

HB

645

COMMITTEE REPORT
SENATE

FURTHER: Finance

2/23/78

Date: _____

Mr. President:

The Committee on RESOURCES has had RB 645
supplemental appropriations to the Dept. of Natural Resources

under consideration and (a majority of the committee) (the committee reports it back as follows)

- recommends it do pass recommends it do not pass
- recommends it do pass with attached amendment(s)
- recommends it be replaced with CS for _____

and _____ new title same title

- AND attaches a Letter of Intent New Fiscal Note
- reports it back without recommendation
- and recommends it be referred to the _____ Committee

MEMBERS SIGNING DO PASS:

OTHER RECOMMENDATIONS:

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Chairman

FY 78 SUPPLEMENTAL REQUEST ANALYSIS

	FY 76 ACTUAL	FY 77 FINAL AUTH.	FY 77 ACTUAL	FY 78 Gov. BUDGET	FY 78 INITIAL AUTH.	FY 78 CURRENT AUTH.	EXPENDITURES + ENCUMBRANCES 7/1 - 10/31	OTHER OBLIGATIONS 7/1 - 10/31	PROJECTED EXPENDITURES + ENCUMBRANCES 11/1 - 6/30	FY 78 (DEFICIT) OR EXCESS	FY MAINT REQ
PERSONAL SERVICES				310.7	310.7	250.7	168.0		253.6	(170.9)	471.4
VEHICLE				19.0	14.5	14.5	5.4		19.1	(10.0)	21.3
CONTRACTUAL SERVICES				33.5	33.5	93.5	37.9	18.9	102.7	(.66.0)	125.5
COMMODITIES				2.5	2.5	2.5	1.2		4.3	(3.0)	5.5
EQUIPMENT				1.5	.4	.4	.0		5.4	(.5.0)	3.8
LANDS, BLDGS. ...											
INDEMNITIES, CLAIMS, ...											
CELLANEOUS											
TOTAL	NA	NA	NA	367.2	361.6	361.6	212.5	18.9	385.1	(254.9)	627.5
GENERAL RECEIPTS											
OUTSTANDING GF MATCHING											
FROM GENERAL FUND											
INTER-AGENCY RECEIPTS											

AGENCY Natural Resources

BRU Mangement & Administration

COMPONENT Planning & Research

REVISED _____

113645

TO: Mike Harper, Chairman
Budget Review Committee

DATE: November 23, 1977

FILE NO:

THRU: R.E. LeResche, Commissioner
Department of Natural Resources

TELEPHONE NO:

FROM: Donald G. Wold, Executive Director
Alaska Royalty Oil & Gas Board

SUBJECT: FY 78 Supplemental Budget
Royalty Oil and Gas Board

Forwarded herewith is a completed "FY 78 Supplemental Request Analysis" to support our request for an additional \$15,000 for Contractual Services (consultant fees) to be used by the Alaska Royalty Oil and Gas Development Advisory Board and the Commissioner of Natural Resources in the review and analysis of proposals received from industry in response to the State solicitation entitled "Offer for Negotiated Sale of Prudhoe Bay Crude Oil, 150,000 Barrels Per Day."

In response to the above solicitation the State has received four (4) final proposals from companies offering to construct refineries and petrochemical plants ranging in size from 150,000 - 250,000 Barrels per Day and ranging in investment from \$400 million to \$2,500 million.

The evaluation of these proposals will require the retaining of three consultants with special expertise in law, finance, and engineering related to those process industries to insure that the States interests are protected in this large sale of the States resources.

The FY 78 Royalty Board budget for contractual services is \$76,700 of which approximately \$60,000 is currently available for these purposes.

A law firm has been retained to assist the State in the development of the contract for this sale, approximately \$30,000 is required for these services. A technical engineering firm has been retained to assist in the technical evaluation of the projects proposed and \$20,000 is required for these services. Financial consultants will be retained to assist in all aspects of the financing of the project and a minimum of \$25,000 is required for these services.

Should you have any further questions please do not hesitate to call.

Enclosure

DGW:sw

24.9

24.8

1.3

2.4

21.1

7/1 - 10/

INCURRED

EXPENDITURE

MEMORANDUM

TO: Robert LeResche
Commissioner

DATE: September 2, 1977

FILE NO:

TELEPHONE NO:

FROM: ^{DH} Dave Hanson, Chief
Planning and Research

SUBJECT: Justification for Supplemental
funding for d-2 and land
selections work

At your direction, the Planning and Research Section has recently become heavily involved in critically important Alaskan land issues to an extent not anticipated during the formation of the fiscal year 1978 budget last August. As a direct consequence of the Section's responsibility for the resource impact analysis of the various d-2 land proposals, assessment of State concerns associated with specific d-2 unit proposals, preparation of d-2 related resource impact presentations to Federal entities such as the Department of Interior, the Office of Management and Budget, and various Congressional committees, along with the Section's responsibility for Statehood Entitlement Land Selections, the Section must augment its fiscal year 1978 budget by approximately \$255,000. This memo is a justification for the supplemental funding which is essential to support the section's continued lead in these land issues through fiscal year 1978.

This memo is divided into the following parts:

1. A description of the unanticipated but unprecedented opportunity for substantial State input into the federal and Congressional deliberations on the d-2 land issues and timely action on Statehood Entitlement land selections;
2. A summary of the supplemental budget request;
3. An accounting of Section personnel and other budget allocations for FY 78 and an explanation of why the accelerated d-2 and land selections program budget demands cannot be met with the Section's present budget allocation.

The immediacy of the demands related to statehood land entitlement selections and the d-2 decision process emphasize the need for expedient consideration of this supplemental budget request. The Section will be able to provide the State with adequate backup in order to have a substantial impact on federal and Congressional considerations of d-2 proposals, and also will be able to honor the Governor's recent commitment to indicate within ninety days approximately 60 million acres from which the State will select the remainder of its Statehood Entitlement. In considering this request, it should be recognized that the vast majority of the State's decisions concerning land selections and the national decisions concerning the allotment of d-2 lands will take place during the remainder of FY 78 and initial months of FY 79. Consequently, this is a singular and historic opportunity which will have enormous long term impact on Alaska.

Furthermore, the Governor's commitment to a publicly accountable and analytical process of land selections should be recognized. Without this supplemental these services cannot be provided.

1. Land Selections and d-2 issue tasks and opportunities:

During the past eighteen months, the Department of Natural Resources Planning and Research Section has had the lead responsibility for establishing a land selections process which was publicly accountable and based upon the best analysis available as well as a detailed land resource inventory/analysis to form a basis for land selection decisions. The inventory/analysis system has already proved to be an invaluable tool for determining relevant resource values on Alaskan lands. The assessment was used in December of 1976, and April 1977 in making land selections totaling over 3.6 million acres and was frequently used by the Department in appraising land management options. The Department's inventory/analysis is the only system available to the State or Federal Government which can provide detailed assessment of the relative values of Alaskan lands.

Recently, you requested the Planning and Research Section to apply the resource inventory and assessment to the various d-2 proposals and prepare to use it to help provide a data base for the d-2 debate and identify State areas of interest within that debate. In view of the emergence of the Udall d-2 Bill in January of 1977 and the various pressures being applied nationally to Statehood selections rights, it became extremely important to identify both the relative value of those lands which the State might wish to select in the future and also to be able to defend rationally past selection actions and statehood entitlements. The use of the resource assessment to evaluate d-2 proposals, the development, on an accelerated basis, of the land selection system, and the need to apply this system to the selection of the majority of the remaining Statehood entitlement within FY 78, had not been envisioned in planning the FY 78 budget.

The opportunities and results related to these tasks, however, are overwhelming and require immediate action. As a result of the application of the resource assessment to the various d-2 proposals, the State is developing a rational and well justified position on d-2 issues. The depth of the analysis behind the State's position is greatly aiding our effectiveness with various federal agencies and Congressional committees. We have gained additional credibility with these agencies and committees by providing them with the best data base available for their consideration of d-2 issues. In addition, the Section has prepared large scale maps to convey State concerns with respect to the various d-2 proposals. These maps were critical in the State's recently successful effort to communicate its concerns to the federal government and will be used to help influence House and Senate d-2 committee positions.

The significance of these projects in providing an objective resource information and a reputable State land selection system which is necessary to deal with both the various d-2 issues and to effectively defend the State's position can hardly be overstated. The Department of Interior, the Federal Energy

Administration, the Office of Management and Budget, the State Federal Land Use Planning Commission, and both House and Senate committees dealing with the d-2 issues and overall land issues have recognized the State's efforts and complimented the system that has been developed.

In addition to the considerable effort relating directly to the d-2 issues, the Section has recently been obligated by the Governor to identify 60 million acres of land suitable for State selections on November 20. What this means is that the development of a publicly accountable land selection process will have to be greatly accelerated. This further means that most of the State land selection decisions will have to be made within the next year.

The need for accelerated determination of land selections, a greatly accelerated land selection process, and the need for detailed analyses of federal d-2 actions to protect statehood rights were neither foreseen nor expected during FY 78 budget formulation. It should also be noted that the total cost of this supplemental appropriation represents .7¢ per acre for the remaining Statehood land entitlement. We estimate the entire program to protect state interest in d-2 and select the remaining entitlement in a publicly accountable manner over the next two years will cost 1.7¢ per acre. It should be emphasized that in providing our input thus far, the Planning and Research Section has completely exhausted its budgetary options and must have supplemental funding to continue this effort into the future.

A description of the projects and budgetary requirements which the Planning and Research Section believe essential for the State's continued input into these land decisions is provided in the following pages.

2. Summary of Supplemental Budget Request

This Section sets forth a summary of the additional funding which would be required to complete the above tasks related to analysis of d-2 issues, provision for documentation and presentation of these issues to federal and State entities, completion of the establishment of a land selection process, and analyses and documentation required to identify proposed selections of an additional 60 million acres within ninety days. The summary of the budget requirements is set forth in tabular form below and is followed by a short explanation of each budget item. An appendix is attached to the supplemental request which sets forth in more detail the tasks to be covered by the supplemental funding.

Supplemental Budget Request

Personnel	Range	Budget
Research Analyst I (24 mos)	13	41,284
Associate Planner (12 mos)	17	27,630
Data Clerks (14 months)	9	18,707
Research Analyst II (4 mos)	16	7,440
Criteria document writer/analyst (3 mos)	18	7,100
Contingency hires		5,000
Cartographer (2½ mos)	13	3,750
	TOTAL	110,911

Contractual

Systems Analyst (12 mos), programming	43,005
Computer time	36,000
D-2 data assessments and addendums, documentation and distribution	30,000
Criteria document publication, distribution, statewide public participation, review, and analysis	10,000
TOTAL	<u>120,005</u>

Space	6,000
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Commodities	3,000
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Travel	10,000
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Equipment	5,000
TOTAL	<u>24,000</u>

TOTAL SUPPLEMENTAL REQUEST 254,916

The following is a brief explanation of each of the budget items listed above in the order they are presented.

Research Analyst (24 mos): The Research Analyst I positions will be used to accomplish four tasks. These include preparation and manipulation of data within the computer system to handle routine requests for d-2 analysis and land selection scenarios; analysis of resource data for presentation to State, Federal and Congressional entities regarding d-2 impacts on state lands; development and application of accountable land selections processes for immediate selection demands; and finally completion of the required refinement and updating of the resource inventory which is to take place during the next six months.

Associate Planner (12 mos): The Associate Planner position will have responsibility for the overall direction of the d-2 analysis and preparation of presentations to be given on d-2 impacts on state lands. The Section's current Associate Planner position is responsible for completing selections activities which are related to the Governor's request and the establishment of an accountable process as well as its administration. The requested Associate Planner is definitely required to provide fulltime guidance on the d-2 issues and yet enable us to continue completing our selections responsibilities with existing personnel.

Data Clerk (14 mos):

The Clerk personnel will be used for the very necessary and complicated function of continuing to check and double check resource and land status data to assure its validity before the conclusions from such computer runs and data are used in official presentations and positions. This element is central to the credibility of the entire system and the State's positions on d-2 and land selections. The credibility of our efforts are damaged if there are inaccuracies due to mechanical errors. The elimination or minimization of such errors is a prime responsibility of these data clerks. The work time needed to complete these tasks is considerable and cannot be overstated. The Data Clerks also assist in the preparation of the State's formal presentations and mechanical mapping activities.

Research Analyst II(4 mos):

The Research Analyst II position is responsible for generating and analyzing the selections scenarios which must be completed to provide a basis for our identification of 60 million acres of land suitable for selection by late November and the narrowing down of these selection recommendations during the months which follow.

Criteria Document Writer
Analyst (3 mos):

In response to the Governor's request that our selection efforts be publicly accountable, a document must be written which explains the general criteria we use in the land selection process. A person to accomplish this during the immediate future is mandatory if this system is to be credibly presented to the Alaskan public.

Contingency Hires:

The small amount of money for contingency hires is to cover unforeseen circumstances requiring clerical or mechanical work associated with putting together documents, presentations or booklets of data.

Cartographer (2½ mos):

Though the majority of cartographic efforts associated with our land selection process and the d-2 analysis presentation process will be provided by Cartographers within the Section, the unexpected number of presentations and maps variations that will be needed in providing the d-2 assessment and the selections nominations require some additional cartographic time. This minimal 2½ months of cartographic time should enable us to complete these mapping projects on schedule.

ContractualSystems Analyst (12 mos)Programming:

The focal point for our land selections efforts and our d-2 analysis rests on the ability of our computer system to be manipulated to provide information for the great variety of changing d-2 proposals and selections scenarios. Consequently, a large amount of computer programming and systems-analysts help is mandatory if any of this work is to get done. This system is still being modified to meet the new types of demands associated with d-2 and accelerated land selections which also require this manpower.

Computer Time:

During the first two months of FY 78, 150 hours of computer time has been required to complete the demanded d-2 analyses alone. In order to continue meeting the demands for d-2 analyses and manipulating this large amount of data for the accelerated land selection purposes, at least an additional 600 hours of computer time will be required. Due to the complexities of the d-2 and land selections systems, along with the large areas to be covered, require significant amounts of computer time.

d-2 Data Assessments and
Addendums, Document
Publication and Distri-
bution:

The publication and distribution of the initial d-2 proposals assessments is estimated to cost in the range of over \$20,000. It should be recognized that these are voluminous documents providing the data base for d-2 assessment work to be carried on by the State and interested parties within the State for the next year and a half. Addendums to this data for the final Department of Interior, and Congressional proposals will be necessary, and are estimated to require an additional \$10,000 for printing, publication, and distribution costs.

Criteria Document Pub-
lication, Distribution,
Statewide public Parti-
cipation, Review, and
Analysis:

In order to fulfill the Governor's mandate that our selection process be publicly accountable, we must set out criteria used in selections for public review and assure widespread awareness of these criteria and opportunities for public participation and comment. The cost provided for in this supplemental refer only to expected publication costs of

the criteria document. The Department is planning to cover the costs of public meetings from existing budgets.

Space:

In order to provide facilities for the additional personnel, additional space is necessary.

Commodities:

This small amount of commodities money is inserted for drafting materials, xeroxing, and telephone bills associated with the project including long distance calls to Washington, D. C., and other miscellaneous items.

Travel:

During FY 78, at least ten trips to Washington of Section personnel will be necessary to assist in presentations of our d-2 assessment and land selections data to various federal departments, and Congressional committees and staffs. This amount of travel to D. C. was not expected at the time the budget was formed and actual travel demands may easily be in excess of this estimate.

Equipment:

This covers the equipment necessary for the additional personnel including files, desks, and tables as well as storage facilities for the large amounts of computer data that will have to be referred to in the future which will result from the various phases of this project.

3. Present FY 78 Budget Allocations and Section Responsibilities

The Planning and Research Section of the Department of Natural Resources was allocated a budget of \$367,000 for FY 78. The vast majority of this budget, \$310,700, was allocated for personal services expenditures to support the Planning Section's ten permanent positions. These ten permanent positions include two clerical staff members, two cartographers, and six professional planner positions. The remainder of the budget was divided as follows:

Contractual Services	\$33,500
Travel	14,500
Commodities	2,500
Equipment	400

The contractual services portion of the budget was divided between computer time for land selections, \$10,000; computer time for water permits, \$4,000; space rental, \$10,000; and office equipment, drafting material, and publishing, \$9,500.

The large portion of this budget, Personal Services Expenditures, provides little if any leeway for additional expenditures in other areas, and currently supports several high priority items. Of the six professional positions budgeted, one of the Natural and Physical Sciences Planner positions is being used for a special leasing advisory position which does not relate to the Section's efforts. Four of the other five professional positions are currently filled and the one unfilled position, a Principal Planner position, will be filled by October of this year. Consequently the Personal Services portion of the budget provides a leeway of only \$9,000 due to the unfilled Principal Planner position during the first three months of Fiscal 1978.

The responsibilities being carried out by the five professional positions currently dealing with Section activities include such high priority items as coordination of the Delta Barley project; coordination and planning involvement in the recently passed homesite act; analysis of the recently authorized agricultural rights disposal and development statute; coordination of the Department's implementation of the recently passed coastal management act and administration of federal monies provided to aid coastal management programs; coordination, and direction of the newly created Departmental water planning program and establishment of a new water section; establishment of the State's land selection program and provision for analysis and strategy for that program; analysis and data preparation for the establishment of the Department's general land management policies; involvement in the revision of the Department's classification system; and coordination of Department activities with the Department of Transportation, including the haul road question.

The Section also has responsibilities involved with coordination of all Department planning, analysis, and research efforts, as well as initiation of new programs between various federal land management agencies, native land owners, and the Department. The Section is also responsible for coordination of various review functions regarding policy decisions.

Finally, the Section manages a variety of land and water use planning programs throughout the State ranging from the Susitna Valley, Kenai Peninsula, Prince William Sound, the Fairbanks area, and the North Slope, as well as managing a major petroleum development study which will input directly to oil and gas leasing considerations on the North Slope. The section is also the lead agency for developing a computerized resource inventory and analysis system for the entire state. (This program provides the basic data for the d-2 and land selection assessment.) These projects all have high priority within the Department of Natural Resources and all have previous commitments for final products under time deadlines. Elimination of these ongoing programs would severely hamper the management and administration processes of the Department. In addition approximate 33% of our budgeted professional manpower, 50% of our budgeted drafting manpower and 33% of our budgeted clerical manpower are presently involved in d-2, land selection, and selection process projects.

The largest budget unit after permanent personnel is Contractual Services which includes \$33,500. The vast majority of this budget component has already been spent or committed in the support of computer services for our land selections and resource inventory efforts, rent payments, and support of existing office equipment, drafting material, and publication of already completed documents.

It is obvious from the above, that the current budget provides very little leeway for support of an accelerated land selection program and analysis of d-2 issues. The budget demands of these new programs fall primarily in the Contractual Services category for computer time, systems analyst time, publication of documents, and preparation of mapping materials. Another large portion of the demand budget falls in the area of Personal Services money for temporary employees to help with the vast amount of clerical and data gathering duties associated with an analysis of land selection issues and d-2 proposals.

The current budget as noted above provides barely \$8-9,000 of excess money for temporary hires and absolutely no additional monies for the great amount of contractual services required. The possibility of using much additional time of the five permanent employees beyond that already allocated to the land selections process is slight and would not greatly change the need for additional monies. Most of the items being dealt with by the professionals are high priority items. As noted above, one of the professionals is already working fulltime on the land selection and d-2 issues under the present budget and at least two of the other professionals are already spending a large portion of the time on the land selections/d-2 issues.

Supplemental Request

Based upon the above description of the needs and analysis of current budget allocations and section commitments, the Planning and Research Section hereby requests a supplemental budget appropriation of \$254,916. The need for expeditious process of this request is obvious in view of the federal and Congressional deadlines regarding the d-2 issues, the Governor's ninety day commitment to provide land selection nominations, and the immediate demand upon the Section for products in these areas which cannot be provided without this supplemental.