

HB

135

HFIN

FILE

FY2005 SUPPLEMENTALS

2-25-05

	A	B	C	D	E	F	G	H	I
	Section Number	Department	RDU or Component or Capital	Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
1									
2	8	Governor	Arctic National Wildlife Refuge	Funds for support of national efforts to open ANWR for oil and gas exploration and development	500.0				500.0
3	8(b)	Fund Capitalization	Disaster Relief Fund	Base capitalization of fund \$1,000.0, 2004 Bering Strait Sea Storm \$4,054.4, Interior Earthquake shortfall \$259.3, and Kaktovik Winter Storm \$2,363.5	7,677.2				7,677.2
4	11	Military	National Guard Military Headquarters	National Guard Audit Disallowance - Federal auditors have disallowed state expenditures in FFY05 for a total of \$937,234. This request will cover October 2004 to June 2005. An amendment will be offered in the FY 06 budget to cover these expenditures for the remainder of FFY05 and FFY06. The department estimates they will run out of general funds by the end of March	446.0				446.0
5	7(a)	Administration	Capital	ACGOD costs for gas pipeline reservoir studies and depletion plan evaluations.	1,200.0				1,200.0
6	7(b)	Law	Civil Division, Oil, Gas and Mining	Legal costs for work related to the state gas pipeline and to bringing North Slope natural gas to market, and other oil and gas projects for FY05 and FY06.	9,000.0				9,000.0
7	7(c)(1)	Natural Resources	Capital	Gas pipeline risk analysis and royalty issues	2,500.0				2,500.0
8	7(c)(2)	Natural Resources	Capital	Gas pipeline corridor geologic hazards and resource evaluation	2,000.0				2,000.0
9	7(c)(3)	Natural Resources	Capital	Gas pipeline Bullen Point Road right-of-way permitting	3,200.0				3,200.0
10	7(c)(4)	Natural Resources	Capital	Division of Oil and Gas increased workload for gas pipeline	2,700.0				2,700.0
11	7(c)(5)	Natural Resources	Capital	Commissioner's Office increased workload for gas pipeline	200.0				200.0
12	7(d)	Revenue	Capital	Commissioner's Office - Work related to the state gas pipeline and to bringing North Slope natural gas to market	5,300.0				5,300.0
13	7(e)	Revenue	Capital	Alaska Natural Gas Development Authority increased workload for gas pipeline	2,170.0				2,170.0
14									
15	10(a)	Law	Criminal Appeals/Special Litigation Component	Outside counsel for appeal costs in the Murtaugh case related to defense of victim's rights; FY06 lapse date.	50.0				50.0
16	10(b)	Law	1st Judicial District	Contractual costs for a prosecutor to represent the Department of Law in the Therapeutic Courts program			21.4	Statutory Designated Prgm Rcpts	21.4
17									
18	12	Revenue	Tax Division	Increased tobacco tax enforcement costs for the Tobacco Tax legislation passed as ch. 1, FSSLA 2004.	395.5				395.5
19	14(a)	Transportation	Marine Vessel Operations	Fuel cost increases and other increased operating costs.			12,000.0	AMHS Fund	12,000.0
20	14(b)	Transportation	Central Region Highways and Aviation	King Salmon airport - prior year invoices outstanding for air traffic control costs	44.5				44.5
21	14(c)	Transportation	Program Development	Legal costs for defense of SB 260, which changed the membership make up of the policy board for metropolitan planning organizations.	85.0				85.0
22	154(a)	Transportation	Capital	Airport Improvement Program increase of \$5,585.0 in federal funds as allocated below:					0.0
23	15(a)(1)	Transportation	Capital	Kotzebue Obstruction Removal and Safety Area		5,300.0			5,300.0
24	15(a)(2)	Transportation	Capital	Tenakee Springs Seaplane Float Rehabilitation		550.0			550.0
25	15(b)	Transportation	Capital	Surface Transportation Program increase of \$44,150.0 in federal funds as allocated below:					0.0
26	15(b)(1)	Transportation	Capital	Alaska Marine Highways - Coffman Cove Terminal		1,600.0			1,600.0
27	15(b)(2)	Transportation	Capital	Alaska Marine Highways - Mikof Island - South Mikof Island Terminal		3,500.0			3,500.0
28	15(b)(3)	Transportation	Capital	Dallan Highway Milepost 37 to 49 Reconstruction - Hess Creek to Yukon River		9,000.0			9,000.0
29	15(b)(4)	Transportation	Capital	Glenn Highway Milepost 41 - Dogwood Intersection		1,400.0			1,400.0
30	15(b)(5)	Transportation	Capital	Haines Ferry Terminal through town to Old Haines Highway		13,000.0			13,000.0
31	15(b)(6)	Transportation	Capital	Haines Highway Revetment Reinforcement		2,400.0			2,400.0
32	15(b)(7)	Transportation	Capital	Ketchikan Tongass Highway - Third Avenue to Tunnel Resurfacing		5,000.0			5,000.0
33	15(b)(8)	Transportation	Capital	Parks Highway Milepost 72 to 83 Reconstruction - Willow Creek to Kashwitna River Reconstruction		1,250.0			1,250.0
34	15(b)(9)	Transportation	Capital	Parks Highway Milepost 204 - Summit Railroad Overcrossing		4,900.0			4,900.0
35	154(b)(10)	Transportation	Capital	Petersburg Mikof Highway - Ferry Terminal South Resurfacing		1,600.0			1,600.0
36	154(b)(11)	Transportation	Capital	Richardson Highway Milepost 341 - Eielson Access Ramps		500.0			500.0

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	Section Number	Department	RDU or Component or Capital	Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
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37	16	Court System	Trial Courts	Therapeutic court funding coming from NCADD S18.9, Technical Improvement grant from Alaska Legal Services S18.1, Youth for Justice grant S7.5 and Color of Justice grant S5.0.			49.5	Statutory Designated Prgm Rcpls	49.5
38	17	Lapse of Appropriation							
39	18	Effective Date							
40	Total for Fast Track Supplemental Bill				36,968.2	50,000.0	12,070.9	0.0	99,039.1

FY2005 SUPPLEMENTALS

	A	B	C	D	E	F	G	H	
	Section Number	Department	RDU or Component or Capital	Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
1									
67	Regular Supplemental Bill								
68	1(a)	Administration	Finance	First National Bank of Alaska credit card rebates - These funds are received from the bank based on state credit card purchases. Growth of the credit card program, combined with more favorable rebate terms has resulted in rebates in excess of budgeted authority. Allowing receipt and expenditure of these funds will allow the department to meet the vacancy factor in this component where health insurance and retirement cost increases were not funded.			76.1	Statutory Designated Prgm Rcpts	76.1
69	1(b)	Administration	Motor Vehicles	Digital drivers license supplies - Funding is needed to cover the additional costs of deploying the digital drivers license system and increased demand for the new licenses. Consumable costs are higher due to volume of first-year purchases and underestimating cost of consumables.			125.0	Receipt Supported Services	125.0
70	1(c)	Administration	Office of Public Advocacy	Projected annual caseload increase - Because of the difficulty in projecting case types and costs 18 months in advance, OPA has historically funded the workload and caseload increases through supplemental appropriations. Funding of \$25.0 in General Fund/Program Receipts is from the Dept. of Law from collections under Criminal Rule 39 and Appellate Rule 209.	600.0				600.0
71	1(d)	Administration	Public Defender Agency	Projected annual caseload increase - PD was reappointed to several hundred old cases associated with the Blakely decision which rendered some aspects of the State of Alaska's sentencing framework unconstitutional. Also, increases in travel to remote courts, expert witness, discovery and file storage costs. Funding of \$24.9 in General Fund/Program Receipts is from the Dept. of Law from collections under Criminal Rule 39 and Appellate Rule 209. Also includes Therapeutic court funding coming from federal funds received by the National Council on Alcohol and Drug Dependency and allocated to State agencies.	887.2		20.0	Statutory Designated Prgm Rcpts	907.2
72	1(e)	Administration	Risk Management	Two major claims against the State's self-insurance deductible (\$1 million per loss) for catastrophic losses have been incurred. Fairbanks Correctional Center \$1,000.0 (total cost is just over \$1 million) and Fairweather hull damage \$350.0.	1,350.0				1,350.0
73	1(f)	Administration	Satellite Infrastructure	The department has realized decreased rental costs for satellite equipment.	(500.0)				(500.0)
74	2	Commerce	Qualified Trade Association Contract	The difference between the estimated amount and the actual amount paid to the Alaska Travel Industry Association that was due.	159.2				159.2
75	3(a)	Corrections	Institutional Facilities	The department took a 7% savings in commodity purchases in anticipation of savings from deploying technology. Deployment has been delayed and the savings has not been realized.	350.0				350.0
76	3(b)	Corrections	Institutional Facilities	Fuel cost increases	75.0				75.0
77	4(a)	Education	ACPE	Unanticipated increase in mainframe charges from Dept. of Administration's Enterprise Technology Services			265.0	ACPE Rcpts	265.0
78	4(b)	Education	Foundation Program	Reduce the FY 05 entitlement for public school funding due to a decrease in projected enrollment, an increase in the amount of federal impact aid that reduces the amount of state aid, and the actual cost of the supplemental funding floor.	(14,145.5)				(14,145.5)
79	4(c)	Education	Library Operations	Costs associated with implementation of librarian job class study resulting in a one-range increase effective January 15, 2005	30.0				30.0
80	5	Fish & Game	Commercial Fisheries	Language in sec 1, ch. 158, SLA 2004, page 14 for the Southeast Region Fisheries Management component should have been for the entire Commercial Fisheries appropriation					0.0
81	6	Fund Capitalization	Fish and Game Fund	Fish and Game Fund interest can't be spent by the Department of Public Safety or the Department of Law per Legislative Audit, December 2004. A language change is necessary to specifically appropriate the interest earnings	108.4				108.4
82	7(a)	Fund Capitalization	Debt Retirement Fund	Increased capitalization of the Debt Retirement Fund to supplant a shortfall in cigarette tax revenue into the School Fund - the estimate for cigarette tax revenue is reduced \$800.0 from \$30.2 million to \$29.4 million. This fully funds the School Construction Debt Reimbursement program in FY 05	551.1	3.5	245.4	DEED CIP Equity	800.0
83	7(b)	Fund Capitalization	Debt Retirement Fund	This section appropriates any lapsing balances as of June 30, 2005 of federal unrestricted receipts to the Debt Retirement Fund. (The amount is unknown at this time.)					0.0

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	7(c)	Fund Capitalization	Information Services Fund	Telecommunications Partnering Agreement (TPA) disentanglement remediation \$3,200.0 State of Alaska Telecommunications System (SATS) and 2-Way Radio removed from statewide rate allocation and funded separately \$3,043.4	6,243.4				6,243.4
84									
85	8(a)	Health & Soc Svcs	Behavioral Health: Behavioral Health Grants	Substance abuse prevention Initiative so Alaska's kids are safe and healthy - Leadership Initiatives to Keep Children Alcohol-Free, Reach Out Now, Building Healthy Futures, Statewide Multimedia Campaign; FY06 lapse date.	4,000.0				4,000.0
86	8(b)	Health & Soc Svcs	Behavioral Health: Behavioral Health Administration	Substance abuse prevention Initiative so Alaska's kids are safe and healthy - Alaska Local Options Campaign Project Coordinator; FY06 lapse date.	75.0				75.0
87	8(c)	Health & Soc Svcs	Behavioral Health: Community Action Prevention and Intervention Grants	Substance abuse prevention initiative so Alaska's kids are safe and healthy - Alaska Local Options Campaign; FY06 lapse date.	425.0				425.0
88	8(d)	Health & Soc Svcs	Juvenile Justice: Probation Services	Court-ordered special needs services for children in juvenile facilities. Last session the Legislature asked that these costs be brought forward as supplementals.	194.1				194.1
89	8(e)	Health & Soc Svcs	Public Assistance: Adult Public Assistance	Savings due to caseload reduction and programmatic changes, particularly last year's changes to Interim assistance.	-2,038.8				(2,038.8)
90	8(e)	Health & Soc Svcs	Public Assistance: General Relief Assistance	Projected FY 05 lapse. Approximately 80% of funds are used to pay for funeral and burial expenses of indigent deceased persons; the remainder is used to assist low-income individuals and families who are facing eviction.	-185.0				(185.0)
91	8(f)	Health & Soc Svcs	Departmental Support Services: BASIC Grants	Provides vital social service program support to entities directly serving needy Alaskans across the state. Funding will be used on collaborative, community based activities addressing basic needs such as food, shelter and health care. With FY06 lapse date.	1,000.0				1,000.0
92	8(g)	Health & Soc Svcs	Boards and Commissions: Governor's Advisory Council on Faith-Based and Community Initiatives	FY 05 costs for Office established by Administrative Order 221.	122.1				122.1
93	8(h)	Health & Soc Svcs	Public Health: Vital Statistics	Full funding for lease costs for Juneau office.			150.0	Receipt Supported Services	150.0
94	9	Law	Civil Division, Deputy Attorney General's Office	Judgements and Claims as of 2/7/05.	1,108.9				1,108.9
95	10(a)	Labor	Management Services	Language for carryforward of revenues due to audit findings.					0.0
96	10(b)	Labor	Vocational Rehabilitation Administration	Language for carryforward of revenues due to audit findings.					0.0
97	11(a)	Law	Opinions, Appeals and Ethics	Outside counsel costs to complete the appeal through the oral argument in the Planned Parenthood case; FY06 lapse date.	19.1				19.1
98	11(b)	Law	Statehood Defense	Extend lapse date to June 30, 2006 for Navigable Waters, RS 2477 Rights-of-Way, Statehood Defense - Sec. 62(b), ch 82, SLA 2003.	0.0				0.0
99	11(c)	Law	Environmental Law	Extend lapse date to June 30, 2006 for continued analysis of the continuing injury from the Exxon Valdez oil spill and development of restoration options - Sec. 16, ch 159, SLA 2004	0.0				0.0
100	11(d)	Law	Environmental Law	Extend lapse date to June 30, 2006 for Exxon Valdez Oil Spill Trustee Council - Sec. 22(c), ch 159, SLA 2004.	0.0				0.0
101	12(a)	Military	Capital	Transfer RPL 09-5-0001, authorized on July 8, 2004, for the Alaska Aviation Safety project from operating to capital (\$2,803.0 federal funds).					0.0

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1									
102	12(b)	Military	Capital	Reappropriation of the estimated balance of \$48.5 from the Tudor Road Combined Support Maintenance Site Clean-up project (Sec. 1, ch. 135, SLA 2000) for statewide emergency communications.					0.0
103	12(c)	Military	National Guard Military Headquarters	Anchorage Army basic telecommunications service: increased basic telephone service costs provided by the National Guard Bureau for DMVA offices located in the Anchorage Army.	57.2				57.2
104	12(d)	Military	Air Guard Facilities Maintenance	Network Services Costs for Kulis and Eielson: network service is provided by the Air National Guard.	30.9				30.9
105	12(e)	Military	Alaska Military Youth Academy	Network Services Costs for the Alaska Military Youth Academy: network service is provided by a private sector vendor.	52.6				52.6
106	13(a)	Natural Resources	Fire Suppression Activity	Costs to fight worst fire season in history.	36,902.7				36,902.7
107	13(b)	Natural Resources	Capital	Reappropriation of the Grants to Named Recipient: Ketchikan Area State Parks Advisory Board - \$25,000 for Area-wide Health, Safety and Maintenance Upgrades project to DNR for same purpose. As originally appropriated, the Board has no staff or the capability to receive and expend the funds.					0.0
108	13(c)	Natural Resources	Water Development	Replace non-realizable receipts.	100.0		(100.0)	Receipt Supported Services	0.0
109	14(a)	Public Safety	Capital	Additional National Marine Fisheries Service funding for the existing FY 05 capital project: Marine Fisheries Patrol Improvements. This increases the amount from \$1,080.3 to \$1,250.0.		169.7			169.7
110	14(b)	Public Safety	Capital	New Crime Scene Examination Enhancement project		225.0			225.0
111	15(a)	Revenue	Alaska State Pension Investment Board	Increased managers fees.			1,100.0	various Retirement Funds	1,100.0
112	15(b)	Revenue	Capital	Alaska Mental Health Trust Authority: Mobility Coalition grant funds from the U.S. Department of Transportation.		500.0			500.0
113	15(c)	Revenue	APFC Custody and Management Fees	Increased managers fees.			1,500.0	Permanent Fund Receipts	1,500.0
114	16(a)	State Debt	School Debt Reimbursement	Fund source change due to a shortfall in cigarette tax revenue deposits into the School Fund. The School Fund is reduced from \$30.2 million to \$29.4 million and the Debt Retirement Fund is increased from \$51,670,084 to \$52,470,084.			0.0	Debt Ret Fund and School Fund	0.0
115	16(b)	State Debt	Capital Project Debt Reimbursement	The lapse date of sec. 33(f)(3), ch 158, SLA 2004, page 68, line 16 - 18, is extended to June 30, 2006 for Mellakalla Power and Light's utility plant and capital addition debt reimbursement.					0.0
116	17(a)	Transportation	Capital	Bids came in higher for Chandalar maintenance station construction.	930.0				930.0
117	17(b)	Transportation	Capital	Adak contract - new federal authority for capital improvements.		3,400.0			3,400.0
118	17(c)	Transportation	Capital	Emergency and Non-routine Maintenance: Failed railroad crossings, \$305.0 Winter ice storm and avalanche damage, \$50.0 Johnson River bridge damage, \$210.4	573.4				573.4
119	17(d)	Transportation	Anchorage Airport Facilities	Utility cost increases.			1,001.4	Internal Airports Rev Fund	1,001.4
120	17(e)	Transportation	Anchorage Airport Field and Equipment Maintenance	Utility cost increases.			274.8	Internal Airports Rev Fund	274.8
121	17(f)	Transportation	Capital	Reappropriate the June 30, 2005 balance of the \$10 million appropriation made in sec 29(c), ch. 159, SLA 2004 for the Adak air field, estimated to be \$9 million, to DOT for capital improvements.					0.0
122	17(g)	Transportation	Central Region Facilities	Heating fuel and risk management cost increases	249.9				249.9
123	17(h)	Transportation	Northern Region Facilities	Heating fuel and utility cost increases.	465.5				465.5

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	Section Number	Department	RDU or Component or Capital	Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
1									
124	17(i)	Transportation	Central Region Highways and Aviation	Anchorage snowplow and equipment fuel, utilities, sand and steel cost increases.	1,374.4				1,374.4
125	17(j)	Transportation	Northern Region Highways and Aviation	Equipment fuel, utilities, and steel cost increases.	1,399.5				1,399.5
126	17(k)	Transportation	Southeast Region Highways and Aviation	Equipment fuel, sand, chemicals and steel cost increases.	263.4				263.4
127	17(l)	Transportation	State Equipment Fleet Administration	Fuel increases - credit card expenditures reimbursed by user agencies.			1,100.0	Highway Working Capital Fund	1,100.0
128	17(m)	Transportation	Statewide Information Services	Funding for telecommunications chargeback costs. FY 04 supplemental funding was not built into FY 05 budget, thereby causing a shortfall.	659.6				659.6
129	17(n)	Transportation	Central Region Highways and Aviation	King Salmon air traffic control current year contract.	68.0				68.0
130	17(o)	Transportation	Human Resources	Shortage in realizing savings due to delay in implementing electronic timesheets.			140.0	various	140.0
131	18(a)	Transportation	Capital	Airport Improvement Program increase of \$10 million in federal funds as allocated					0.0
132	18(a)(1)	Transportation	Capital	Bethel: Airport Parallel Runway and Other Improvements		16,000.0			16,000.0
133	18(a)	Transportation	Capital	Hooper Bay: Airport Access Road Repairs		2,000.0			2,000.0
134	18(b)	Transportation	Capital	Surface Transportation Program increase of 8,725.0 in federal funds as allocated					0.0
135	18(b)(1)	Transportation	Capital	Southeast: Mid Region Access EIS		2,000.0			2,000.0
136	18(b)(2)	Transportation	Capital	Statewide: Comprehensive Highway Safety Plan		500.0			500.0
137	18(b)(3)	Transportation	Capital	Statewide: Electronic Crash Web Enablement Form 12-200 and Data Transfer		400.0			400.0
138	18(b)(4)	Transportation	Capital	Statewide: Emergency Bridge Replacement		800.0			800.0
139	18(b)(5)	Transportation	Capital	Statewide: Intelligent Transportation systems Implementation Plan (IWAYS)		1,350.0			1,350.0
140	18(b)(6)	Transportation	Capital	Statewide: Road/Highway Functional Classification Review		400.0			400.0
141	18(b)(7)	Transportation	Capital	Statewide: Material Site Investigation		500.0			500.0
142	18(b)(8)	Transportation	Capital	Statewide: Milepost and Destination Signs		1,300.0			1,300.0
143	18(b)(9)	Transportation	Capital	Statewide: National Highway System and Non-National Highway System Anti-icing Program		400.0			400.0
144	18(b)(10)	Transportation	Capital	Statewide: Traveler Information Signs		325.0			325.0
145	18(b)(11)	Transportation	Capital	Glenn Highway: Milepost 58, Milepost 60, and Milepost 97 Slides Repair		750.0			750.0
146	20	Revenue	Treasury Division	Increased managers fees.			25.0	Constitutional Budget Reserve	25.0
147				Regular Supplemental Bill Total	43,555.3	31,023.2	5,922.7		80,501.2
148									
149				Governor's Supplemental Total	141,332.4	129,904.0	23,223.1		294,459.5

Summary of Major FY 05 Funding Requests

General Funds
Only
(in thousand\$)

Governor's Initiatives

Continue work on gasline	\$28,270
Small city energy assistance	\$6,450
Efforts to open ANWR	\$500
Expand substance abuse prevention efforts	\$4,500
	<u>\$39,720</u>

Respond to disasters/emergencies

Last summer's fires	\$36,903
Kaktovik storm	\$2,364
Bering Strait (Nome) Sea Storm	\$4,054
Accident claims	\$1,350
Funding for future disaster preparedness	\$1,000
	<u>\$45,671</u>

Meet contractual obligations

Arizona prison contract	\$2,293
GGU contract	\$2,572
	<u>\$4,865</u>

Fund statutory formula programs

Medicaid caseload and cost increases; unrealized savings from cost containment	\$39,047
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Higher fuel, utilities

\$10,751

Meet legal challenges

\$1,493

Total

\$141,547 *

**This amount does not reflect some savings in other areas that help offset these increased costs. There also are other supplemental requests in addition to the above, which are detailed in the following sectional summary.*

Philip Reem 1/12

2-25-05

HB 135 Notes

- (1) For the record . . .

- (2) The Department of Law is dependent on a substantial amount of assistance from outside legal council in the on-going negotiations regarding construction of a natural gas pipeline from the North Slope.

- (3) As the Representatives are aware, the State is currently involved in two, parallel negotiations under the Stranded Gas Act (AS 43.82).

- (4) Both of those Stranded Gas negotiations contemplate the State's ownership participation in the pipeline project, and we are thus drafting and negotiating terms of the several legal agreements that would be required for the State to participate as a partner in the pipeline project.

- (5) The individual agreements include (at least):
 - (a) the Stranded Gas Agreement;
 - (b) a Business Entity Agreement;
 - (c) a Project Financing Agreement;
 - (d) a Construction Agreement;
 - (e) an Operating Agreement; and
 - (f) a Gas Balancing Agreement.

- (6) The Stranded Gas Agreement(s) and the Business Entity Agreement(s) are the current focus of intensive contract development work and negotiations.

Necessity for "Fast -Track" Supplemental Funding

The Department of Law has already expended essentially its entire Oil & Gas contract services appropriation for fiscal year 2004 - 2005, due to the unanticipated additional work arising from

- > participation in two simultaneous Stranded Gas negotiations; and
- > consideration of State partnership in the NS gas pipeline project, which necessitates development of the Business Entity and Financing Agreements.

The early expenditure of the contract services appropriation for work on the NS gas pipeline has also depleted contract funds that were earmarked for use on other, non-gas pipeline projects, in the Department's FY05 budget request. Those contract services funds -- utilized on oil royalty reopeners, TAPS oil pipeline matters, and Cook Inlet area gas pipeline matters -- also need to be supplemented in this fiscal year.

The Department of Law has therefore asked for a fast-track supplemental appropriation of \$9,000,000 for contract legal services through June 30, 2006. While the Department prefers to receive the full \$9 million amount in this supplemental appropriation, it would be possible to split the appropriation between FY 2005 and FY 2006, with \$5 million in the fast-track supplemental and thus available for expenditure in FY 2005.

2-25-05

My name is Steve Porter. I'm Deputy Commissioner of the Department of Revenue and a member of the State's Stranded Gas negotiating team.

First I want to thank you for your previous investment and support of the State's team in the development of a gas pipeline. Negotiating a contract that will result in bringing the State of Alaska's stranded gas to market is every bit as large a project as anyone estimated it to be. Perhaps no estimate fully appreciated the scope of what success requires. The tasks are huge and multi-layered, and the numbers are profoundly large. The total sales value of just the proven North Slope natural gas reserves would be \$210 billion at a price of \$6/mmcf.

We have a prepared presentation to support the budget request being discussed today. As a part of that presentation we would like to provide you with an overview of what we have done thus far with the Legislature's funding of the State's participation in the Stranded Gas negotiations.

Milestone
Just we began our research regarding the many ways we could enhance the prospect of bringing Alaska North Slope gas to market. The primary areas of

research centered around sharing risk through various financial structures and different levels and types of ownership participation. Our effort at expanding and identifying the additional options available to us was quite successful. We called this portion of our research "Defining the Boundaries". From that Defining the Boundaries research we identified a number of opportunities for sharing risk and increasing the overall chances of moving an Alaska North Slope Gas pipeline to a successful conclusion. Based on the issues identified ^{second milestone} we conducted research on the following areas during what we called the Risk Assessment and Analysis Phases.

The general areas of research were:

Gas price

Risk Analysis – (shipper risk)

Risk Analysis – (Pipeline ownership)

Cost Overrun Risk

Tariff structure and the FERC process

Alaska State Gas Entity

Pipeline Funding

Socio-economic Report

Canada Pipeline Issues

And probably the most important is
Understanding the applicant's perspective on economics

We accomplished most of this through
Contractor support for negotiations

There are three forms of support that we have used thus far in the negotiations: 1) negotiations support - We have contracted for and continue to use the expertise of Dr. Pedro Van Meurs and his team to support us in the actual negotiations, 2) Expert analysis and modeling - We have and will continue to use analytical experts as we fine tune our negotiating position in each of the contract negotiations, and 3) Legal support - We are now at a stage where each side's lawyers are regular participants in the negotiations. We expect each of these forms of negotiations support to continue. We would expect the legal support to increase and our request for additional funding recognizes that need.

Concurrent with the Risk Assessment and Analysis Phase we are also working with the Alberta Government.

Alberta Government

We have met with and will continue to meet with the various Canadian government entities to see if there are ways we can jointly support positions

or actions that will have a positive effect on the success of getting a pipeline built.

Alternative proposal analysis

While we are negotiating with the applicants under the SGDA, we also have a responsibility as the sovereign of encouraging and supporting any other proposal that may bring Alaska North Slope Gas to market. That encouragement and support generally has taken the form of economic evaluation and analysis and feedback to the parties to help them move their projects forward. A good example of this support is the Alaska Gasline Port Authority proposal. We have volunteered to review their project proposal and give them feedback on the overall economics of their proposal as well as express any concerns we have with the overall viability of their project.

In addition we are supporting the work of the Alaska Natural Gas Development Authority in their evaluation of the economic viability of bringing Alaska North Slope Gas to tidewater and developing an LNG project. They are also doing the leg work necessary to make sure a spur gas pipeline to Cook Inlet will be permitted and ready for any alternative that successfully brings Alaska North Slope Gas to market.

Reimbursement

One of the goals of the State was to make sure we received the maximum amount we could from project applicants under the reimbursement provisions of the SGDA. We billed and received in reimbursement from ExxonMobil/ConocoPhillips/BP the maximum amount available under the Act of \$1.5 million. The state continues to be reimbursed also by Transcanada, and DNR is tracking that reimbursement.

Now that we have generally discussed what the previous appropriations have been used for, I would like to take a couple of minutes to explain where we are conceptually. We have talked about understanding risks, understanding the applicants' economic perspective, understanding the volatility of price and cost elements. Think of this timeframe as getting the State to the point of being able to put a proposal on the table with the project applicants. And we have placed a proposal on the table in the Exxon/ConocoPhillips/BP negotiations and received a counter proposal from them. We are also developing a proposal with TransCanada. Each of these negotiations will

require a substantial amount of work to bring a SGDA contract to the legislature.

In the near term the current activities in support these negotiations will include substantial legal support in negotiating the fiscal contracts and other associated contracts and exhibits necessary to bring a contract proposal to the legislature. In addition each variation of fiscal term negotiations may require additional analytical support from our contractors.

- 4/26/05
Once we have a contract to present to the legislature we need to prepare a Commissioner's finding that the contract is in the fiscal interests of the State. All of the reports we have generated will be used to support the finding of the Commissioner of Revenue. This finding will go out for 30 days of public comment period along with the proposed contract. The Commissioner will then respond to those comments and bring the final fiscal finding and contract to you for ratification. The process may well entail going back to the applicant for a refinement of the agreement. The request we have placed before you today will provide the funding for us to accomplish this process.

*- 5/4/05
Niklas*

If we are successful, we also must consider what happens next. If we decide to take an ownership interest in the pipeline, we could almost immediately find ourselves in a partnership relationship with an applicant attempting to build a pipeline. In order to be effective in that new entity the state representatives need to be ready to make financial and other decisions necessary to move the project forward timely. That is why we have requested funding to begin to develop the State's organization that will need to be in place almost immediately upon ratification of any contract.

As a closing point that needs to be made, we hope everyone understands that capital funding of state gas line participation cannot be determined at this time. When a determination is made regarding the type and level of participation that the state will take in a gas pipeline, we will come back to the legislature with a financing structure and a corresponding appropriation request. Depending on the level of state participation that request could be substantial.

Thank you for your continued support of the State's participation in the Stranded Gas negotiations.

Post Track Supplemental

25 Feb. 05

HB 135

Administration - Eric Swanson, admin
Governor - OMB Cheryl Frasca

Commerce, Community & Ec. Dev - Al Clough
Jo Ellen Henrhan - admin
Kate Gard - RCA

Corrections - Marc Antrim, commissioner
Sherleen Griffin - admin.

Education - Eddy Jans
Karen Rehfeld

Environmental Conservation -
Kristin Ryan - E. Health

DOT

Marine Highway - Nancy Slagle (Admin)

Revenue - Susan Taylor (Admin.)

Health & Soc. Services - Janet Clark

**Alaska State Legislature
HOUSE FINANCE COMMITTEE
AGENDA**

February 23, 2005 - Wednesday

HB 158-PUBLIC SCHOOL ACCOUNT/PUBLIC EDUC FUND

Pete Ecklund, Staff, Co-Chair Meyer

Questions:

Eddy Jeans, Director, Education Support Services,
Department of Education and Early Development

HB 135-SUPPLEMENTAL APPROPRIATIONS: FAST TRACK

**Cheryl Frasca, Director, Division of Management & Budget,
Office of the Governor**

**John Katz, Director, State/Federal Relations and Special Counsel,
Washington, D.C. (via teleconference)**

Available for Questions on teleconference in Anchorage:

Jack Hartz, Alaska Oil and Gas Conservation Commission

John Norman, Alaska Oil and Gas Conservation Commission

Sean Parnell, (Oil and Gas Lease)

Available for Questions on teleconference in Fairbanks:

**Rod Combellick, Acting Director, Division of Geological And Geophysical
Surveys,**

Kate Giard, Alaska Regulatory Commission

shu 2/23/05

	B	C	D	E	F	G	H	I	
Section Number	Department	RDU or Component or Capital	Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds	
1									
2	Elections Supplemental Bill SB 62 / HB 79								
3	1	Governor	Elections	Extraordinary unanticipated costs incurred by the Division of Elections during the statewide 2004 elections	694.9			694.9	
4	2	Effective Date							
5	Total for Elections Supplemental Bill: SB 62 / HB 79			694.9				694.9	
6	Fast Track Supplemental Bill								
7	1	Administration	Non-Public Building Fund Facilities	Increased costs for heating fuel and other utilities for Non-Public Building Fund buildings	110.0			110.0	
8	2(a)	Commerce	Community Advocacy	Small city energy assistance program	6,450.0			6,450.0	
9	2(b)	Commerce	Office of Economic Development	The Office of Economic Development is coordinating an event at the Boston International Seafood Show that promotes the uniqueness of wild Alaska seafood.			150.0	Statutory Designated Prgr. Rcpts	150.0
10	2(c)	Commerce	Regulatory Commission of Alaska	Legal services costs of \$190.0 provided by the Department of Law were inadvertently omitted from the Regulatory Commission of Alaska's FY 05 budget. \$75.0 for outside counsel costs and \$250.0 to implement the Regulatory Commission of Alaska's improvement initiative to meet its mission more efficiently and effectively are also included.			523.0	RCA Rcpts	523.0
11	2(d) and (e)	Commerce	ASMI	Fund source switch from Federal Receipts to Receipt Supported Services in order to receive funding from the Alaska Fisheries Marketing Board		(1,500.0)	1,500.0	Receipt Supported Services	0.0
12	3(a)	Corrections	Office of the Commissioner	Support for enhanced correctional officer and probation officer recruiting efforts in urban and rural Alaska. Workplace Alaska alone is not bringing enough applicants. The department will purchase TV and radio spots, and advertisements in smaller publications in locations such as Seward, Bethel, Nome, Kenai, Eagle River and Mat-Su.	50.0				50.0
13	3(b)	Corrections	Administrative Services	The department is seeking an e-procurement application to lower purchasing prices and improve efficiencies within the buying process for commodities, equipment, food and services.	225.0				225.0
14	3(c)	Corrections	Out-of State Contractual	The new contract with the Arizona facility started November 1, 2004. With the increased bed cost from \$53.99 to \$57.15 and the projected population at the facility, the department needs additional funds to pay the contractor for housing Alaskan offenders.	2,292.9				2,292.9
15	3(d)	Corrections	Parole Board	Funding needed to conduct discretionary and mandatory parole hearings through the fiscal year. The anticipated savings from conducting hearings telephonically or using video conferencing equipment were insufficient.	65.0				65.0
16	3(e)	Corrections	Parole Board	Funds needed to pay outstanding bills from FY2004.	4.0				4.0
17	4(a)	Education	School Finance and Facilities	Legal and expert services due to the Noon v. State funding lawsuit, extended lapse date to June 30, 2006.	230.0				230.0
18	4(b)	Education	Mt. Edgecumbe Boarding School	Residential operating costs related to expanded student population.	800.0				800.0
19	4(c)	Education	Museum Operations	Funding shortfall due to unanticipated decline in program receipts and increased internal chargebacks.	100.0				100.0
20	5(a)	Environmental Conservation	Capital	Due to safety issues relating to emerging bioterrorism threats and animal diseases, changes in design were necessary to meet original intent and provide a safe and secure laboratory facility. This amendment provides additional funding to cover those design changes and complete construction of the new Environmental Health Laboratory.	355.0	500.0		Federal Unrestricted Rcpts	855.0
21	5(b)	Environmental Conservation	Capital	Agriculture economic disaster match of \$500.0 of federal unrestricted receipts in DNR for non-existent federal funds is reappropriated from sec. 24(n), ch. 159, SLA 2004, page 81, to DEC for the Seafood and Food Safety Lab Replacement project.		(500.0)		Federal Unrestricted Rcpts	(500.0)
22	6(a)	Fund Capitalization	Marine Hwy Stabilization	Fuel cost increases.	6,813.3				6,813.3
23	6(b)	Fund Capitalization	Disaster Relief Fund	Base capitalization of fund \$1,000.0, 2004 Bering Strait Sea Storm \$4,054.4, Interior Earthquake shortfall \$259.3, and Kaktovik Winter Storm \$2,369.5.	7,677.2				7,677.2

FY2005 SUPPLEMENTALS

		B	C	D	E	F	G	H	I	
	Section Number	Department	RDU or Component or Capital	Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds	
	24	7(a)	Administration	Capital	AOGCC costs for gas pipeline reservoir studies and depletion plan evaluations	1,200.0			1,200.0	
	25	7(b)	Law	Civil Division, Oil, Gas and Mining	Legal costs for work related to the state gas pipeline and to bringing North Slope natural gas to market, and other oil and gas projects for FY05 and FY06	9,000.0			9,000.0	
held	26	7(c)(1)	Natural Resources	Capital	Gas pipeline risk analysis and royalty issues	2,500.0			2,500.0	
	27	7(c)(2)	Natural Resources	Capital	Gas pipeline corridor geologic hazards and resource evaluation	2,000.0			2,000.0	
	28	7(c)(3)	Natural Resources	Capital	Gas pipeline Bullen Point Road right-of-way permitting	3,200.0			3,200.0	
	29	7(c)(4)	Natural Resources	Capital	Division of Oil and Gas increased workload for gas pipeline	2,700.0			2,700.0	
	30	7(c)(5)	Natural Resources	Capital	Commissioner's Office increased workload for gas pipeline	200.0			200.0	
	31	7(d)	Revenue	Capital	Commissioner's Office - Work related to the state gas pipeline and to bringing North Slope natural gas to market	5,300.0			5,300.0	
	32	7(e)	Revenue	Capital	Alaska Natural Gas Development Authority increased workload for gas pipeline	2,170.0			2,170.0	
	33	8	Governor	Arctic National Wildlife Refuge	Funds for support of national efforts to open ANWR for oil and gas exploration and development	500.0			500.0	
	34	9(a)	Health & Soc Svcs	Alaskan Pioneer Homes Pioneer Homes	Replacing unrealizable federal Medicaid funds with receipt supported services. Lower receipts is due to the voluntary nature of residents signing up for Medicaid		(1,200.0)	1,200.0	Receipt Supported Services	0.0
	35	9(b)	Health & Soc Svcs	Behavioral Health Behavioral Health Medicaid Svc	Medicaid caseload growth above FY 05 budget projections. At current expenditure rate, the existing appropriation will be gone in April or May	2,653.7	3,517.7			6,171.4
	36	9(c)	Health & Soc Svcs	Health Care Services Women's and Adolescents Services	Feds reduced FFY05 funding in the Breast and Cervical Cancer screening program. The fund source change will allow services to 1600 enrolled women that otherwise would not be served due to federal funding reductions. Funds will be required by late March or early April to continue the program.	500.0	(500.0)			0.0
	37	9(d)	Health & Soc Svcs	Health Care Services Medicaid Services	Unable to implement cost containment measures as quickly or to the extent planned. e.g., Prescription Drug List delay, Transportation, Rate Setting, Cost Avoidance of Medicare Covered Drugs. At current expenditure rate, the existing appropriation will be gone in April or May	13,021.4	16,888.3			30,709.7
	38	9(e)	Health & Soc Svcs	Senior/Disabilities Svcs Senior/Disabilities Medicaid Svc	Unable to implement cost containment measures as quickly or to the extent planned. e.g., Contract Waiver Assessments, Medicaid Waivers, Reducing Respite Utilization, Nursing Homes Preadmission Care Plans, \$7,084.4 GF and \$7,606.3 Federal = \$16,690.7. Formula growth over budgeted amount will cost \$15,407.8 GF and \$20,930.2 Federal = \$36,418.1. Primary growth is in Personal Care Attendant Services. At current expenditure rate, the existing appropriation will be gone in March.	22,572.2	30,536.6			53,108.8
	39	10(a)	Law	Criminal Appeals/Special Litigation Component	Outside counsel for appeal costs in the Murlough case related to defense of victim's rights, FY06 lapse date	50.0				50.0
	40	10(b)	Law	1st Judicial District	Contractual costs for a prosecutor to represent the Department of Law in the Therapeutic Courts program			21.4	Statutory Designated Prgm Expts	21.4
	41	11	Military	National Guard Military Headquarters	National Guard Audit Disallowance - Federal auditors have disallowed state expenditures in FFY05 for a total of \$937,234. This request will cover October 2004 to June 2005. An amendment will be offered in the FY 06 budget to cover these expenditures for the remainder of FFY05 and FFY06. The department estimates they will run out of general funds by the end of March.	446.0				446.0
	42	12	Revenue	Tax Division	Increased tobacco tax enforcement costs for the Tobacco Tax legislation passed as ch. 1, FSSLA 2004	395.5				395.5
Adm	43	13(a)-(c)	Salary & Benefits Adj	Executive Branch	FY 05 costs for the General Government Unit collective bargaining agreement	2,571.5	1,138.2	1,856.5		5,566.2
	44	14(a)	Transportation	Marine Vessel Operations	Fuel cost increases and other increased operating costs			12,000.0	AMHS Fund	12,000.0
	45	14(b)	Transportation	Central Region Highways and Aviation	King Salmon airport - prior year invoices outstanding for air traffic control costs	44.5				44.5
	46	14(c)	Transportation	Program Development	Legal costs for defense of SB 260, which changed the membership make up of the policy board for metropolitan planning organizations	85.0				85.0

FY2005 SUPPLEMENTALS

	B	C	D	E	F	G	H	I	
Section Number	Department	RDU or Component or Capital	Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds	
1									
47	154(a)	Transportation	Capital	Airport Improvement Program increase of \$5,585.0 in federal funds as allocated below				0.0	
48	15(a)(1)	Transportation	Capital	Kotzebue: Obstruction Removal and Safety Area				5,300.0	
49	154(a)(2)	Transportation	Capital	Tenacke Springs Seaplane Float Rehabilitation				550.0	
50	15(b)	Transportation	Capital	Surface Transportation Program increase of \$44,150.0 in federal funds as allocated below				0.0	
51	15(b)(1)	Transportation	Capital	Alaska Marine Highways: Colman Cove Terminal				1,600.0	
52	15(b)(2)	Transportation	Capital	Alaska Marine Highways: Mikol Island, South Mikol Island Terminal				3,500.0	
53	15(b)(3)	Transportation	Capital	Dalton Highway: Milepost 37 to 49 Reconstruction - Hess Creek to Yukon River				9,000.0	
54	15(b)(4)	Transportation	Capital	Glenn Highway: Milepost 41 - Dogwood Intersection				1,400.0	
55	15(b)(5)	Transportation	Capital	Haines: Ferry Terminal through town to Old Haines Highway				13,000.0	
56	15(b)(6)	Transportation	Capital	Haines Highway: Revetment Reinforcement				2,400.0	
57	15(b)(7)	Transportation	Capital	Ketchikan: Tongass Highway - Third Avenue to Tunnel Resurfacing				5,000.0	
58	15(b)(8)	Transportation	Capital	Parks Highway: Milepost 72 to 83 Reconstruction - Willow Creek to Kasliwina River Reconstruction				1,250.0	
59	15(b)(9)	Transportation	Capital	Parks Highway: Milepost 204 - Summit Railroad Overcrossing				4,900.0	
60	154(b)(10)	Transportation	Capital	Petersburg: Mikol Highway - Ferry Terminal South Resurfacing				1,600.0	
61	154(b)(11)	Transportation	Capital	Richardson Highway: Milepost 341 - Eielson Access Ramps				500.0	
62	16	Court System	Trial Courts	Therapeutic court funding coming from NCADD \$18.9, Technical Improvement grant from Alaska Legal Services \$18.1, Youth for Justice grant \$7.5 and Color of Justice grant \$5.0				49.5	Statutory Designated Prgm Rcpts
63	17	Lapse of Appropriation							
64	18	Effective Date							
65	Total for Fast Track Supplemental Bill				97,082.2	98,880.8	17,300.4	0.0	213,263.4
66									
67	Regular Supplemental Bill								
68	1(a)	Administration	Finance	First National Bank of Alaska credit card rebates - These funds are received from the bank based on state credit card purchases. Growth of the credit card program, combined with more favorable rebate terms has resulted in rebates in excess of budgeted authority. Allowing receipt and expenditure of these funds will allow the department to meet the vacancy factor in this component where health insurance and retirement cost increases were not funded.				76.1	Statutory Designated Prgm Rcpts
69	1(b)	Administration	Motor Vehicles	Digital drivers license supplies - Funding is needed to cover the additional costs of deploying the digital drivers license system and increased demand for the new licenses. Consumable costs are higher due to volume of first-year purchases and underestimating cost of consumables.				125.0	Receipt Supported Services
70	1(c)	Administration	Office of Public Advocacy	Projected annual caseload increase - Because of the difficulty in projecting case types and costs 18 months in advance, OPA has historically funded the workload and caseload increase through supplemental appropriations. Funding of \$25.0 in General Fund Program Receipts is from the Dept. of Law from collections under Criminal Rule 39 and Appellate Rule 209.				600.0	
71	1(d)	Administration	Public Defender Agency	Projected annual caseload increase - PD was reappointed to several hundred old cases associated with the Blakely decision which rendered some aspects of the State of Alaska's sentencing framework unconstitutional. Also, increases in travel to remote courts, expert witness, discovery and file storage costs. Funding of \$24.9 in General Fund Program Receipts is from the Dept. of Law from collections under Criminal Rule 39 and Appellate Rule 209. Also includes Therapeutic court funding coming from federal funds received by the National Council on Alcohol and Drug Dependency and allocated to State agencies.				887.2	Statutory Designated Prgm Rcpts
72	1(e)	Administration	Risk Management	Two major claims against the State's self-insurance deductible (\$1 million per loss) for catastrophic losses have been incurred: Fairbanks Correctional Center \$1,000.0 (total cost is just over \$1 million) and Fairweather hull damage \$350.0.				1,350.0	
73	1(f)	Administration	Satellite Infrastructure	The department has realized decreased rental costs for satellite equipment.				(500.0)	

FY2005 SUPPLEMENTALS

	B	C	D	E	F	G	H	I
Section Number	Department	RDU or Component or Capital	Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
1								
74	2	Commerce	Qualified Trade Association Contract	The difference between the estimated amount and the actual amount paid to the Alaska Travel Industry Association that was due.	158.2			158.2
	3(a)	Corrections	Institutional Facilities	The department took a 7% savings in commodity purchases in anticipation of savings from deploying technology. Deployment has been delayed and the savings has not been realized.	350.0			350.0
75								
76	3(b)	Corrections	Institutional Facilities	Fuel cost increases	75.0			75.0
	4(a)	Education	ACPE	Unanticipated increase in mainframe charges from Dept. of Administration's Enterprise Technology Services.			265.0	ACPE Rcpts 265.0
77								
	4(b)	Education	Foundation Program	Reduce the FY 05 entitlement for public school funding due to a decrease in projected enrollment, an increase in the amount of federal impact aid that reduces the amount of state aid, and the actual cost of the supplemental funding floor.	(14,145.5)			(14,145.5)
78								
	4(c)	Education	Library Operations	Costs associated with implementation of librarian job class study resulting in a one-range increase effective January 15, 2005.	30.0			30.0
79								
	5	Fish & Game	Commercial Fisheries	Language in sec 1, ch 158, SLA 2004, page 14 for the Southeast Region Fisheries Management component should have been for the entire Commercial Fisheries appropriation.				0.0
80								
	6	Fund Capitalization	Fish and Game Fund	Fish and Game Fund interest can't be spent by the Department of Public Safety or the Department of Law per Legislative Audit, December 2004. A language change is necessary to specifically appropriate the interest earnings.	108.4			108.4
81								
	7(a)	Fund Capitalization	Debt Retirement Fund	Increased capitalization of the Debt Retirement Fund to supplant a shortfall in cigarette tax revenue into the School Fund - the estimate for cigarette tax revenue is reduced by \$800.0 from \$30.2 million to \$29.4 million. This fully funds the School Construction Debt Reimbursement program in FY 05.	551.1	3.5	245.4	DEED CIP Equity 800.0
82								
	7(b)	Fund Capitalization	Debt Retirement Fund	This section appropriates any lapsing balances as of June 30, 2005 of federal unrestricted receipts to the Debt Retirement Fund. (The amount is unknown at this time.)				0.0
83								
	7(c)	Fund Capitalization	Information Services Fund	Telecommunications Partnering Agreement (TPA) disentanglement remediation \$3,200.0 State of Alaska Telecommunications System (SATS) and 2-Way Radio removed from statewide rate allocation and funded separately \$3,043.4	6,243.4			6,243.4
84								
	8(a)	Health & Soc Svcs	Behavioral Health: Behavioral Health Grants	Substance abuse prevention initiative so Alaska's kids are safe and healthy - Leadership Initiatives to Keep Children Alcohol-Free, Reach Out Now, Building Healthy Futures, Statewide Multimedia Campaign, FY06 lapse date.	4,000.0			4,000.0
85								
	8(b)	Health & Soc Svcs	Behavioral Health: Behavioral Health Administration	Substance abuse prevention initiative so Alaska's kids are safe and healthy - Alaska Local Options Campaign Project Coordinator, FY06 lapse date.	75.0			75.0
86								
	8(c)	Health & Soc Svcs	Behavioral Health: Community Action Prevention and Intervention Grants	Substance abuse prevention initiative so Alaska's kids are safe and healthy - Alaska Local Options Campaign, FY06 lapse date.	425.0			425.0
87								
	8(d)	Health & Soc Svcs	Juvenile Justice: Probation Services	Court-ordered special needs services for children in juvenile facilities. Last session the Legislature asked that these costs be brought forward as supplementals.	194.1			194.1
88								
	8(e)	Health & Soc Svcs	Public Assistance: Adult Public Assistance	Savings due to caseload reduction and programmatic changes, particularly last year's changes to interim assistance.	-2,038.8			(2,038.8)
89								
	8(e)	Health & Soc Svcs	Public Assistance: General Relief Assistance	Projected FY 05 lapse. Approximately 80% of funds are used to pay for funeral and burial expenses of indigent deceased persons, the remainder is used to assist low-income individuals and families who are facing eviction.	-185.0			(185.0)
90								
	8(f)	Health & Soc Svcs	Departmental Support Services: BASIC Grants	Provides vital social service program support to entities directly serving needy Alaskans across the state. Funding will be used on collaborative, community-based activities addressing basic needs such as food, shelter and health care. With FY06 lapse date.	1,000.0			1,000.0
91								

FY2005 SUPPLEMENTALS

	B	C	D	E	F	G	H	I	
Section Number	Department	RDU or Component or Capital	Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds	
1									
92	8(g)	Health & Soc Svcs	Boards and Commissions: Governor's Advisory Council on Faith-Based and Community Initiatives	FY 05 costs for Office established by Administrative Order 221.	122.1			122.1	
93	8(h)	Health & Soc Svcs	Public Health: Vital Statistics	Full funding for lease costs for Juneau office.		150.0	Receipt Supported Services	150.0	
94	9	Law	Civil Division, Deputy Attorney General's Office	Judgements and Claims as of 2/7/05.	1,108.9			1,108.9	
95	10(a)	Labor	Management Services	Language for carryforward of revenues due to audit findings.				0.0	
96	10(b)	Labor	Vocational Rehabilitation Administration	Language for carryforward of revenues due to audit findings.				0.0	
97	11(a)	Law	Opinions, Appeals and Ethics	Outside counsel costs to complete the appeal through the oral argument in the Planned Parenthood case, FY06 lapse date.	19.1			19.1	
98	11(b)	Law	Statehood Defense	Extend lapse date to June 30, 2006 for Navigable Waters, RS 2477 Rights-of-Way, Statehood Defense - Sec. 62(b), ch. 82, SLA 2003	0.0			0.0	
99	11(c)	Law	Environmental Law	Extend lapse date to June 30, 2006 for continued analysis of the continuing injury from the Exxon Valdez oil spill and development of restoration options - Sec. 16, ch. 159, SLA 2004.	0.0			0.0	
100	11(d)	Law	Environmental Law	Extend lapse date to June 30, 2006 for Exxon Valdez Oil Spill Trustee Council - Sec. 22(c), ch. 159, SLA 2004.	0.0			0.0	
101	12(a)	Military	Capital	Transfer RPL 09-5-0001, authorized on July 8, 2004, for the Alaska Aviation Safety project from operating to capital (\$2,803.0 federal funds).				0.0	
102	12(b)	Military	Capital	Reappropriation of the estimated balance of \$48.5 from the Tudor Road Combined Support Maintenance Site Clean-up project (Sec. 1, ch. 135, SLA 2000) for statewide emergency communications.				0.0	
103	12(c)	Military	National Guard Military Headquarters	Anchorage Armory basic telecommunications service: increased basic telephone service costs provided by the National Guard Bureau for DMVA offices located in the Anchorage Armory.	57.2			57.2	
104	12(d)	Military	Air Guard Facilities Maintenance	Network Services Costs for Kulis and Eielson: network service is provided by the Air National Guard.	30.9			30.9	
105	12(e)	Military	Alaska Military Youth Academy	Network Services Costs for the Alaska Military Youth Academy: network service is provided by a private sector vendor.	52.6			52.6	
106	13(a)	Natural Resources	Fire Suppression Activity	Costs to fight worst fire season in history.	36,902.7			36,902.7	
107	13(b)	Natural Resources	Capital	Reappropriation of the Grants to Named Recipient: Ketchikan Area State Parks Advisory Board - \$25,000 for Area-wide Health, Safety and Maintenance Upgrades project to DNR for same purpose. As originally appropriated, the Board has no staff or the capability to receive and expend the funds.				0.0	
108	13(c)	Natural Resources	Water Development	Replace non-realizable receipts.	100.0		(100.0)	Receipt Supported Services	0.0
109	14(a)	Public Safety	Capital	Additional National Marine Fisheries Service funding for the existing FY 05 capital project: Marine Fisheries Patrol Improvements. This increases the amount from \$1,080.0 to \$1,250.0.		169.7			169.7
110	14(b)	Public Safety	Capital	New Crime Scene Examination Enhancement project.		225.0			225.0
111	15(a)	Revenue	Alaska State Pension Investment Board	Increased managers fees.			1,100.0	Various Retirement Funds	1,100.0
112	15(b)	Revenue	Capital	Alaska Mental Health Trust Authority: Mobility Coalition grant funds from the U.S. Department of Transportation.		500.0			500.0

FY2005 SUPPLEMENTALS

	B	C	D	E	F	G	H	I
Section Number	Department	RDU or Component or Capital	Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
1								
113	15(c)	Revenue	APFC Custody and Management Fees	Increased managers fees		1,500.0	Permanent Fund Receipts	1,500.0
114	16(a)	State Debt	School Debt Reimbursement	Fund source change due to a shortfall in cigarette tax revenue deposits into the School Fund. The School Fund is reduced from \$30.2 million to \$29.4 million and the Debt Retirement Fund is increased from \$51,670,084 to \$52,470,084		0.0	Debt Ret Fund and School Fund	0.0
115	16(b)	State Debt	Capital Project Debt Reimbursement	The lapse date of sec 33(f)(3), ch 158, SLA 2004, page 68, line 16 - 18, is extended to June 30, 2006 for Metlakatla Power and Light's utility plant and capital addition debt reimbursement				0.0
116	17(a)	Transportation	Capital	Bids came in higher for Chandalar maintenance station construction	930.0			930.0
117	17(b)	Transportation	Capital	Adak contract - new federal authority for capital improvements		3,400.0		3,400.0
118	17(c)	Transportation	Capital	Emergency and Non-routine Maintenance: Failed railroad crossings, \$305.0 Winter ice storm and avalanche damage, \$50.0 Johnson River bridge damage, \$218.4	573.4			573.4
119	17(d)	Transportation	Anchorage Airport Facilities	Utility cost increases			Internal Airports Rev Fund	1,001.4
120	17(e)	Transportation	Anchorage Airport Field and Equipment Maintenance	Utility cost increases			Internal Airports Rev Fund	274.8
121	17(f)	Transportation	Capital	Reappropriate the June 30, 2005 balance of the \$10 million appropriation made in sec 29(c), ch 150, SLA 2004 for the Adak air field, estimated to be \$9 million, to DOT for capital improvements				0.0
122	17(g)	Transportation	Central Region Facilities	Heating fuel and risk management cost increases	249.9			249.9
123	17(h)	Transportation	Northern Region Facilities	Heating fuel and utility cost increases	465.5			465.5
124	17(i)	Transportation	Central Region Highways and Aviation	Anchorage snowhaul and equipment fuel, utilities, sand and steel cost increases	1,374.4			1,374.4
125	17(j)	Transportation	Northern Region Highways and Aviation	Equipment fuel, utilities, and steel cost increases	1,399.5			1,399.5
126	17(k)	Transportation	Southeast Region Highways and Aviation	Equipment fuel, sand, chemicals and steel cost increases	263.4			263.4
127	17(l)	Transportation	State Equipment Fleet Administration	Fuel increases - credit card expenditures reimbursed by user agencies			Highway Working Capital Fund	1,100.0
128	17(m)	Transportation	Statewide Information Services	Funding for telecommunications chargeback costs. FY 04 supplemental funding was not built into FY 05 budget, thereby causing a shortfall	659.6			659.6
129	17(n)	Transportation	Central Region Highways and Aviation	King Salmon air traffic control current year contract	68.0			68.0
130	17(o)	Transportation	Human Resources	Shortage in realizing savings due to delay in implementing electronic timesheets			various	140.0
131	18(a)	Transportation	Capital	Airport Improvement Program increase of \$18 million in federal funds as allocated				0.0
132	18(a)(1)	Transportation	Capital	Bethel Airport Parallel Runway and Other Improvements		16,000.0		16,000.0
133	18(a)	Transportation	Capital	Hooper Bay Airport Access Road Repairs		2,000.0		2,000.0
134	18(b)	Transportation	Capital	Surface Transportation Program increase of 8,725.0 in federal funds as allocated				0.0
135	18(b)(1)	Transportation	Capital	Southeast Mid Region Access EIS		2,000.0		2,000.0
136	18(b)(2)	Transportation	Capital	Statewide Comprehensive Highway Safety Plan		500.0		500.0
137	18(b)(3)	Transportation	Capital	Statewide Electronic Crash Web Enablement Form 12 200 and Data Transfer		400.0		400.0
138	18(b)(4)	Transportation	Capital	Statewide Emergency Bridge Replacement		800.0		800.0
139	18(b)(5)	Transportation	Capital	Statewide Intelligent Transportation systems Implementation Plan (IWAYS)		1,350.0		1,350.0
140	18(b)(6)	Transportation	Capital	Statewide Road/Highway Functional Classification Review		400.0		400.0
141	18(b)(7)	Transportation	Capital	Statewide Material Site Investigation		500.0		500.0

FY2005 SUPPLEMENTALS

	B	C	D	E	F	G	H	I
Section Number	Department	RDU or Component or Capital	Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
1								
142	18(b)(81)	Transportation	Capital	Statewide Milepost and Destination Signs		1,300.0		1,300.0
143	18(b)(9)	Transportation	Capital	Statewide National Highway System and Non-National Highway System Anti-icing Program		400.0		400.0
144	18(b)(10)	Transportation	Capital	Statewide Traveler Information Signs		325.0		325.0
145	18(b)(11)	Transportation	Capital	Glenn Highway Milepost 58, Milepost 60, and Milepost 97 Slides Repair		750.0		750.0
	20	Revenue	Treasury Division	Increased managers fees.			25.0	Constitutional Budget Reserve 25.0
146								
147				Regular Supplemental Bill Total	43,555.3	31,023.2	5,922.7	80,501.2
148								
149				Governor's Supplemental Total	141,332.4	129,904.0	23,223.1	294,459.5
150								
151	19(a)	Ratifications	Health & Soc Svcs	AR22520-03 Medical Assistance	\$13,300,029.73			
152	19(b)	Ratifications	Natural Resources	AR37313-04 Fire Suppression Activity	\$2,010,200.00			
153	19(c)	Ratifications	Corrections	AR50566-02 Parole Board	\$62,129.00			
154	21	Retrospectivity						
	22	Lapse of Appropriations						
155								
156	23	Effective Date						
157	24	Effective Date						

handout
2/23/05
DOTPF

THE BRADFIELD ROAD: \$2 MILLION, TOO MUCH, TOO SOON

The Department of Transportation is requesting \$2 million in the Supplemental Capital Budget, HB 134/SB 97, to embark on the "Mid-Region Access" Environmental Impact Statement, also known as the Bradfield Canal Road. Spending \$2 million for another study on an ill-advised 106 mile, \$314 million road is an unwise investment. Consider these factors:

- None of the half dozen preliminary studies of the Bradfield route have ever penciled out.
- British Columbia does not support construction of the road.
- There are other urgent transportation needs that the state should be funding first.

IT DOESN'T PENCIL OUT

With an estimated cost of \$314 million and annual costs of \$2.2 million for operations and maintenance, one would hope that the proposed Bradfield Road would show significant economic benefits. Yet the 1999 Southeast Alaska Transportation Plan (SATP) concluded that the net benefit from the Bradfield project would be a negative \$148 million. A January, 2005 state-commissioned economic assessment report of the Bradfield Road found a benefit/cost ratio 0.9 or negative \$27 million.

BRITISH COLUMBIA OPPOSITION

The following local governments in BC have passed resolutions opposing the Bradfield Road:

- District of Stewart, May 2003
- District of Port Edward, April 2003
- District of Kitimat, May 2003
- Smithers City Council, Sept. 2004
- Village of Telkwa, June 2004

OTHER PRIORITIES NEEDED TO BE ADDRESSED FIRST

The Petersburg Pilot reported that "The [Transportation Committee, Mayor and City Manager] expressed dismay at the state's push for Bradfield Canal Road construction as a top priority, worrying that such large-scale projects would edge out planned ferry expansion." In the DOT's 2004 SATP, 90% of the people who responded said that improving the existing ferry system is more important than building new roads in Southeast Alaska.

According to a 2003 report from the American Society of Civil Engineers, 55% of Alaska's roads are in poor or mediocre condition and 30% of the state's bridges are structurally deficient or functionally obsolete.

Two million dollars could be much better spent addressing critical improvements to our existing road system. According to DOT's STIP draft amendment #8 from December 2004, there are over \$294 million worth of road repairs for the Alaska Highway System that will go completely unfunded in FY06, including projects along the Taylor, Steese, Nome Teller, McCarthy, Hatcher Pass, Elliot, Glacier, and Copper River Highways. Instead of putting money into yet another study on a speculative and far-off road project, the state should invest in repairing and improving the infrastructure that has already proven vital for the movement of goods and services.

WHAT PEOPLE ARE SAYING ABOUT THE BRADFIELD ROAD

"[W]e have no compelling reasons to spend more public money on more detailed corridor studies. The project won't work. The road would raise state operating budgets.... Mining ore trucks would be on an 8% grade in the tunnel, generating large amounts of diesel exhaust. Tankers with fuel for mine operations would be moving downhill in the tunnel. All of this hazardous activity mixed with the general public is a very dangerous situation." Stikine and Bradfield Canal Transportation Corridor: An Evaluation of Merit. AK DOT 1997.

"I don't care. It doesn't matter." Wrangell Representative Peggy Wilson's response when asked if the Bradfield Road is unnecessarily expensive and a waste of government money. Juneau Empire, October 18, 2004.

Impacts from the Bradfield Road "would kill our town literally." Craig Caruso, Stewart Regional Director for the Kitimat Stikine Regional District Board in the Terrace Standard, February 26, 2003.

"I spoke with the Premier a little over a week ago and he made it clear the province has no desire to put money into that project. He does not believe it would be [beneficial]." BC MLA Bill Belsey, Prince Rupert Daily News, June 19, 2004.

"An alternative that involves construction in, and access to, a foreign country that does not have the support of the government of that country fails the common sense test and is not a reasonable alternative." Juneau Access Supplemental Draft Environmental Impact Statement, page 2-2. AK DOT 2005

outheast Alaska residents have another month to tell the state what they think about a proposed road that would take away Juneau's dubious distinction of being the largest city in North America not connected to the highway system.

But as people offer their comments on the state's preferred plan — a 68.5 mile, two-lane highway from Juneau to Skagway — they should focus not on the road of their dreams, but on the road that would exist in reality.

For many, the road would bring the psychological freedom of knowing they can hop in their cars and drive out of here. It's also been touted by some as a cheaper alternative to the state ferry system, and it's been believed by many who have worked hard to keep the state capital in Juneau to be an important way to fend off future capital-move efforts.

The recent draft supplemental environmental impact statement has taken away the notion that the road would be cheaper than maintaining the ferry system as it is now. Instead, the road would cost \$7 million more than ferries would over 30 years.

Proponents argue the cost savings would be realized by citizens, rather than the state, because driving out of town would be cheaper than buying a ferry ticket. But it doesn't make sense for the state to invest hundreds of millions of dollars in a project so that it doesn't cost as much for someone to go golfing in Whitehorse.

Instead, if the \$280 million road is going to be built, it needs to be done for a significant improvement in the economy or overall quality of life in Juneau.

However, the study shatters the idea that the road would trigger major economic development or population growth for Juneau. What the road would do is boost the number of independent travelers and the industry that caters to them. An additional 8,000 people would come to Juneau in 2008, if the state's favored plan is chosen, according to the state study.

Recreational vehicles would be expected to triple or quadruple in number in the first year of the road's existence. Businesses that serve RVs would no doubt flourish, at the influx of traffic would require more upkeep of roads.

more parking around town and more space for RV parks.

In the past, finding land suitable for RV parks has been tough. The shortage of land in Juneau already has created sky-high housing and land prices. Increased demand for the limited property available is likely to make the cost of real estate in Juneau even worse.

The road also unfortunately would not be the safeguard against future capital move efforts that some would like it to be. Many Alaskans who live in the north would rather fly to Juneau than drive some 800 miles to visit the Alaska Legislature.

Some argue the road must be endorsed because it would lessen Juneau's image as an isolated, inaccessible city. But much of the impetus for the capital move comes from state leaders who want the capital in their own backyards because of the economic gains for their own communities.

The access issue won't lessen that. Instead of building a road that would be used by few visiting the Legislature, access to lawmakers needs to be enhanced in genuine ways — by state-of-the-art teleconferencing and a building that has ample room for public hearings.

The costs of blasting a path up Lynn Canal and maintaining a road that crosses 61 avalanche chutes are enormous. Add to that the loss of 629 acres of forest, 31 acres of fish habitat and 93 acres of wetlands, as well as loss of brown bear habitat. For those kinds of costs, the city should be getting more than just thousands of RVs to crowd our local roadways.

Largely, support for the road boils down to people liking the freedom of being able to drive out of town for a weekend in Haines, Skagway or Whitehorse. But even those who savor that freedom need to keep in mind that that freedom won't exist 35 days each year — the amount of time the road would be closed because of avalanche risks.

Those who couldn't make this week's public hearings should go to the state's Web site for Juneau Access, which can be found through www.dot.state.ak.us, and send comments by March 21. Juneau residents should urge the state to drop the road and not waste money on a project that would add little to our lives, except thousands of RVs.

Empire editorial

JUNEAU EMPIRE, SUNDAY, FEB. 20, 2005

Time has come to speak out on road