services rendered.

**DMLW PERSONAL SERVICES COST - FY13 and Indeterminate in FY 14 and beyond.**

Natural Resource Manager (NRM) III – ( Range 22) – Total of three months at a rate of approximately \$126,000 per year for the supervision, review and approval a title report prepared by SPCO staff. \$31,500 in FY 13.

Land Surveyor I (LS) II – ( Range 22) – Total of two months at a rate of approximately \$126,000 per year for review and approve all land surveys associated with granting an in-state gasline ROW. \$21,000 in FY 13.

Natural Resource Specialist (NRS) III – ( Range 18) – Total of three months at a rate of approximately \$97,400 per year for 1) participation in the ROW planning effort to some degree across state land, the review of the AS 38.35 ROW lease to be prepared by SPCO for issuance to DOT/PF, and the ACMP (if reauthorized) review of the ROW, 2) DMLW will participate in the identifying lands within legislatively designated areas over which the ROW will cross and assist the responsible state agencies with efforts to extricate the ROW from the LDAs. \$32,500 in FY 13.

Natural Resource Specialist (NRS) II – ( Range 16) – At a rate of approximately \$87,500 per year for issuance of land use permits (within and without the ROW), and material sales (outside the ROW) during the construction phase for gasline construction and maintenance (Beyond FY12). Indeterminate as the necessity, number and size of the permits or material sales are not know at this time. FY 14 and beyond.

**DNR/DMLW - TRAVEL, CONTRACTUAL, SUPPLIES**

Travel will be for planning and public meeting, as well as survey review and approval.

Travel in FY 14 and beyond for issuance of land use permits (within and without the ROW), and material sales (outside the ROW) during the construction phase for gasline construction and maintenance will be Indeterminate as the necessity, number and size of the permits or material sales are not know at this time. FY 14 and beyond.

**DNR - EXCEPT DMLW - TRAVEL, CONTRACTUAL, SUPPLIES**

Travel would be for public meeting, public hearings, agency coordination and monitoring of contractors performing field work and compliance oversight. Miscellaneous costs include aerial photos, satellite imagery, field supplies and maps. Other, contractual and supply costs include SPCO office space, telephones, core service charges and related expenses.

**TRAVEL** \$10,000 total for FY 2013

**TRAVEL** \$200,000 total for FY 2014

**TRAVEL** \$250,000 total for FY 2015

**TRAVEL** \$25,000 total for FY 2016, FY 2017 and FY 2018

**CONTRACTUAL** \$4,000 total for FY 2013

**CONTRACTUAL** \$70,000 total for FY 2014

**CONTRACTUAL** \$76,500 total for FY 2015

**CONTRACTUAL** \$15,000 total for FY 2016, FY 2017 and FY 2018

**SUPPLIES** \$2,000.00 total for FY 2013

**SUPPLIES** \$10,000 total for FY 2014 and FY 2015

**SUPPLIES** \$2,000 total for FY 2016, FY 2017 and FY 2018

**MISCELLANEOUS** \$5,000.0 total for FY 2013

**MISCELLANEOUS** \$ 10,000 total for FY 2014 and FY 2015

**MISCELLANEOUS** \$5,000 total for FY 2016, FY 2017 and FY 2018

**STATE PIPELINE COORDINATORS OFFICE POSITIONS:**

New & Existing positions in Anchorage - pre-construction permitting /plan development and preparation of NTP's:

**SPCO FY 2013**

- one Natural Resource Specialist (NRS) IV (range 21)
- one Natural Resource Manager (NRM) III (range 22)
- one Natural Resource Specialist (NRS) III (range 18)
- one Natural Resource Specialist (NRS) III (range 18)
- one Information Officer (PIO) III (range 20)
- one Engineer IV (range 27)
- one Deputy State Pipeline Coordinator
- one State Pipeline Coordinator - total 3 months
- Administrative Support

**SPCO FY 2014**

**(eight of the ten NRS III range 18 are new in this FY, two are existing positions)**

- ten Natural Resource Specialist (NRS) III (range 18)

- one Natural Resource Manager (NRM) III (range 22)
- one Engineer IV (range 27)
- one Technical Engineer I (range24)
- one Natural Resource Specialist (NRS) III (range 18)
- one Information Officer (PIO) III (range 20)
- one Deputy SPC
- one SPC - total 6 months
- Administrative Support

**SPCO FY 2015**

Pipeline construction oversight;

**(eight of the ten NRS III range 18 are Long-Term Non-Perm positions established in FY2014, two are existing positions)**

- ten Natural Resource Specialist (NRS) III (range 18)
- one Natural Resource Manager (NRM) III (range 22)
- one Engineer IV (range 27)
- one Technical Engineer I (range24)
- one Natural Resource Specialist (NRS) III (range 18)
- one Information Officer (PIO) III (range 20)
- one Deputy SPC
- one SPC - total 6 months
- Administrative Support

**SPCO FY 2017, FY 2016 and FY 2018**

Operational oversight and lease administration;

- one Natural Resource Specialist (NRS) III (range 18)
- one Natural Resource Manager (NRM) III (range 22)
- one Engineer IV (range 27)
- one Technical Engineer I (range24)
- one Natural Resource Specialist (NRS) III (range 18)
- one Information Officer (PIO) III (range 20)
- one Deputy SPC
- one SPC - total 1 month
- Administrative Support

**STATE HISTORIC PRESERVATION OFFICE - FY 13 through FY 18**

Position in Anchorage for review and monitoring the cultural resource project program.

- one Archeologist
- Administrative Support

**DIVISION OF GEOLOGICAL AND GEOPHYSICAL SURVEYS - FY 14 and FY 15**

Positions in Fairbanks for management of geohazards project related studies and review of existing information.

- one Geologist IV (range 21)
- one LTNP Geologist III (range 19)
- one Graduate Intern

## **Department of Environmental Conservation**

### **Division of Environmental Health - Air Quality**

Component Number 2061

#### Assumptions:

SB 215 would require pre-application assistance, data reviews, modeling, engineering plan review and approval for air quality permits in conjunction with development of the pipeline. The division assumes four construction applications in FY2014. This includes one Prevention of Significant Deterioration (PSD) permit and three Minor Source Specific (MSS) permits. Operation permits and compliance reviews would begin in FY2016.

#### Personal Services:

The division assumes pre-application assistance will be provided by current staff (Environmental Program Manager III, and Environmental Program Specialist III) in FY2013 and current staff will provide oversight of term contracts in FY2014 and FY2017.

#### Travel:

Program staff will do a limited amount of traveling to manage this program, such as project site trips.

#### Services:

Much of the work effort will be completed by term contractors, with oversight by current staff. The majority of contractual work effort would be provided in FY2014.

### **Division of Environmental Health – Drinking Water**

Component Number 2066

#### Assumptions:

The primary impact to the Drinking Water component will be the requirement to perform engineered plan and record drawing submittal reviews and provide construction approvals, followed by operation approvals, for the water systems needed to support the labor camps. These water systems will also require routine compliance monitoring for public health protection.

#### Personal Services:

The Department will add one position to this component, an Environmental Engineer I, to review engineered plans for water systems and to provide construction approvals and operation approval for the water systems needed to support the labor camps. This position will be filled for 10 months in the first year to allow for classification and recruitment time, and for 12 months each year thereafter.

#### Travel:

Travel will be required to provide on-site reviews and compliance monitoring of the water systems for public health protection.

Services:

Contractual services include costs for training registrations and small contracts.

Commodities:

One-time costs to set up a new position are included in the first year only. Supplies necessary for training and inspections are included as well.

**Division of Environmental Health – Food Safety & Sanitation**

Component Number 2343

Assumptions:

The primary impact of this bill on the Food Safety & Sanitation component will be an increase in the permitting and inspecting of labor camp kitchens and public accommodations.

Personal Services:

Ensuring these camps and facilities are permitted and inspected requires additional staffing. The Department will add one position to this component, an Environmental Health Officer III, to inspect and permit labor camp kitchens and public facilities. This position will be filled for 10 months the first year to allow for classification and recruitment time, and for 12 months each year thereafter.

Travel:

Travel will be required to provide technical assistance, inspect the labor camps and public facilities, and staff training and certification.

Services:

Contractual services include costs for training registrations and small contracts.

Commodities:

One-time costs to set up a new position are included in the first year only. Supplies necessary for training and inspections are included as well.

**Division of Environmental Health – Solid Waste Management**

Component Number 2344

Assumptions:

The primary impact of this bill on the Solid Waste Management component will be an increase in permitting the solid waste treatment facilities and landfills associated with pipeline construction. These facilities pose a high risk to human health and the environment. They are authorized to operate either by permit or plan approval, which allows the Solid Waste Program to ensure that these facilities meet the design and operational standards in the regulations. After an authorization is issued, the Program further assesses compliance with the regulations by conducting on-site inspections of these facilities.

Personal Services:

The Department will add one position to this component, an Environmental Program Specialist III, to inspect solid waste treatment facilities and landfills. This position will be filled for 10 months in the first year to allow for classification and recruitment time, and for 12 months each year thereafter.

Travel:

Travel will be required to inspect, provide technical assistance and compliance monitoring to the labor camps as well as training and certification for staff.

Services:

Contractual services include costs for training registrations and small contracts.

Commodities:

One-time costs to set up a new position are included in the first year only. Supplies necessary for training and inspections are included as well.

**Division of Spill Prevention & Response – Contaminated Sites**

Component Number 2386

Assumptions:

The Contaminated Sites component of the Division of Spill Prevention and Response would be required to research sites located within the proposed pipeline right-of-way and participate in the development of the Environmental Impact Statement. During construction of the pipeline, the program would conduct inspections, assessments and possibly cleanup oversight activities associated with contaminated soil and groundwater which may occur as a result of oil and hazardous substance releases at construction camps and other pipeline support infrastructure. This fiscal note assumes that construction of an in-state gasline would begin in FY2016.

Personal Services:

The program needs an Environmental Program Specialist II, range 16, to research sites located within the proposed pipeline right-of-way, prepare input to the Environmental Impact Statements and conduct inspections.

Travel:

Travel will be required to conduct research and inspection activities will be necessary.

Contractual Services:

The Department of Law would be consulted as needed.

Commodities:

The Division would incur one time set-up costs for the new position identified above.

**Division of Spill Prevention & Response – Industry Preparedness & Pipeline Operations**

Component Number 1922

Assumptions:

The Industry Preparedness and Pipeline Operations component would be required to conduct contingency plan reviews, inspections, spill exercises and plan modifications/renewals as warranted. This fiscal note assumes that construction of an in-state gasline would begin in FY2016.

Personal Services:

The program needs one Technical Engineer/Architect II, range 25, and an Environmental Engineer II, range 23 in FY2015 to review designs, contingency plans, exercises and plan modifications for the gas

pipeline. An Environmental Program Specialist III, range 18, will be needed in FY2017 to inspect and issue renewals as warranted.

Travel:

Travel to conduct inspections, permitting, and preparedness activities will be necessary.

Contractual Services:

The Department of Law would be consulted as needed.

Commodities:

The Division would incur one time set-up costs for each new position identified.

**Division of Spill Prevention & Response – Prevention & Emergency Response Program**

Component Number 2064

Assumptions:

The Preparedness and Emergency Response Program would be required to increase inspection activities for pipeline camps, preparedness planning as well as response activities associated with the pipeline. This fiscal note assumes that construction of an in-state gasline would begin in FY2016.

Personal Services:

The program needs one Environmental Program Specialist III, range 18, beginning in FY2015 to review and comment on permit activities for the pipeline camps. Eight Environmental Program Specialist III, range 18 positions (four stationed in Fairbanks and four stationed in Anchorage) will be needed in FY2016 for preparedness planning and to address response activities associated with pipeline camps during the construction and operational phases along the right-of-way.

Travel:

Travel to conduct inspections, permitting, and preparedness activities will be necessary.

Contractual Services:

The program assumes one Incident Management Team size response annually, annual training, and additional leased space for eight new positions in field camps or field offices in nearby communities. The Department of Law would be consulted as needed.

Commodities:

The Division would incur one time set-up costs for the new positions identified as well as personal protection equipment for Arctic weather to be used during inspections. Additionally, the program will require the purchase of four vehicles in FY16, two staged in Anchorage and two staged in Fairbanks to conduct inspections of the pipeline, camps and for use in emergency responses. Wear and tear on these vehicles is expected to be high with an accelerated replacement schedule, therefore in FY18, the program will purchase two replacement vehicles.

**Division of Water – Water Quality**

Component Number 2062

Assumptions:

SB 215 would require approval for wastewater treatment systems constructed in conjunction with the development of the pipeline. The Department would be responsible for authorizing permit coverage for up to four separate wastewater permits for discharges from sinks and showers, drinking water treatment plants, domestic treatment plants, and discharges associated with dewatering activities. Project planning will start in 2013 and require two permitting positions. Construction will start in 2016 and require one engineering and one compliance position. Plan reviews and compliance inspections would occur during construction, with periodic inspections post construction.

Personal Services:

The Division of Water would need one Environmental Program Specialist IV, range 20, and one Environmental Program Specialist III, range 18, to write permits. Beginning in FY2016, one Environmental Engineer I, range 22, would be needed to review plans, and one Environmental Program Specialist IV, range 20, would be needed to conduct inspections.

Travel:

Division staff will need to travel to attend meetings, trainings and conduct inspections.

Contractual Services:

Department of Law would be consulted as needed.

Commodities:

Includes one-time set up costs for two positions in FY2013 and two positions in FY2016.

## Department of Transportation and Public Facilities

This legislation seeks to build a gas line from Cook Inlet to Fairbanks. The route is not yet determined. The Department is a member of the Joint in-state Gas Pipeline Development Team and is tasked with determining status of current right-of-way (ROW), expediting permits for use of the ROW and overseeing construction to insure compliance with federal and state permit requirements. An Engineer IV will serve as the technical expert for the Commissioner of DOT&PF, manage consultant activities and oversee regional staff who will be reviewing design alternatives, permits, and authorizations. An Environmental Impact Analysis Manager will oversee work done in the ROW to insure compliance with federal and state requirements, insure our processes provide for rapid permitting decisions and no delays in construction. An Administrative Assistant will assist with the day to day activities of the two professionals.

All ROW management is not included in this fiscal note and will be reimbursed through an RSA with Alaska Department of Natural Resources. No costs are included for ROW purchase. Services do include anticipated specialty design analysis and environmental site monitoring FY14-FY18 for highway asset preservation.

Supply costs in FY13 include the office start up expenses and supplies (\$22.5). Ongoing costs are \$1.0 annually.

	Personal Services	Travel	Services	Commodities
Engineer/Architect IV	\$145.7	\$30.0		
Envirnmtal Impact Analysis Mgr.	\$106.9	\$15.0		
Admin. Asst I	\$ 61.7			
Core Services Charges			\$7.5	
Start up costs 3 x \$7.5				\$22.5
<b>First year totals:</b>				
<b>Personal Services</b>	<b>\$314.3</b>			
<b>Travel</b>		<b>\$45.0</b>		
<b>Services</b>			<b>\$7.5</b>	
<b>Commodities</b>				<b>\$22.5</b>

FY14-FY18 Contractual fees start at \$100.0 (FY14); \$150.0 (FY15); \$250.0 (FY16); \$200.0 (FY 17) and \$100.0 in (FY18). Contractual costs are anticipated for specialty design analysis and environmental site monitoring for highway asset preservation.

## **Department of Law**

The fiscal impact for the Department of Law is indeterminate.

	Included in FY13 Governor's Request	FY13 Appropriation Request	FY13 TOTAL	FY14 Base	FY14 New	FY14 TOTAL	FY15 Base	FY15 New	FY15 TOTAL	FY16 Base	FY16 New	FY16 TOTAL	FY17 Base	FY17 New	FY17 TOTAL	FY18 Base	FY18 New	FY18 TOTAL
<b>DEPARTMENT OF REVENUE</b>																		
Alaska Gasline Development Corporation	3,629.4	6,014.0	9,643.4	9,643.4	1,388.3	11,031.7	11,031.7		11,031.7	11,031.7		11,031.7	11,031.7		11,031.7	11,031.7		11,031.7
Alaska Natural Gas Development Authority		436.7	436.7	436.7		436.7	436.7		436.7	436.7		436.7	436.7		436.7	436.7		436.7
<b>TOTAL</b>	<b>3,629.4</b>	<b>6,450.7</b>	<b>10,080.1</b>	<b>10,080.1</b>	<b>1,388.3</b>	<b>11,468.4</b>	<b>11,468.4</b>	<b>0.0</b>	<b>11,468.4</b>	<b>11,468.4</b>	<b>0.0</b>	<b>11,468.4</b>	<b>11,468.4</b>	<b>0.0</b>	<b>11,468.4</b>	<b>11,468.4</b>	<b>0.0</b>	<b>11,468.4</b>
Commercial Operations	3	0	3	3		3	3		3	3		3	3		3	3		3
Pipeline & Facilities Engineering		4	4	4		4	4		4	4		4	4		4	4		4
Support Activities	7	10	17	17	7	24	24		24	24		24	24		24	24		24
<b>TOTAL</b>	<b>10</b>	<b>14</b>	<b>24</b>	<b>24</b>	<b>7</b>	<b>31</b>	<b>31</b>	<b>0</b>	<b>31</b>	<b>31</b>	<b>0</b>	<b>31</b>	<b>31</b>	<b>0</b>	<b>31</b>	<b>31</b>	<b>0</b>	<b>31</b>

<b>DEPARTMENT OF ENVIRONMENTAL CONSERVATION</b>																		
Environmental Health - Air Quality	0.0	54.6	54.6	54.6	106.0	160.6	160.6	-132.9	27.7	27.7	-11.7	16.0	16.0	49.0	65.0	65.0	-65.0	0.0
Environmental Health - Drinking Water	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	131.5	131.5	131.5	13.9	145.4	145.4	0.0	145.4
Environmental Health - Food Safety & Sanitation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	120.2	120.2	120.2	11.6	131.8	131.8	0.0	131.8
Environmental Health - Solid Waste Management	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	120.2	120.2	120.2	11.6	131.8	131.8	0.0	131.8
Spill Prevention & Response - Contaminated Sites	0.0	0.0	0.0	0.0	20.0	20.0	20.0	78.9	98.9	98.9	0.0	98.9	98.9	0.0	98.9	98.9	0.0	98.9
Spill Prevention & Response - Industry Preparedness	0.0	0.0	0.0	0.0	0.0	0.0	0.0	315.4	315.4	315.4	-8.0	307.4	307.4	93.2	400.6	400.6	-7.5	393.1
Spill Prevention & Response - Prevention & Emergency	0.0	0.0	0.0	0.0	8.8	8.8	8.8	136.0	144.8	144.8	977.6	1,122.4	1,122.4	3.9	1,126.3	1,126.3	95.0	1,221.3
Division of Water - Water Quality	0.0	236.2	236.2	236.2	-15.0	221.2	221.2	0.0	221.2	221.2	298.3	519.5	519.5	-15.0	504.5	504.5	0.0	504.5
<b>TOTAL</b>	<b>0.0</b>	<b>290.8</b>	<b>290.8</b>	<b>290.8</b>	<b>119.8</b>	<b>410.6</b>	<b>410.6</b>	<b>397.4</b>	<b>808.0</b>	<b>808.0</b>	<b>1,628.1</b>	<b>2,436.1</b>	<b>2,436.1</b>	<b>168.2</b>	<b>2,604.3</b>	<b>2,604.3</b>	<b>22.5</b>	<b>2,626.8</b>
Commercial Operations	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Pipeline & Facilities Engineering	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Support Activities	0	2	2	2	1	3	3	3	6	6	13	19	19	1	20	20	0	20
<b>TOTAL</b>	<b>0</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>1</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>6</b>	<b>6</b>	<b>13</b>	<b>19</b>	<b>19</b>	<b>1</b>	<b>20</b>	<b>20</b>	<b>0</b>	<b>20</b>

<b>DEPARTMENT OF NATURAL RESOURCES</b>																		
State Pipeline Coordinators Office	494.23		494.2	494.2	1578.6	2,072.8	2,072.8	325.37	2,398.2	2,398.2	-2051.6	346.6	346.6	0	346.6	346.6		346.6
Office of History and Archaeology	27.5		27.5	27.5	0	27.5	27.5	0	27.5	27.5	-13.75	13.8	13.8	0	13.8	13.8	0	13.8
Division of Geological and Geophysical Surveys			0.0	0.0	137.3	137.3	137.3	0	137.3	137.3	-137.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Division of Mining, Land and Water	88		88.0	88.0	-88	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0
<b>TOTAL</b>	<b>609.7</b>	<b>0.0</b>	<b>609.7</b>	<b>609.7</b>	<b>1,627.9</b>	<b>2,237.6</b>	<b>2,237.6</b>	<b>325.4</b>	<b>2,563.0</b>	<b>2,563.0</b>	<b>-2,202.7</b>	<b>360.4</b>	<b>360.4</b>	<b>0.0</b>	<b>360.4</b>	<b>360.4</b>	<b>0.0</b>	<b>360.4</b>
Commercial Operations			0	0		0	0		0	0		0	0		0	0		0
Pipeline & Facilities Engineering			0	0		0	0		0	0		0	0		0	0		0
Support Activities			0	0	8	8	8	8	8	8	-8	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>0</b>	<b>8</b>	<b>8</b>	<b>-8</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>DEPARTMENT OF TRANSPORTATION &amp; PUBLIC FACILITIES</b>																		
Statewide Engineering & Design-2357		389.3	389.3	389.3	467.8	857.1	857.1	517.8	1,374.9	1,374.9	617.8	1,992.7	1,992.7	503.6	2,496.3	2,496.3	403.6	2,899.9
<b>TOTAL</b>	<b>0.0</b>	<b>389.3</b>	<b>389.3</b>	<b>389.3</b>	<b>467.8</b>	<b>857.1</b>	<b>857.1</b>	<b>517.8</b>	<b>1,374.9</b>	<b>1,374.9</b>	<b>617.8</b>	<b>1,992.7</b>	<b>1,992.7</b>	<b>503.6</b>	<b>2,496.3</b>	<b>2,496.3</b>	<b>403.6</b>	<b>2,899.9</b>
Commercial Operations			0	0		0	0		0	0		0	0		0	0		0
Pipeline & Facilities Engineering			0	0		0	0		0	0		0	0		0	0		0
Support Activities		3	3	3	3	3	3	3	3	3	3	3	3	-1	2	2	2	2
<b>TOTAL</b>	<b>0</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>0</b>	<b>3</b>	<b>3</b>	<b>0</b>	<b>3</b>	<b>3</b>	<b>0</b>	<b>3</b>	<b>3</b>	<b>-1</b>	<b>2</b>	<b>2</b>	<b>0</b>	<b>2</b>

<b>GRAND TOTAL</b>	<b>4,239.1</b>	<b>7,130.8</b>	<b>11,369.9</b>	<b>11,369.9</b>	<b>3,603.8</b>	<b>14,973.7</b>	<b>14,973.7</b>	<b>1,240.6</b>	<b>16,214.3</b>	<b>16,214.3</b>	<b>43.3</b>	<b>16,257.6</b>	<b>16,257.6</b>	<b>671.8</b>	<b>16,929.4</b>	<b>16,929.4</b>	<b>426.1</b>	<b>17,355.5</b>
<b>CUMULATIVE TOTAL</b>			<b>11,369.9</b>			<b>26,343.7</b>			<b>42,558.0</b>			<b>58,815.5</b>		<b>75,744.9</b>				<b>93,100.3</b>
Commercial Operations	3	0	3	3	0	3	3	0	3	3	0	3	3	0	3	3	0	3
Pipeline & Facilities Engineering	0	4	4	4	0	4	4	0	4	4	0	4	4	0	4	4	0	4
Support Activities	7	15	22	22	16	38	38	3	41	41	5	46	46	0	46	46	0	46
<b>POSITION GRAND TOTAL</b>	<b>10</b>	<b>19</b>	<b>29</b>	<b>29</b>	<b>16</b>	<b>45</b>	<b>45</b>	<b>3</b>	<b>48</b>	<b>48</b>	<b>5</b>	<b>53</b>	<b>53</b>	<b>0</b>	<b>53</b>	<b>53</b>	<b>0</b>	<b>53</b>