

ALASKA LEGISLATURE

HOUSE and SENATE FINANCE COMMITTEE FILES, 2005-2006 3041



Official Business

Alaska State Senate

Senate Finance Committee

Mail Stop 3100
State Capitol
Juneau, Alaska 99801-1182

FAX COVER SHEET

DATE: 1 Feb 2006 TIME: 10:15am

TO: Legal Services

NUMBER OF PAGES, INCLUDING COVER SHEET: 3

FROM: MINDY ROWLAND
SENATE FINANCE COMMITTEE SECRETARY
PHONE: 465-4935
FAX: 465-2187

NOTES: Final Please
CS SB 171, 24-LS0785\N
Cheroweth 1/31/06
Plus 2 amendments attached

Thanks
Mindy

Proof

24-LS0785VB

CS FOR SENATE BILL NO. 171(FIN)
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-FOURTH LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:

Referred:

Sponsor(s): SENATOR WILKEN

A BILL

FOR AN ACT ENTITLED

1 "An Act amending the National Petroleum Reserve - Alaska special revenue fund;
2 establishing the Special Legislative Oil and Gas NPR-A Development Impact Review
3 Committee and defining its powers and duties; and providing for an effective date."

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

5 * Section 1. The uncodified law of the State of Alaska is amended by adding a new section
6 to read:

7 LEGISLATIVE INTENT. It is the intent of the legislature to provide financial
8 assistance to municipalities for the purpose of meeting certain operating and capital
9 improvement expenditures arising out of oil and gas development under 42 U.S.C. 6506a,
10 formerly 42 U.S.C. 6508.

11 * Sec. 2. AS 24.20 is amended by adding a new section to read:

12 Article 4A. Special Legislative Oil and Gas NPR-A Development Impact Review
13 Committee.

14 Sec. 24.20.580. Special Legislative Oil and Gas NPR-A Development

1 **Impact Review Committee.** (a) There is established the Special Legislative Oil and
2 Gas NPR-A Development Impact Review Co mmittee. The committee is composed of
3 three members of the senate appointed by the president of the senate and three
4 members of the house of representatives appointed by the speaker of the house of
5 representatives. The committee membership from each house shall include at least one
6 member from the minority caucus of that house. The committee members must
7 include one member of the house of representatives or senate from an election district
8 that includes part or all of the National Petroleum Reserve - Alaska. Except when it
9 may be necessary to appoint a member of the legislature under (2) of this subsection to
10 serve on the committee and the member is not also a member of a finance committee,
11 the committee members may be appointed only from the finance committee of each
12 house. If a member of the house of representatives or senate from an election district
13 that includes part or all of the National Petroleum Reserve - Alaska

14 (1) is appointed to serve on the appropriate finance committee, the
15 member serving on the finance committee also serves on the committee established in
16 this subsection; however, under this paragraph, not more than one member
17 representing an election district that includes part or all of the National Petroleum
18 Reserve - Alaska may serve on the committee and, if designation of the one member is
19 necessary, the speaker of the house of representatives and the president of the senate
20 shall jointly designate the one member to serve;

21 (2) is not serving on the committee under (1) of this subsection, the
22 speaker of the house of representatives and the president of the senate shall jointly
23 appoint one member of the legislature who represents an election district that includes
24 part or all of the National Petroleum Reserve - Alaska to serve on the committee.

25 (b) The committee shall be organized within 15 days after the organization of
26 each legislature. The committee shall select its own chair. Members serve for the
27 duration of the legislature during which they are appointed. If a committee member is
28 reelected or the member's term of office extends into the next succeeding legislature,
29 the member continues to serve until reappointed or until the member's successor is
30 appointed.

31 (c) The committee may meet during sessions of the legislature and during the

1 interim between sessions at times and places in the state as the committee chair may
2 determine.

3 (d) Members of the committee may receive, for the minimum time required to
4 get to and from meetings and for the period while attending meetings, the same travel
5 and per diem allowances provided by law for members of the legislature when
6 attending sessions. However, members of the committee do not receive per diem for
7 committee meetings during legislative sessions other than the per diem paid to
8 members of the legislature.

9 (e) A majority of the members of the committee appointed from each house

10 (1) constitutes a quorum for the purpose of carrying out the
11 committee's duties under this section; and

12 (2) is necessary to approve and forward to the respective finance
13 committees in each house the committee's recommendations for grants.

14 (f) Each member of the committee shall visit each community within the
15 National Petroleum Reserve - Alaska

16 (1) within one year after the member's appointment to the committee;
17 and

18 (2) at least once every three years during the member's term of service
19 if the member continues to serve on the committee during succeeding legislatures.

20 (g) The committee may consult with the Department of Commerce,
21 Community, and Economic Development about applications submitted under
22 AS 37.05.530.

23 * Sec. 3. AS 37.05.530(a) is amended to read:

24 (a) The National Petroleum Reserve - Alaska special revenue fund is
25 established. The fund consists of all money disbursed to the state by the federal
26 government under 42 U.S.C. 6506a(l) and former 42 U.S.C. 6508 (P.L. 96-514) since
27 December 12, 1980, less the amount deposited in the general fund and expended by
28 the state by general fund appropriations before June 9, 1984.

29 * Sec. 4. AS 37.05.530(e) is repealed and reenacted to read to read:

30 (c) The Department of Commerce, Community, and Economic Development
31 shall adopt regulations under which municipalities that are most directly and severely

Amend.
#1

1 impacted by National Petroleum Reserve - Alaska oil and gas development under 42
 2 U.S.C. 6506a, formerly 42 U.S.C. 6508, may apply for and be eligible to receive
 3 grants from the fund established in this section to alleviate the impact. A grant under
 4 this section may be made only on application by the municipality to the Department of
 5 Commerce, Community, and Economic Development. Each application must state the
 6 intended use for which the grant will be expended. When a municipality applies under
 7 this subsection, the municipality shall also submit to the department evidence or a
 8 certificate that the municipality is current on submission of reports concerning the
 9 expenditure of any grant previously received under this section. The department

10 (1) shall receive the applications and related materials and verify that
 11 the municipality is current on submission of reports concerning the expenditure of any
 12 grant previously received under this section;

13 (2) shall conduct a preliminary evaluation of each application; in
 14 conducting the preliminary evaluation, the department shall determine if the
 15 application is for an activity, facility, or service that involves planning; construction,
 16 maintenance, and operation of essential public facilities by the municipality; and
 17 necessary public services provided by the municipality;

18 (3) within 10 days after the convening of each regular session of the
 19 legislature, shall submit to the committee a list of

20 (A) all qualifying activities, facilities, or services based on the
 21 department's preliminary evaluation made under (2) of this subsection; and

22 (B) all municipalities that have already received grants and
 23 written justification for each previous grant; and

24 (4) when advised of the committee's recommendations for grants, shall
 25 notify municipalities of that action.

26 * Sec. 5. AS 37.05.530(d) is repealed and reenacted to read:

27 (d) In its review of applications submitted under (c) of this section, the
 28 committee shall, within 45 days after receipt of the information submitted by the
 29 department under (c)(3) of this section,

30 (1) examine applications and related and supporting materials to verify
 31 the needs claimed for each facility or service for which an application was submitted;

Amend
 #2
 See
 Mem.
 From
 Legal

1 (2) evaluate the needs claimed;

2 (c) rank the needs that the committee believes comply with the
3 standards set out in 42 U.S.C. 6506a(l), formerly 42 U.S.C. 6508, and (c)(2) of this
4 section; and

5 (4) forward to the respective finance committees in each house the
6 committee's recommendations for grants for facilities and services under this section;
7 the committee shall list its recommendations by project.

8 * Sec. 6. AS 37.05.530(e) is repealed and reenacted to read:

9 (e) A municipality that receives a grant under this section shall

10 (1) account separately for each grant received;

11 (2) provide for an independent audit of the separate accounts
12 maintained for each grant or appropriation, except that, for a grant that is not more
13 than \$300,000, the municipality shall provide for an independent unaudited review of
14 the accounts maintained for the grant;

15 (3) submit a copy of the independent audit report or independent
16 review to the Department of Commerce, Community, and Economic Development;
17 and

18 (4) expend the funds only for the use or purpose for which the grant
19 was made; the Department of Commerce, Community, and Economic Development
20 may not otherwise modify the terms of a grant to change the purpose or objective of
21 the grant or the terms and conditions under which the grant may be expended.

22 * Sec. 7. AS 37.05.530(f) is amended to read:

23 (f) Funds appropriated under [(d) OF] this section may not be used for the
24 retirement of municipal debt.

25 * Sec. 8. AS 37.05.530(g) is amended to read:

26 (g) The provisions of this subsection apply to amounts [AMOUNTS]
27 received by the state under 42 U.S.C. 6506a(l) or former 42 U.S.C. 6508, as follows:

28 (1) amounts received and not appropriated for grants to municipalities
29 under (c) - (e) [(d)] of this section shall be deposited at the end of each fiscal year as
30 follows:

31 (A) [(1)] 25 percent of amounts received by the state during

1 that fiscal year under 42 U.S.C. 6506a(l) or former 42 U.S.C. 6508 to the
2 principal of the Alaska permanent fund; and

3 (B) [(2)] .5 percent of amounts received by the state during
4 that fiscal year under 42 U.S.C. 6506a(l) or former 42 U.S.C. 6508 to the
5 public school trust fund (AS 37.14.110);

6 (2) if, after making the grants under (c) - (e) of this section, the
7 amounts remaining are insufficient to make payment in full of the deposits
8 required by (1)(A) and (B) of this subsection, the deposits shall be allocated pro
9 rata between the fund deposits;

10 (3) the [THE] amounts remaining after the making of the payment
11 of the deposits in full to the Alaska permanent fund and the public school trust fund
12 under (2) of this subsection may be appropriated

13 (A) first, to each of the funds described in (1)(A) and (B) of
14 this subsection to recover amounts not paid to those funds on or after the
15 effective date of this Act because of deficiencies in making the payments
16 required by (2) of this subsection; and

17 (B) after appropriations authorized by (A) of this
18 paragraph, to the power cost equalization and rural electric capitalization fund
19 (AS 42.45.100);

20 (4) the [THE] amounts remaining after any appropriation to the
21 power cost equalization and rural electric capitalization fund shall lapse into the
22 general fund for use by the state for the following facilities and services: planning;
23 construction, maintenance, and operation of essential public facilities; and other
24 necessary public services.

25 * Sec. 9, AS 37.05.530(h) is amended to read:

26 (h) In making appropriations from the National Petroleum Reserve -
27 Alaska special revenue fund, the legislature shall identify the grants for services
28 and facilities as appropriation items and shall specify the amounts for each.
29 Notwithstanding other provisions of law and unless expressly provided by the
30 legislature in the appropriation item making the appropriation, an appropriation from
31 the National Petroleum Reserve - Alaska special revenue fund shall, for the purposes

1 of determining the funding sources for the appropriation, be treated as though the
 2 appropriation takes effect in the fiscal year in which the appropriation passes the
 3 legislature. The authorization to expend funds appropriated from the fund shall take
 4 effect as otherwise provided by law.

5 * **Sec. 10.** AS 37.05.530 is amended by adding new subsections to read:

6 (i) The Department of Commerce, Community, and Economic Development
 7 may

8 (1) suspend award of a new grant made under this section to a
 9 municipality if, in the department's judgment, the municipality has not made adequate
 10 progress in complying in the expenditure or use of a previously awarded grant;

11 (2) extend the period during which the municipality may expend a
 12 grant for unusual circumstances beyond the control of the municipality.

13 (j) Amounts that are unexpended at the end of the period authorized by law or,
 14 if extended under (i) of this section, by the department and that lapse shall revert to the
 15 general fund. However, if, at any time, there is a cumulative deficiency in amounts
 16 due and payable to the principal of the Alaska permanent fund and the public school
 17 trust fund because of allocation pro rata among those funds as authorized by (g)(2) of
 18 this section, the commissioner of administration shall first apply the lapsing amounts
 19 to restore previously prorated allocations to the Alaska permanent fund and the public
 20 school trust fund to the amounts due each of those funds.

21 (k) In this section, "committee" means the Special Legislative Oil and Gas
 22 NPR-A Development Impact Review Committee (AS 24.20.580).

23 * **Sec. 11.** This Act takes effect immediately under AS 01.10.070(c).

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

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FAX (907) 465-2029
Mail Stop 3101

State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM

February 1, 2006

SUBJECT: CSSB 171(FIN): drafting note (Work Order No. 24-LS0785\B)

TO: Mindy Rowland
Senate Finance Committee Secretary

FROM: Jack Chenoweth
Assistant Registrar

The committee substitute that is transmitted with this memo incorporates amendments 1 and 2 as noted on the pages you provided. At page 4, line 15, the insertion is of the word "facility" (singular) rather than "facilities" (plural, as requested) to conform to the phrase in which it is to appear. The phrase to which the amendment is being requested is drafted in the singular and refers to "an activity or service".

JBC:med
06-089.med

Enclosure

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JBC:med
06-089.med

Enclosure

Adopted 2/1/06

WORK DRAFT

WORK DRAFT

WORK DRAFT

24-LS0785W
Chenoweth
1/31/06

CS FOR SENATE BILL NO. 171()
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-FOURTH LEGISLATURE - SECOND SESSION

BY

Offered:
Referred:

Sponsor(s): SENATOR WILKEN

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6 member from the minority caucus of that house. The committee members must
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8 that includes part or all of the National Petroleum Reserve - Alaska. Except when it
9 may be necessary to appoint a member of the legislature under (2) of this subsection to
10 serve on the committee and the member is not also a member of a finance committee,
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12 house. If a member of the house of representatives or senate from an election district
13 that includes part or all of the National Petroleum Reserve - Alaska

14 (1) is appointed to serve on the appropriate finance committee, the
15 member serving on the finance committee also serves on the committee established in
16 this subsection; however, under this paragraph, not more than one member
17 representing an election district that includes part or all of the National Petroleum
18 Reserve - Alaska may serve on the committee and, if designation of the one member is
19 necessary, the speaker of the house of representatives and the president of the senate
20 shall jointly designate the one member to serve;

21 (2) is not serving on the committee under (1) of this subsection, the
22 speaker of the house of representatives and the president of the senate shall jointly
23 appoint one member of the legislature who represents an election district that includes
24 part or all of the National Petroleum Reserve - Alaska to serve on the committee.

25 (b) The committee shall be organized within 15 days after the organization of
26 each legislature. The committee shall select its own chair. Members serve for the
27 duration of the legislature during which they are appointed. If a committee member is
28 reelected or the member's term of office extends into the next succeeding legislature,
29 the member continues to serve until reappointed or until the member's successor is
30 appointed.

31 (c) The committee may meet during sessions of the legislature and during the

1 interim between sessions at times and places in the state as the committee chair may
2 determine.

3 (d) Members of the committee may receive, for the minimum time required to
4 get to and from meetings and for the period while attending meetings, the same travel
5 and per diem allowances provided by law for members of the legislature when
6 attending sessions. However, members of the committee do not receive per diem for
7 committee meetings during legislative sessions other than the per diem paid to
8 members of the legislature.

9 (e) A majority of the members of the committee appointed from each house

10 (1) constitutes a quorum for the purpose of carrying out the
11 committee's duties under this section; and

12 (2) is necessary to approve and forward to the respective finance
13 committees in each house the committee's recommendations for grants.

14 (f) A member of the committee shall visit each community within the National
15 Petroleum Reserve - Alaska

16 (1) within one year after the member's appointment to the committee;
17 and

18 (2) at least once every three years during the member's term of service
19 if the member continues to serve on the committee during succeeding legislatures.

20 (g) The committee may consult with the Department of Commerce,
21 Community, and Economic Development about applications submitted under
22 AS 37.05.530.

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26 government under 42 U.S.C. 6506a(l) and former 42 U.S.C. 6508 (P.L. 96-514) since
27 December 12, 1980, less the amount deposited in the general fund and expended by
28 the state by general fund appropriations before June 9, 1984.

29 * Sec. 4. AS 37.05.530(c) is repealed and reenacted to read to read:

30 (c) The Department of Commerce, Community, and Economic Development
31 shall adopt regulations under which municipalities that are most directly and severely

1 impacted by National Petroleum Reserve - Alaska oil and gas development under 42
2 U.S.C. 6506a, formerly 42 U.S.C. 6508, may apply for and be eligible to receive
3 grants from the fund established in this section to alleviate the impact. A grant under
4 this section may be made only on application by the municipality to the Department of
5 Commerce, Community, and Economic Development. Each application must state the
6 intended use for which the grant will be expended. When a municipality applies under
7 this subsection, the municipality shall also submit to the department evidence or a
8 certificate that the municipality is current on submission of reports concerning the
9 expenditure of any grant previously received under this section. The department

10 (1) shall receive the applications and related materials and verify that
11 the municipality is current on submission of reports concerning the expenditure of any
12 grant previously received under this section;

13 (2) shall conduct a preliminary evaluation of each application; in
14 conducting the preliminary evaluation, the department shall determine if the
15 application is for an activity or service that involves planning; construction,
16 maintenance, and operation of essential public facilities by the municipality; and
17 necessary public services provided by the municipality;

18 (3) within 10 days after the convening of each regular session of the
19 legislature, shall submit to the committee a list of

20 (A) all qualifying facilities or services based on the
21 department's preliminary evaluation made under (2) of this subsection; and

22 (B) all municipalities that have already received grants and
23 written justification for each previous grant; and

24 (4) when advised of the committee's recommendations for grants, shall
25 notify municipalities of that action.

26 * **Sec. 5.** AS 37.05.530(d) is repealed and reenacted to read:

27 (d) In its review of applications submitted under (c) of this section, the
28 committee shall, within 45 days after receipt of the information submitted by the
29 department under (c)(3) of this section,

30 (1) examine applications and related and supporting materials to verify
31 the needs claimed for each facility or service for which an application was submitted;

- 1 (2) evaluate the needs claimed;
- 2 (3) rank the needs that the committee believes comply with the
- 3 standards set out in 42 U.S.C. 6506a(l), formerly 42 U.S.C. 6508, and (c)(2) of this
- 4 section; and
- 5 (4) forward to the respective finance committees in each house the
- 6 committee's recommendations for grants for facilities and services under this section;
- 7 the committee shall list its recommendations by project.

8 * Sec. 6. AS 37.05.530(e) is repealed and reenacted to read:

- 9 (e) A municipality that receives a grant under this section shall
- 10 (1) account separately for each grant received;
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- 12 maintained for each grant or appropriation, except that, for a grant that is not more
- 13 than \$300,000, the municipality shall provide for an independent unaudited review of
- 14 the accounts maintained for the grant;
- 15 (3) submit a copy of the independent audit report or independent
- 16 review to the Department of Commerce, Community, and Economic Development;
- 17 and
- 18 (4) expend the funds only for the use or purpose for which the grant
- 19 was made; the Department of Commerce, Community, and Economic Development
- 20 may not otherwise modify the terms of a grant to change the purpose or objective of
- 21 the grant or the terms and conditions under which the grant may be expended.

22 * Sec. 7. AS 37.05.530(f) is amended to read:

- 23 (f) Funds appropriated under [(d) OF] this section may not be used for the
- 24 retirement of municipal debt.

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- 26 (g) The provisions of this subsection apply to amounts [AMOUNTS]
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- 28 (1) amounts received and not appropriated for grants to municipalities
- 29 under (c) - (e) [(d)] of this section shall be deposited at the end of each fiscal year as
- 30 follows:
- 31 (A) [(1)] 25 percent of amounts received by the state during

1 that fiscal year under 42 U.S.C. 6506a(l) or former 42 U.S.C. 6508 to the
2 principal of the Alaska permanent fund; and

3 (B) [(2)] .5 percent of amounts received by the state during
4 that fiscal year under 42 U.S.C. 6506a(l) or former 42 U.S.C. 6508 to the
5 public school trust fund (AS 37.14.110);

6 (2) if, after making the grants under (c) - (e) of this section, the
7 amounts remaining are insufficient to make payment in full of the deposits
8 required by (1)(A) and (B) of this subsection, the deposits shall be allocated pro
9 rata between the fund deposits;

10 (3) the [THE] amounts remaining after the making of the payment
11 of the deposits in full to the Alaska permanent fund and the public school trust fund
12 under (2) of this subsection may be appropriated

13 (A) first, to each of the funds described in (1)(A) and (B) of
14 this subsection to recover amounts not paid to those funds on or after the
15 effective date of this Act because of deficiencies in making the payments
16 required by (2) of this subsection; and

17 (B) after appropriations authorized by (A) of this
18 paragraph, to the power cost equalization and rural electric capitalization fund
19 (AS 42.45.100);

20 (4) the [THE] amounts remaining after any appropriation to the
21 power cost equalization and rural electric capitalization fund shall lapse into the
22 general fund for use by the state for the following facilities and services: planning;
23 construction, maintenance, and operation of essential public facilities; and other
24 necessary public services.

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28 and facilities as appropriation items and shall specify the amounts for each.

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30 legislature in the appropriation item making the appropriation, an appropriation from
31 the National Petroleum Reserve - Alaska special revenue fund shall, for the purposes

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16 due and payable to the principal of the Alaska permanent fund and the public school
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18 this section, the commissioner of administration shall first apply the lapsing amounts
19 to restore previously prorated allocations to the Alaska permanent fund and the public
20 school trust fund to the amounts due each of those funds.

21 (k) In this section, "committee" means the Special Legislative Oil and Gas
22 NPR-A Development Impact Review Committee (AS 24.20.580).

23 * Sec. 11. This Act takes effect immediately under AS 01.10.070(c).

Adopted 1/26/06

WORK DRAFT

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24-LS0785\C
Chenoweth
12/15/05

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Impact Review Committee. (a) There is established the Special Legislative Oil and Gas NPR-A Development Impact Review Committee. The committee is composed of three members of the senate appointed by the president of the senate and three members of the house of representatives appointed by the speaker of the house. The membership from each house shall include at least one member from the minority caucus of that house. The committee members may be appointed only from the finance committee of each house. The committee shall select its own chair.

(b) The committee shall be organized within 15 days after the organization of each legislature. Members serve for the duration of the legislature during which they are appointed. If a committee member is reelected or the member's term of office extends into the next succeeding legislature, the member continues to serve until reappointed or until the member's successor is appointed.

(c) The committee may meet during sessions of the legislature and during the interim between sessions at times and places in the state as the committee chair may determine.

(d) Members of the committee may receive, for the minimum time required to get to and from meetings and for the period while attending meetings, the same travel and per diem allowances provided by law for members of the legislature when attending sessions. However, members of the committee do not receive per diem for committee meetings during legislative sessions other than the per diem paid to members of the legislature.

(e) A majority of the members of the committee appointed from each house
(1) constitutes a quorum for the purpose of carrying out the committee's duties under this section; and
(2) is necessary to approve and forward to the respective finance committees in each house the committee's recommendations for appropriations.

(f) A member of the committee shall visit each community within the National Petroleum Reserve - Alaska
(1) within one year after the member's appointment to the committee;
and
(2) at least once every three years during the member's term of service

1 if the member continues to serve on the committee during succeeding legislatures.

2 (g) The committee may consult with the Department of Commerce,
3 Community, and Economic Development about applications submitted under
4 AS 37.05.530.

5 * Sec. 3. AS 37.05.530(a) is amended to read:

6 (a) The National Petroleum Reserve - Alaska special revenue fund is
7 established. The fund consists of all money disbursed to the state by the federal
8 government under 42 U.S.C. 6506a(D) and former 42 U.S.C. 6508 (P.L. 96-514) since
9 December 12, 1980, less the amount deposited in the general fund and expended by
10 the state by general fund appropriations before June 9, 1984.

11 * Sec. 4. AS 37.05.530(c) is amended to read:

12 (c) The Department of Commerce, Community, and Economic Development
13 shall adopt regulations under which municipalities that are most directly and
14 severely impacted by National Petroleum Reserve - Alaska oil and gas development
15 under 42 U.S.C. 6506a, formerly 42 U.S.C. 6508, may apply for and be eligible to
16 receive appropriations from the fund established in this section [GRANTS] to
17 alleviate the impact. An appropriation under this section may be made only upon
18 application by the municipality to the Department of Commerce, Community,
19 and Economic Development. Each application must state the intended use for
20 which the appropriation will be expended. When a municipality applies under
21 this subsection, the municipality shall also submit to the department evidence or
22 a certificate that the municipality is current on submission of reports concerning
23 the expenditure of any grant or appropriation previously received under this
24 section; a municipality may not apply for and the department may not take any
25 action on an application unless it is accompanied by this submission. The
26 department

27 (1) shall receive the applications and related materials and verify
28 that the municipality is current on submission of reports concerning the
29 expenditure of any grant or appropriation previously received under this section;

30 (2) shall conduct a preliminary evaluation of each application and
31 assign a rank; in

1 (A) conducting the preliminary evaluation, the department
2 shall determine if

3 (i) the application is for an activity or service that
4 involves planning; construction, maintenance, and operation of
5 essential public facilities by the municipality; and necessary public
6 services provided by the municipality; and

7 (ii) an appropriation made based on the application
8 would alleviate the impact of oil or gas development under 42
9 U.S.C. 6506a within the National Petroleum Reserve-Alaska; if, in
10 the department's judgment, there is no evidence that an
11 appropriation for an application would alleviate the impact of oil
12 or gas development, the department shall submit the application to
13 the committee under (3) of this subsection but may not give further
14 consideration to or take any further action on the application
15 under this section; and

16 (B) assigning a rank, the [THE] department shall give priority
17 [IN THE ALLOCATION OF GRANTS] to municipalities that are
18 experiencing or will experience the most direct or severe impact from oil and
19 gas development under 42 U.S.C. 6506a, formerly 42 U.S.C. 6508, within the
20 National Petroleum Reserve - Alaska;

21 (3) within 10 days after the convening of each regular session of
22 the legislature, shall submit to the committee

23 (A) a list of all qualifying facilities or services, the ranking
24 assigned to each facility and service, a recommendation regarding new or
25 additional appropriations for the facilities and services, and a written
26 justification for each new or additional appropriation; and

27 (B) a list of all municipalities that have already received
28 grants or appropriations and written justification for each previous grant
29 or appropriation; and

30 (4) when advised of the committee's recommendations for
31 appropriations, shall notify municipalities of that action [THE DEPARTMENT

1 SHALL FUND ALL MERITORIOUS GRANT APPLICATIONS OUT OF THE
2 MONEY APPROPRIATED TO IT EACH YEAR. WITHIN 10 DAYS AFTER THE
3 CONVENING OF EACH REGULAR SESSION OF THE LEGISLATURE, THE
4 DEPARTMENT SHALL SUBMIT TO THE LEGISLATURE A LIST OF ALL
5 MUNICIPALITIES THAT HAVE RECEIVED GRANTS, A LIST OF ALL
6 MUNICIPALITIES DETERMINED BY THE DEPARTMENT TO BE ELIGIBLE
7 FOR FURTHER GRANTS, A RECOMMENDATION OF THE AMOUNT OF
8 MONEY TO BE GRANTED FOR THOSE ADDITIONAL APPLICATIONS, AND
9 WRITTEN JUSTIFICATION OF EACH PAST AND POTENTIAL GRANT].

10 * Sec. 5. AS 37.05.530(d) is repealed and reenacted to read:

11 (d) In its review of applications submitted under (c) of this section, the
12 committee shall, within 45 days after receipt of the information submitted by the
13 department under (c)(3) of this section,

14 (1) examine applications and related and supporting materials to verify
15 the needs claimed for each facility or service for which an application was submitted;

16 (2) evaluate the needs claimed;

17 (3) rank the needs that the committee believes comply with the
18 standards set out in 42 U.S.C. 6506a(1), formerly 42 U.S.C. 6508, and (c)(2) of this
19 section; and

20 (4) forward to the respective finance committees in each house the
21 committee's recommendations for appropriations for facilities and services under this
22 section.

23 * Sec. 6. AS 37.05.530(e) is repealed and reenacted to read:

24 (e) A municipality that receives an appropriation under this section shall

25 (1) account separately for each grant or appropriation received;

26 (2) provide for an independent audit of the separate accounts
27 maintained for each grant or appropriation, except that, for a grant or appropriation
28 that is not more than \$300,000, the municipality shall provide for an independent
29 unaudited review of the accounts maintained for the grant or appropriation;

30 (3) submit a copy of the independent audit report or independent
31 review to the Department of Commerce, Community, and Regional Affairs; and

1 (4) expend the funds only for the use or purpose for which the grant or
2 appropriation was made; the Department of Commerce, Community, and Economic
3 Development may not otherwise modify the terms of a grant or appropriation to
4 change the purpose or objective of the grant or appropriation or the terms and
5 conditions under which the grant or appropriation may be expended.

6 * Sec. 7. AS 37.05.530(f) is amended to read:

7 (f) Funds appropriated under [(d) OF] this section may not be used for the
8 retirement of municipal debt.

9 * Sec. 8. AS 37.05.530(g) is amended to read:

10 (g) Amounts received by the state under 42 U.S.C. 6506a(l) or former 42
11 U.S.C. 6508 and not appropriated [FOR GRANTS TO MUNICIPALITIES] under (c)
12 - (e) [(d)] of this section shall be deposited at the end of each fiscal year as follows: (1)
13 25 percent of amounts received by the state during that fiscal year under 42
14 U.S.C. 6506a(l) or former 42 U.S.C. 6508 to the principal of the Alaska permanent
15 fund; and (2) .5 percent of amounts received by the state during that fiscal year
16 under 42 U.S.C. 6506a(l) or former 42 U.S.C. 6508 to the public school trust fund
17 (AS 37.14.110); if, after making the appropriations under (c) - (e) of this section,
18 the amounts remaining are insufficient to make payment in full of the deposits
19 required by (1) and (2) of this subsection, the deposits shall be allocated pro rata
20 between the fund deposits. The amounts remaining after the making of the payment
21 of the deposits in full to the Alaska permanent fund and the public school trust fund
22 may be appropriated to the power cost equalization and rural electric capitalization
23 fund (AS 42.45.100). The amounts remaining after any appropriation to the power cost
24 equalization and rural electric capitalization fund shall lapse into the general fund for
25 use by the state for the following facilities and services: planning; construction,
26 maintenance, and operation of essential public facilities; and other necessary public
27 services.

28 * Sec. 9. AS 37.05.530 is amended by adding new subsections to read:

29 (i) Unless otherwise provided by law or unless the period during which the
30 municipality may expend the appropriation is extended by the Department of
31 Commerce, Community, and Economic Development under this subsection, in the Act

1 making the appropriation from the National Petroleum Reserve - Alaska special
2 revenue fund, the unexpended balance of an appropriation made in an Act making an
3 appropriation from that fund lapses on June 30 of the fiscal year for which
4 appropriated. The Department of Commerce, Community, and Economic
5 Development may extend the period during which the municipality may expend the
6 appropriation for unusual circumstances beyond the control of the municipality. The
7 provisions of AS 37.25.010(a) and (b) apply to the unexpended balances of
8 appropriations that are lapsed as described in this subsection. Amounts lapsed under
9 this subsection shall revert to the general fund except that, if amounts lapsed are
10 derived from appropriations that had been allocated pro rata among the principal of the
11 Alaska permanent fund and the public school trust fund as authorized by (g) of this
12 section, the commissioner of administration shall first apply the lapsing amounts to
13 restore previously prorated allocations to the Alaska permanent fund and the public
14 school trust fund to the amounts due each of those funds as calculated under (g)(1) and
15 (g)(2) of this section.

16 (j) In this section, "committee" means the Special Legislative Oil and Gas
17 NPR-A Development Impact Review Committee (AS 24.20.580).

18 * Sec. 10. This Act takes effect immediately under AS 01.10.070(c).

Committee Substitute for Senate Bill 171 () Version N
NPR-A Community Grant Program

Sectional Analysis

Section 1. States the intent of the legislature to provide financial assistance to municipalities impacted by oil and gas development within the National Petroleum Reserve – Alaska (NPR-A).

Section 2. Establishes the Special Legislative Oil and Gas NPR-A Development Impact Review Committee.

- The committee membership includes three members from the Senate Finance Committee and three members from the House Finance Committee, including at least one member from the minority in each body.
- The Impact Review Committee membership must include one member of the House or Senate from an election district that includes NPR-A. If necessary, the Speaker of the House and the President of Senate will jointly appoint the one member to serve.
- A majority of the members appointed from each house constitutes a quorum and is necessary to approve recommendations for appropriations.
- Each member of the committee shall visit each community in NPR-A within one year after the member's appointment and at least once every three years during the term of service.

Section 3. Makes conforming change to reflect a change made in the U.S. Energy Policy Act of 2005.

- Congress altered the numbering of the NPR-A authorizing language so that 42 U.S.C. 6508 is now designated as 42 U.S.C. 6506a.

Section 4. Authorizes the Department of Commerce, Community, and Economic Development (DCCED) to adopt regulations under which municipalities that are most directly and severely impacted by NPR-A oil and

Committee Substitute for Senate Bill 171 Version N
Sectional Analysis

gas development may receive grants from the NPR-A Special Revenue Fund to alleviate the impact.

- DCCED will verify that the applicant is current on the required reports for previous NPR-A grants and will determine if the application is for an allowable purpose.
- Within 10 days after the convening of each regular session of the legislature, DCCED will submit a list of all the requested projects.
- The annual report prepared by DCCED will include written justification for each of the previous grants.

Section 5. Outlines the duties of the Special Legislative Oil and Gas NPR-A Development Impact Review Committee.

- Within 45 days, the Special Legislative Committee will examine the applications to verify the needs claimed, evaluate the needs, and rank the applications that the committee believes comply with the federal standards.
- The committee's recommendations for appropriations will be forwarded to the respective finance committees for consideration.

Section 6. Summarizes the responsibility of the municipality that receives an appropriation from the NPR-A Special Revenue Fund.

- The municipality will provide for an independent unaudited review for appropriation less than \$300,000 and an independent audit for an appropriation greater than \$300,000.
- The funds appropriated under this section may only be expended for the purpose for which the appropriation was made and DCCED may not modify the terms or change the purpose of the appropriation.

Section 7. Makes a technical change.

Section 8. Prioritizes the use of the NPR-A Special Revenue Fund dollars.

Committee Substitute for Senate Bill 171 Version N
Sectional Analysis

- Funds received by the State of Alaska from the oil and gas development within NPR-A will be used first to alleviate the impact of the development within the petroleum reserve.
- Secondly, 25 percent of the total NPR-A dollars received by the State of Alaska will be deposited to the principal of the Alaska Permanent Fund and .5 percent of the total will be deposited to the Public School Trust Fund. If the amount remaining after addressing the impacts is insufficient to fully fund these two funds, the deposits shall be allocated pro rata.
- Thirdly, the amounts remaining after the two previous funds are paid in full may be appropriated to the Alaska Permanent Fund and the Public School Trust Fund to cover any previous shortfalls that occurred on or after the effective date of this legislation.
- Lastly, the legislature may make appropriations to the Power Cost Equalization and Rural Electric Capitalization Fund and the General Fund.

Section 9. Addresses the appropriations from the NPR-A Special Revenue Fund

- The legislature will list in the appropriation bill the title and the amount for each grant awarded under Sections 4 - 6.

Section 10. Adds three new subsections to AS 37.05.530.

- The Department of Commerce may suspend the award of a new grant if a municipality has not made adequate progress in complying with a previously awarded grant.
- The Department of Commerce may extend the period in which a municipality can spend the funds for unusual circumstances that are beyond the control of the municipality.
- The Department of Administration shall apply any lapse funds to previously pro-rated allocations to the Alaska Permanent Fund and the Public School Trust Fund.

Section 11. Establishes an immediate effective date.

FISCAL NOTE

STATE OF ALASKA
2006 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: WD24-LS0785\C
() Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Legislature
Title: "An Act amending the National Petroleum BRU: Legislative Council
Reserve - Alaska special revenue fund; and establishing..." Component: Council and Subcommittees
Sponsor: Senator Wilken
Requestor: Senate Finance Component No.: 783

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0
Travel	20.0	20.0	20.0	20.0	20.0	20.0
Contractual	0.0	0.0	0.0	0.0	0.0	0.0
Supplies	0.0	0.0	0.0	0.0	0.0	0.0
Equipment	0.0	0.0	0.0	0.0	0.0	0.0
Land & Structures	0.0	0.0	0.0	0.0	0.0	0.0
Grants & Claims	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	20.0	20.0	20.0	20.0	20.0	20.0

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	20.0	20.0	20.0	20.0	20.0	20.0
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	20.0	20.0	20.0	20.0	20.0	20.0

Estimate of any current year (FY2006) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2007 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

WD 24-LS0785\C establishes the Special Legislative Oil and Gas NPR-A Development Impact Review Committee (NPR-A). The NPR A Committee shall be organized within 15 days after the organization of each Legislature. Members may be appointed only from the Finance Committee of each house. Finance committee aides of Legislators appointed to the NPR-A Committee will staff the NPR-A Committee. The NPR-A Committee may meet during sessions and during the interim at times and places in the state as the Committee Chair may determine. The main purpose of the NPR-A Committee is to review grant application information submitted by the Department of Community and Regional Affairs and submit the NPR-A Committee's recommendations to the Finance Committees of the Senate and House. Each member of the NPR-A Committee is required to visit each community within the National Petroleum Reserve within one year of appointment to the NPR-A Committee.

Prepared by: Karla Schofield, Deputy Director Phone: 465-6626
Division: Administrative Services Date/Time: 1/25/06 11:20 AM
Approved by: Pamela Varni, Executive Director Date: 1/25/2006
Agency: Legislative Affairs Agency

FISCAL NOTE

STATE OF ALASKA
2006 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: SB171
() Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Commerce
Title NPR-A Community Grant Program RDU Comm Assist & Ec Dev (405)
Component Community Advocacy
Sponsor Wilken
Requester Senate Community & Regional Affairs Component No. 2703

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2006) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2007 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation amends the National Petroleum Reserve-Alaska Special Revenue Fund, establishes the Special Legislative Oil and Gas NPR-A Development Impact Review Committee, and defines its powers and duties. It also repeals and amends sections of Alaska Statute 37.05.530.

New funds are not required to implement the provisions of this legislation.

Prepared by: Mike Black, Director
Division: Community Advocacy
Approved by: William C. Noll, Commissioner
Agency: Commerce, Community and Economic Development

Phone 907 269 4535
Date/Time 1/25/06 5 29 PM
Date 1/25/2006

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Senate

SPONSOR STATEMENT

Committee Substitute for Senate Bill 171 () NPR-A Community Grant Program

Senate Bill 171 examines the National Petroleum Reserve – Alaska (NPR-A) Mitigation Grant Program administered by the Department of Commerce, Community, and Economic Development (DCCED) and modifies the selection process to provide for active oversight by the legislature.

The bounty of NPR-A is thought by many to match or exceed the oil and gas deposits found at Prudhoe Bay or Kuparuk. As was mentioned in the *Anchorage Daily News*, February 15, 2005, "(The) Bureau of Land Management estimates NPR-A northeast corner could hold more than 2 billion barrels of crude oil and 3.5 trillion cubic feet of natural gas." All Alaskans look forward to the time when they can enjoy the benefits of reasonable and responsible development of these natural resources.

When members of the United State Congress authorized competitive leases in NPR-A in 1980, they recognized that development in the petroleum reserve might severely impact communities in or near the area. The federal legislation directed that the revenue generated through NPR-A development be used first to mitigate direct impacts, if any, to municipalities, and then by the rest of the State of Alaska. This federal directive in 1980 created two troubling issues that today pose significant problems.

First, the federal legislation is in direct conflict with the Alaska State Constitution. The State of Alaska receives from the federal government 50 percent of royalties and lease payments from the oil and gas development in

NPR-A. As required by federal law, these funds are available, before consideration of any other public purpose, to communities that demonstrate impact from resource development in NPR-A. This directive is at odds with Article IX, Section 15 of our constitution.

"At least twenty-five per cent of all mineral lease rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments and bonuses received by the State shall be placed in a permanent fund."

Senate Bill 171 recognizes this unsettling conflict, but does not overtly address or remedy the conflict between our State Constitution and federal law. This issue, while bothersome, is set aside for another day. Instead, this legislation speaks to the second troublesome issue of how the federal NPR-A payments are distributed to Alaska communities that may be severely impacted by oil and gas development within the National Petroleum Reserve. With the sizeable increase in NPR-A lease payments since 2000 and with the clear expectation of future and profitable growth, now is the time to revisit how the NPR-A payments are distributed and why. It is the charge of the legislature to devise a method to fairly allocate the financial benefits of NPR-A to all citizens of Alaska while, at the same time, recognize and mitigate the direct impact of development on certain communities as required by federal law.

In response to a 1986 Alaska Superior Court decision, Senate Bill 171 sets in place a system to grant impact assistance to municipalities most directly or severely impacted by oil and gas activity within the National Petroleum Reserve - Alaska. First, the Department of Commerce, Community, and Economic Development shall conduct a preliminary evaluation of each application for assistance and determine whether the community provided evidence that the requested appropriation will alleviate an impact of the oil and gas development within the petroleum reserve. The department will rank all qualified applications and submit a list of all projects and the department's recommendations to the Special Legislative Oil and Gas NPR-A Development Impact Review Committee (Special Legislative Committee) within 10 days after the convening of each regular session of the legislature.

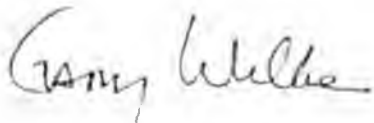
Second, the Special Legislative Committee, composed of three Senate finance members and three House of Representative finance members, will review the submitted applications and within 45 days forward the committee's recommendation to the respective finance committees for possible funding. A

majority of the members appointed from each legislative body is necessary to forward a funding request.

Third, the funds received by the State of Alaska from the oil and gas development within the National Petroleum Reserve – Alaska will be used first to alleviate the impact of the development. Then, twenty-five percent of the total NPR-A dollars received by the State will be deposited to the principal of the Alaska Permanent Fund and .5 percent of the total will be deposited to the Public School Trust Fund. If the amount remaining after addressing the impacts is insufficient to fully compensate these two funds, the deposits will be allocated pro rata. After these two dedicated funds are paid in full, the legislature may make appropriations to the Power Cost Equalization and Rural Electric Capitalization Fund and the General Fund.

Senate Bill 171 addresses the needs of communities impacted by development in NPR-A through a new legislative committee structure that ensures active legislative involvement. In addition, this legislation ensures that the Alaska Permanent Fund receives, to the extent allowed under federal law, 25 percent of all oil and gas lease rentals and royalties as dictated by the Alaska State Constitution.

I respectfully request your support.

A handwritten signature in cursive script, appearing to read "Gary Wilke".

Committee Substitute for Senate Bill 171 ()
NPR-A Community Grant Program

Sectional Analysis

Section 1. States the intent of the legislature to provide financial assistance to municipalities impacted by oil and gas development within the National Petroleum Reserve – Alaska (NPR-A).

Section 2. Establishes the Special Legislative Oil and Gas NPR-A Development Impact Review Committee.

- The committee membership includes three members from the Senate Finance Committee and three members from the House Finance Committee, including at least one member from the minority in each body.
- A majority of the members appointed from each house constitutes a quorum and is necessary to approve recommendations for appropriations.
- Each member of the committee shall visit each community in NPR-A within one year after the member's appointment and at least once every three years during the term of service.

Section 3. Makes conforming change to reflect a change made in the U.S. Energy Policy Act of 2005.

- Congress altered the numbering of the NPR-A authorizing language so that 42 U.S.C. 6508 is now designated as 42 U.S.C. 6506a.

Section 4. Authorizes the Department of Commerce, Community, and Economic Development (DCCED) to adopt regulations under which municipalities that are most directly and severely impacted by NPR-A oil and gas development may receive money from the NPR-A Special Revenue Fund to alleviate the impact.

- DCCED will verify that the applicant is current on the required reports for previous NPR-A grants and will determine if the application is for an allowable purpose.

Committee Substitute for Senate Bill 171
Sectional Analysis

- DCCED will conduct a preliminary evaluation of each application and will assign a rank, giving priority to municipalities that are experiencing or will experience the most direct or severe impact from oil and gas development within NPR-A.
- Within 10 days after the convening of each regular session of the legislature, DCCED will submit a list of all the requested projects and the department's recommendations.
- The application must show evidence that the requested appropriation will alleviate the impact of oil and gas development within NPR-A. If DCCED determines there is no such evidence, the application is submitted to the Special legislative Oil and Gas NPR-A Development Impact Review Committee, but not ranked by the department.

Section 5. Outlines the duties of the Special Legislative Oil and Gas NPR-A Development Impact Review Committee.

- Within 45 days, the Special Legislative Committee will examine the applications to verify the needs claimed, evaluate the needs, and rank the applications that the committee believes comply with the federal standards.
- The committee's recommendations for appropriations will be forwarded to the respective finance committees for consideration.

Section 6. Summarizes the responsibility of the municipality that receives an appropriation from the NPR-A Special Revenue Fund.

- The municipality will provide for an independent unaudited review for appropriation less than \$300,000 and an independent audit for an appropriation greater than \$300,000.
- The funds appropriated under this section may only be expended for the purpose for which the appropriation was made and DCCED may not modify the terms or change the purpose of the appropriation.

Section 7. Makes a technical change.

Committee Substitute for Senate Bill 171
Sectional Analysis

Section 8. Prioritizes the use of the NPR-A Special Revenue Fund dollars.

- Funds received by the State of Alaska from the oil and gas development within NPR-A will be used first to alleviate the impact of the development within the petroleum reserve.
- Secondly, 25 percent of the total NPR-A dollars received by the State of Alaska will be deposited to the principal of the Alaska Permanent Fund and .5 percent of the total will be deposited to the Public School Trust Fund. If the amount remaining after addressing the impacts is insufficient to fully fund these two funds, the deposits shall be allocated pro rata.
- After the two previous funds are paid in full, the legislature may make appropriations to the Power Cost Equalization and Rural Electric Capitalization Fund and the General Fund.

Section 9. Addresses when the appropriations made under Sections 4 – 6 lapse and the disposition these funds.

- The Department of Commerce may extend the period in which a municipality can spend the funds for unusual circumstances that are beyond the control of the municipality.
- Unless otherwise provided by law, the appropriation made under Sections 4 – 6 lapses on June 30 of the fiscal year for which appropriated, thus the legislature may establish the lapse date to meet the individual needs of the appropriation.
- The Department of Administration shall apply any lapse funds to previously prorated allocations to the Alaska Permanent Fund and the Public School Trust Fund.

Section 10. Establishes an immediate effect date.

NPRA GRANT STATUS REPORT AS OF 11/21/05

Grants Administrator (GA): Jolene Julian

Grant status is current as of the last approved Financial/Progress Report received.

"As of" column notes the report period end date of the most current Financial/Progress Report.

Grant # & Term Date	Grantee & GA	Project	Award	Disbursed To Date	As of	Balance	Purpose/Status/Comments
04-N-21 6/30/06	Atqasuk JJ	Local Government/ Community Center Operations & Maintenance	368,621	368,621.00	10/31/05	0	This grant will supply in part the labor/FB for the administrator/clerk, asst. clerk, Recreation Director I & II, part-time janitor; maintenance and operation costs for the building which houses the city office and the recreation center; equipment, supplies & contractual for insurance, accountant & attorney fees. Operations normal. Final report submitted 11/22/05, grant fully expended. will close out with final payment processes.
06-N-01 6/30/07	Atqasuk JJ	Local Government Operations	336,468	0		336,468	This purpose of this grant is to provide continuing funding for the operation of the city government, youth programs and the Community Center. Grant funds will be used for key personnel payroll, insurance, professional services, utilities, communications, etc. Funds not available until 04 grant is fully expended. Report due for 7/1/05-10/31/05.
06-N-02 6/30/07	Atqasuk JJ	Youth Center Addition to Community Center	680,000	0		680,000	The purpose of this project is to construct an addition to the Community Center for a Youth Center with the intent of providing the young people of Atqasuk with a safe, drug-free environment where they may take part in a variety of supervised activities. Report due for 7/1/05-10/31/05.
00/4-01 9/30/06	NSB JJ	Village Power Plant Upgrades, Electrical Distribution System & Waste Heat Upgrades	10,069,367	9,882,187.21	09/30/05	187,179.79	Wainwright, Atqasuk, Nuiqsut projects are complete except final billings and new power grid insulators needed for Electrical Distribution. Currently awaiting a waiver of competitive bid due to lack of bidders to complete the grant. When and if waived, ASRC will contract labor, equip and materials for upgrades to the power grids in Atqasuk, Nuiqsut and Wainwright. The quarter ending 9/30/05 reported no expenditures.
00/4-02 6/30/06	NSB JJ	All Infrastructure Services Study After award a change was approved from an "all-encompassing" study to preparing individual plans related to the original scope of work	1,500,000	1,283,019.10	03/31/05	216,980.90	*Quarterly report for 4/1/05 - 06/30/05 and 07/01/05 - 09/30/05 have been received and reviewed, but there are pending questions regarding expenditures. Awaiting an updated spreadsheet of balances on contracts from NSB GA, Sarah Nicely. Still trying to resolve the issue of amount of funds available for increasing contracts. I have not yet approved either of the above mentioned reports.

Prepared by DCCED

Grant # & Term Date	Grantee	Project	Award	Disbursed To Date	As of	Balance	Purpose/Status/Comments
02-N-05 6/30/06	NSB JJ	Capacity Building in Atkasuk, Nuiqsut & Anaktuvuk Pass	100,000	75,606.29	09/30/05	24,393.70	This grant will provide training and oversight to city/tribal staff on grant writing, grant compliance/ administration, financial management and basic accounting. A 4-day Quickbooks training session in BRW was attended by NUI, AIN, AP and ATQ staff. NUI and AIN staff received completion certificates. On-site visit/training in NUI in May and June. Quickbooks software and training has been provided in Nuiqsut. City Budget and Monthly Financial Report Training was conducted in the villages in July and August. Currently awaiting pending invoices; grant funds should be exhausted next quarter per Jan Ames.
02-N-08 6/30/06	NSB JJ	Wainwright Basic Government O&M	250,000	249,880.16	09/30/05	119.84	This grant will provided basic government operations for the City of Wainwright. Funds should be exhausted next quarter, zero expenditures were reported this quarter.
04-N-04 6/30/06	NSB JJ	Waterfowl in the NPRA Continuation	443,619	246,212.03	09/30/05	197,406.97	Funds will be used to document abundance, distribution, breeding biology, reproductive success and survival of some of the subsistence waterfowl that occur within NPRA, including two threatened species, Steller's and Spectacled Eiders. Aerial surveys of Brant, breeding pair Snow Geese, and Stellar's Eiders conducted in June. Brood-rearing surveys for all to be conducted during next quarter. 2005 Summer research included a Snow Geese breeding pair survey, aerial surveys for Steller's Eiders, ground surveys for King Eiders near Teshekpuk Lake. This quarter's expenditures included contractual services to ABR, Labor & FB as well as materials and supplies.
04-N-05 6/30/06	NSB JJ	Arctic Fox Satellite Project	316,582	221,748.00	09/30/05	94,834.00	Funds will be used for contractual services, labor/FB, travel and materials/supplies necessary for outfitting 20 arctic fox with radio transmitters and collection and analysis of the data. Currently Several foxes have been collared and are being tracked and monitored. Expenditures this past quarter were for contractual services to ARGO's, UAF as well as materials and supplies for field personnel.

Grant # & Term Date	Grantee	Project	Award	Disbursed To Date	As of	Balance	Purpose/Status/Comments
04-N-06 6/30/06	NSB JJ	Caribou Movements & Distribution	359,245	149,374.45	09/30/05	209,870.55	Funds will be used for contractual services, labor/FB, materials/supplies and other services necessary for the continued tracking of the Central Arctic and Teshekpuk Lake caribou herds and analysis of data. TLH movement and distribution patterns continue to be monitored. Plant biomass to be photographed near Teshekpuk Lake.
04-N-07 6/30/06	NSB JJ	Survey & Inventory of Fish Resources	362,931	266,434.44	09/30/05	96,496.56	Funds will be used for contractual services, labor/FB, travel and materials/supplies necessary for continuing the sampling, tagging and radio tracking of subsistence fish; interviewing elders regarding fishing experience; and writing a comprehensive report summarizing the findings of this research. During July and August research was based out of field camps located on Teshekpuk Lake. Expenditures included contractual services, materials and supplies necessary for field camp.
04-N-08 6/30/06	NSB JJ	Fish Petroleum Hydrocarbon Study	405,659	58,332.53	09/30/05	270,843.63	Funds will be used for contractual services, labor/FB, travel and materials/supplies necessary for the collection and analysis of samples in four species of subsistence fish in order to establish baseline data on the current status of petroleum hydrocarbons in fish in the NPRA. Fish and sediment samples will be taken from Nuiqsut and Western Teshekpuk Lake area. Field work and sampling was done in Nuiqsut during the summer months and a trip that including sampling of BWF was done on Teshekpuk Lake. A meeting with the PI's was held in Sept to review activities to date and prepare a plan and budget to finish the grant project.

Grant # & Term Date	Grantee	Project	Award	Disbursed To Date	As of	Balance	Purpose/Status/Comments
04-N-09 6/30/06	NSB JJ	Subsistence Harvest Monitoring	188,030	58,015.10	09/30/05	130,014.90	Funds will be used for contractual services, labor/FB, travel and materials/supplies necessary to continue the documentation of yearly wildlife harvest; identification of specific areas important to subsistence hunting activities and any adverse impacts caused by NPRA development. During this quarter Taqulik Hepa traveled to Nuiqsut to train NUI staff to conduct a community harvest survey. The NSB DWM and NUI have entered into an MOA to conduct harvest surveys for the Subsistence Harvest Documentation Project.
04 N-10 6/30/06	NSB JJ	Electric/Thermal Oxidation/Waste Heat	1,500,000	81,066.29	06/30/05	1,418,933.71	Funds will be used for contractual and professional service costs associated with remodeling the thermal oxidation system (TOS), expanding the TOS facility, and preparing a feasibility study on development of an electrical co-generation system at the facility. Cogeneration and Waste Heat feasibility Studies 95% completion review set for July. Seeking alternative funding sources. Preparing a phased project scenario. Updated timeline submitted and request for extension of the grant term. Report due for 7/1/05 – 9/30/05.
04-N-11 6/30/06	NSB JJ	Grant Oversight & Supervision	213,418	100,793.09	09/30/05	112,624.91	Funds will be used to send NSB grant staff to NPRA communities to provide capacity building as well as to send NSB staff to professional development training. NSB GA attended Grants Management training in SC during this quarter. Travel expenses for village personnel to attend a workshop on NPRA Impacts are included in this quarter's expenditures. Quickbooks training has been completed in Alqasuk.
04-N-12 6/30/06	NSB JJ	Volunteer Search & Rescue (SAR) Equipment	565,425.00	276,493.29	09/30/05	288,931.71	Funds will be used to purchase search and rescue equipment, parts and supplies as well as for travel and contractual costs associated with training provided to NPRA community's SAR members. \$181,040 in grant equipment has been expended to date. This quarters report reflects the purchase of a 20ft sea skiff.

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04-N-14 6/30/06	NSB JJ	Barrow Sewage Treatment Facility	10,000,000	1,223,499.40	09/30/05	8,776,500.60	This grant will provide funds for the construction of a new sewage treatment facility in Barrow, which is expected to safely store and treat raw sewage and runoff for the next 20 years. Design complete and sent to contractors. UIC Construction awarded bid at 15.7 million. Permitting of the facility has been completed. A significant amount of work is accruing; answering contractor questions, meetings and reviewing submittals.
04-N-15 6/30/06	NSB JJ	Emergency Radio Communications	1,550,570	490,472.90	09/30/05	998,527.10	Project funds used for the purchase of equipment, materials & supplies for the 800 MHz radio system used by NSB emergency response teams and freight charges. Training for the NSB staff in the maintenance of the equipment and entire radio system is also included. The new Communications Tower thermal piling install is nearly 80% complete.
04-N-16 6/30/06	NSB JJ	Police Department Facilities & Training	728,999	240,469.62	09/30/05	488,529.38	Funds utilized for upgrading police department facilities in the NPRA communities, purchase firearms and ammunition, purchase police vehicles for the four communities (1 each), and to provide professional development training for police officers. Four Ford trucks were purchased and reimbursed in the 2 nd quarter. On-site Training from HTE was completed in April. This training covered CAD400, Crimes and Orep specialized computer software training for the NSB Police Department. A number of Police Department staff attended the extensive training. Two additional patrol vehicles were purchased with excess funds due to a reduced cost in the original number of vehicles. 23 shotguns were also ordered and reimbursed this quarter.
04-N-17 12/30/05	NSB JJ	Telecommunications System Upgrade	156,145	148,682.43	09/30/05	7,462.57	Funds have been used to purchase equipment necessary for upgrading the current information technology system and freight costs associated with the purchase. Comtech was the contractor for this job and has completed and billed the contractual portion of this grant. The grant has been extended to 12/30/05 to complete the grant. This quarter's expenditures included training and travel expenditures.

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04-N-18 6/30/06	NSB JJ	Research Equipment for NPRA Activities	250,000	41,115.54	09/30/05	208,884.46	Funds will be used to purchase research equipment for collecting and analyzing data on subsistence activities and fish and wildlife resources, purchase replacement boat motors, and replacement or purchase of field equipment for use in the collection of data. Equipment purchased to date includes boat motors, incubator oven and extra shelves, digital camcorder, prefab weatherport, boat gauge, laptop computers, memory card, satellite phones, marine radios, digital camera, 2 Kayaks and ultra cold freezer. Borough gave up on waiting for an estimate from GCI for the Fiber Optic Cable, they are seeking other bids. This period computer equipment and GPS receivers were purchased and reported.
04-N-19 12/31/05	NSB JJ	Barrow School Resource Officers (SRO)	237,240	203,740.10	09/30/05	33,499.90	Grant funds are utilized to employ School Resource Officer's for three Barrow schools, purchase educational supplies/materials to promote D.A.R.E. Travel and training included as well. This grant has been extended to 12/31/05 The National D.A.R.E conference was attended in August and salaries are now being reimbursed through December.
04-N-20 6/30/05	NSB JJ	NPRA Village School Counselors	435,736	384,139.26	09/30/05	51,596.74	The purpose of this grant is to train and staff school counselor positions. Counselors were funded for one year and the Professional Services line item for their wages/FB has been zeroed out. The training component is the only line item with a balance at this point and successful training sessions were held this last quarter. Grantee anticipates project will be complete by 12/30/05.
04-N-26 6/30/06	NSB JJ	Project Compliance & Fiscal Coordinator	198,250	0.00	09/30/05	198,250	The Wildlife Department with the NSB hired a Project Compliance Coordinator prior to this grant and was not aware that this grant allowed for those wages to be covered. No expenditures have been reported to date. The next report however should reflect the Project Coordinator's salary back dated to the start of this grant.

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04-N-27 6/30/08	NSB JJ	Childcare/Learning Center/Training	56,123	20,254.52	09/30/05	35,868.48	The Daycare Center has now been closed since 6/30/04. Interest has been shown, but to date no other entity has taken action on taking over operation of the facility. NSB still considering re-scope to fund home facilities day care services training through the One-Stop Job Center. No activity this quarter.
04-N-28 12/30/06	NSB JJ	Village Summer Recreation Program	121,374	84,231.16	09/30/05	36,772.98	Funds are being used to employ a Recreation Coordinator and a Recreation Aide for a summer recreation program in five NPRA communities; operations costs; and equipment/supplies purchases. In addition, the NSB Dir. of O&M and a NSB Grants Administrator will travel to each village to provide training and to assess operations and effectiveness midway through the term. Programs were operated during the 2004 & 2005 summer. 2005 expenditures have yet to be reported as of 09/30/05.
04-N-29 6/30/07	NSB JJ	Mayor's Job Program	653,929	653,929	09/30/05	0	This grant is a continuation of the program initiated with 02-N-06. The program is expected to create 49 temporary entry-level jobs and provide training to participants to enhance their job skills and motivation, thereby preparing them for employment opportunities created by development of NPRA lands. During the grant period, the NSB hired over 40 employees utilizing these grant funds. The grant included positions in Barrow, Wainwright, Atkasuk, Nuiqsut and Anaktuvuk Pass. A final report has been received and grant will be closed out when final payment is processed.
04-N-30 6/30/06	NSB JJ	Workforce Development Program	1,515,825	556,084.05	09/30/05	959,740.95	Funds will be used to develop a One-Stop Job Center where NPRA village members can obtain skills, certifications, and the expertise necessary to become employed by the infrastructure created by NPRA development. Report for period 07/01/05-09/30/05 included Drivers Ed, NSTC Unescorted, Bus Presentation Skills, Teacher Aide and CDL training courses.

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05-N-02 6/30/06	NSB JJ	Wainwright Local Government Operations	250,000	122,484.30	09/30/05	127,515.70	This project will fund the following positions in Wainwright: full-time City Administrator, full-time Program Assistant, part-time City Clerk, and part-time Gaming Supervisor, as well as supplies, training/travel, insurance, maintenance/utilities and administration. On-site Quickbooks was set up with the FY06 budget and training was provided to the City Clerk in July. Expenditures reported for July-August included salary pay for Dennis Tjepelman, rent for the city offices for July-Oct and a credit for fuel purchase was applied to the grant in lieu of the Energy Assistance Program.
05-N-03 6/30/06	NSB JJ	Barrow Allied Health Care Training Program	319,999.50	80,026.48	09/30/05	239,973.02	This Program will provide a continuum of training and education in paraprofessional fields essential to developing local health care providers on the North Slope, an essential public service. Summer Camp Reunion was held in May. Supplies for renovation of the training center were purchased, training equipment and supplies purchased, job description for Coordinator and Midlevel Clinical Instructor developed, FY06 CHAP training timeline developed. This quarter's report reflects only medical supply expenditures.
05-N-04 6/30/07	NSB JJ	NPRA Social & Cultural Impact Study	300,586.50	5,052.52	09/30/05	295,533.98	This project will (1) document observations and perceptions of North Slope residents regarding historical, current and potential effects of oil industry activities on hunting, and (2) determine how oil/gas development has affected hunters. Revised work plans to take into account the need to do a pre-test, survey and finally data analysis has been drawn up. It is hoped that contracts will be in place and will begin next quarter. There were no hours billed to this grant this quarter.
05-N-05 06/30/08	NSB JJ	Oil/Gas Development Comprehensive Plan	400,000	153.86	09/30/05	399,846.14	This project will develop a comprehensive borough-wide oil and gas land-use plan to guide industrial development. Expenditures to date were for publications. Progress is pending the completion of the NSB Comprehensive Plan as it will serve as strong framework for this plan. Discussions on public involvement and project schedule are up and coming.

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05-N-06 6/30/06	NSB JJ	School Counselors Extended Program	205,000	204,938.50	09/30/05	61.50	This is a continuation of the program that was initially funded with 04-N-20. This grant provided Barrow's Hopson Middle School and Barrow Elementary, Ipalook each with a full time school counselor for the 04/05 school year. A balance of \$61.50 remains on this grant and a final progress report has been received. An email was sent to the GA to confirm expending final balance or closure on 11/18/05.
05-N-07 6/30/06	NSB JJ	School Resource Officers (SRO)	125,000	0.00	09/30/05	125,000	This is a continuation of the project that was initially funded with 04-N-19. Grant funds will be used to pay labor/FB and training for one SRO for one year. Grant 04-N-19 is under spent due to less SRO's hired than expected last year. NSB will utilize those grant funds for labor/FB before expending funds on this grant.
05-N-08 6/30/06	NSB JJ	School Based Programs	500,000	369,472.17	09/30/05	130,527.83	The NSB will partner with the NSB School District to provide open gyms and structured activities with grant funds in Atkasuk, Anaktuvuk Pass, Barrow, Nuiqsut and Wainwright. Tutoring and recreation programs have been implemented in 7 borough-wide schools. From the numbers of participants recorded for each school it appears the programs are well attended. Barrow included a 3-week summer school; this does not reduce the funding available for the other schools so the request was approved. The grant period has been extended into the 05/06 school year; funds will likely be exhausted in the first semester.
06-N-08 6/30/09	NSB JJ	Allied Health Training Center	3,400,000	0		3,400,000	The North Slope Allied Health Training Program (NSAHTP) was established to provide a continuum of training and education in paraprofessional fields essential to developing local health care providers on the North Slope. Providers and participants include the Borough, NSB Health Department, Arctic Slope Native Association, Samuel Simmonds Memorial Hospital, and Ilisagvik College. The purpose of this project is to provide funding for the North Slope Allied Health Training Center which will coordinate training that has been identified to address and assuage the impacts of NPRA oil and gas development. Report due for 7/1/05 - 9/30/05.

Grant # & Term Date	Grantee & GA	Project	Award	Disbursed To Date	As of	Balance	Purpose/Status/Comments
06-N-09 6/30/09	NSB JJ	Continue Studies to Investigate Wildlife/ Subsistence	2,461,368	0		2,461,368	The purpose of this project is to supplement existing research within the NSB Department of Wildlife Management, which is critical to responding to Inupiat hunter's concerns about oil and gas exploration and development. This project would cover a three-year period to continue the following research: (1) Subsistence Harvest Documentation; (2) Waterfowl Surveys; (3) Key Subsistence Fish Species; (4) Hydrocarbons in Fish; and (5) Satellite Tracking of the Teshekpuk Caribou Herd. Grant funds are requested for labor/benefits, contractual, equipment, materials/supplies, travel and 21% administration. Report due for 7/1/05 – 9/30/05.
06-N-10 6/30/08	NSB JJ	Health, Survival & Sustainability of Key Subsistence Resources	654,426	0		654,426	The purpose of this project is to conduct new studies over a 3-year period that address and document independent aspects of wildlife population biology. Each study has been designed to complement each other so the NSB Department of Wildlife Management may better understand the influences of weather and habitat on natural winter survival of caribou; project future population estimates of the TLH (Teshekpuk Lake Herd) under different conditions; and assess and document the health of subsistence animal and fish populations. This project will benefit Anaktuvuk Pass, Atkasuk, Barrow, Nuiqsut and Wainwright. Report due for 7/1/05 – 9/30/05.
06-N-11 6/30/08	NSB JJ	Mayor's Job Program	2,527,961	0		2,527,961	The purpose of this project is to continue the existing Mayor's Job Program, which provides short-term employment for NSB residents at Borough offices and with other employees such as the Arctic Slope Native Association, Native Village of Barrow and the City of Barrow. The program provides training for up to 45 individuals to assist them with acquiring necessary job skills to advance to full-time employment. There are often approximately 300 applicants for this program. Report due for 7/1/05 – 9/30/05.
06-N-14 6/30/08	NSB JJ	Village Capacity Building	968,182	0	09/30/05	968,182	Funds will be used to provide training to elected officials and staff in the NPRA impacted communities for capacity building. DCCED conducted a two-day Grant Application Process training session in Barrow during Sept. NSB employees and village representatives attended both days. No expenditures were reported during the first quarter.

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06-N-15 6/30/06	NSB JJ	Wainwright Office Renovation	38,114	0		38,114	The purpose of this project is to repair the City Office building to provide a safe, warm environment for city business. This includes replacement of damaged floor substrate, floor tiles, ceiling lighting, furnace, hot water heater, fire door and addition of o/s air intake. Grant funds are requested for contractual services and 21% administration. Report due for 7/1/05 – 9/30/05.
06-N-16 6/30/06	NSB JJ	Wainwright Lagoon Boat Launch	525,000	0		525,000	The purpose of this project is to replace or renovate the Wainwright Lagoon Boat Ramp to provide a safe launch site for subsistence and rescue activities. Grant funds are requested for contractual services and 5% administration. Report due for 7/1/05 – 9/30/05.
06-N-17 6/30/06	NSB JJ	Wainwright Local Government Operations	311,500	0		311,500	The purpose of this project is to provide continued funding for a City Administrator, Program Assistant and City Clerk to build the capacity of the City of Wainwright to successfully manage its financial affairs and grant programs, to implement new sources of revenue, and to continue staff training. Grant funds are requested for labor/benefits, contractual services, maintenance/repairs, insurance, utilities, materials/supplies, training/travel, audit/accountant fees and 21% indirect. Report due for 7/1/05 – 9/30/05.
06-N-18 12/31/06	NSB JJ	Wainwright Softball Field	35,000	0		35,000	The purpose of this project is to purchase and install a backstop, bleachers and other equipment required to provide a summer softball program for Wainwright youth which will be conducted on the Municipal Reserve recreational area owned by the City. Grant funds are requested for contractual services, materials/supplies and 21% administration. Report due for 7/1/05 – 9/30/05.
06-N-19 6/30/06	NSB JJ	Wainwright Youth Program	229,500	0	09/30/05	229,500	Grant funds will provide funding for the Wainwright Youth Program for staff, recreational equip and operating costs. The Recreation Director and Recreation Assistant positions were both filled in Sept. No expenses were reported in the first quarter.
06-N-20 6/30/09	NSB JJ	Workforce Development Program	3,729,451	0		3,729,451	The purpose of this project is to continue the existing Workforce Development Program, which is designed to provide entry-level training for unemployed residents, apprenticeship training for residents with more advanced job skills, and training to enhance the job skills of current NSB employees. Report due for 7/1/05 – 9/30/05.

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06-N-21 6/30/06	NSB JJ	Atqasuk Energy Assessment	100,042	0		100,042	The purpose of this project is to identify the most cost-effective, cleanest and safest alternative to energy (power, light and heat) in the community of Atqasuk. Fuel costs in Atqasuk are currently the highest on the Slope at \$3.50 per gallon and they had to purchase 500,000 gallons for FY05. Grant funds were awarded for contractual engineering/cost analysis and 21% indirect. Report due for 7/1/05 – 9/30/05.
06-N-22 6/30/07	NSB JJ	Fire Equipment & Training	250,000	0		250,000	<p>This grant had an initial request for \$1,114,543 and included mainly fire fighting equipment purchases and training. The grant amount was reduced per the request of the NSB to \$250,000. The revised scope of work reflecting the reduced grant amount is currently in the negotiation process.</p> <p>The NSB Fire Department bears the statutory responsibility for providing fire suppression services, rescue services and emergency medical services in each community of the NSB including all of the NPRA impacted communities. The number of fire department emergencies are expected to increase in each of these communities with the proposed Alpine Satellite Development Plan, the plan to expand the road system in and around the village of Nuiqsut and the possibility of the multi-billion dollar Alaska natural gas pipeline. It is absolutely necessary that the current facilities and equipment are maintained and updated as needed. This grant, funding fire and medical equipment and training, will be used to mitigate the impact of oil field exploration and development. Report due for 7/1/05 – 9/30/05.</p>
06-N-23 6/30/08	NSB JJ	Misdemeanor Probation Officer	346,071	0		346,071	The purpose of this project is to create one full-time Misdemeanor Probation Officer position for three years, which will be tasked with collecting information on misdemeanor offenders and their compliance with court-ordered conditions of probation/release. Grant funds will be used towards Labor and FB as well as some travel, contractual lab testing services and necessary materials and supplies. Report due for 7/1/05 – 9/30/05.

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06-N-24 6/30/08	NSB JJ	North Slope Science Initiative	425,578	0	09/30/05	425,578	The purpose of this project is to support the Borough's involvement in the North Slope Science Initiative (NSSI). The NSSI was established to develop a science-based program that integrates inventory, monitoring and research activities to support resource management decisions on the North Slope of Alaska. There have been no reported expenditures to date.
06-N-25 6/30/08	NSB JJ	NPRA Technical Review Team	1,468,508	0	09/30/05	1,468,508	The goal of this project is to ensure the borough can adequately stay abreast of and respond to the increasingly complex environmental impact statements, environmental analyses and permit applications as well as decisions and reports related to these. Grant funds will be used for services from a biologist, permit specialist and an attorney, including travel and support costs related to attending and holding public hearings and other meetings. No expenditures have been reported at this time. Progress includes hiring the attorney and interviewing for the wildlife biologist position. Research has also begun on the selection of computers and printers to be used by the review team.
06-N-26 6/30/08	NSB JJ	Oil Spill Response Team	737,867	0		737,867	The purpose of this project is to develop a dedicated spill response team with squads located in Atkasuk, Barrow, Nuiqsut and Wainwright. Each team would have primary responsibility for handling spills in and near their respective communities, but would also be able to rapidly respond to neighboring communities to assist in large-scale spills. The Oil Spill Response Team with the NSB will provide the various oil companies a trained, experienced team of professionals to call upon in situations that might require additional manpower. Report due for 7/1/05 - 9/30/05.
06-N-27 6/30/08	NSB JJ	Police Importation Combat Program	1,101,512	0		1,101,512	The purpose of this project is to implement an investigative unit comprised of three new full-time Police Officer positions for a 3-year period, dedicated to combating the illegal importation, manufacture and distribution of drugs and alcohol occurring in each of the NPRA impacted communities. This grant will provide necessary support to the NSB Police Department. Report due for 7/1/05 - 9/30/05.

Grant # & Term Date	Grantee & GA	Project	Award	Disbursed To Date	As of	Balance	Purpose/Status/Comments
06-N-28 6/30/08	NSB JJ	Police Officers for NPRA Villages	1,486,689	0		1,486,689	The purpose of this project is to employ a full-time Police Officer for a three-year period in Atkasuk, Barrow, Nuiqsut and Wainwright. Grant funds are for labor/benefits and 21% administration. Report due for 7/1/05 – 9/30/05.
06-N-29 6/30/08	NSB JJ	Social & Cultural Impact Study	275,880	0		275,880	The purpose of this project is to prepare a comprehensive scientific study to identify the key socio-economic impacts of oil and gas development in Atkasuk, Barrow, Nuiqsut and Wainwright. Phase 1 of the study started in July 2004 and consists of designing the survey instrument and data collection. Phase 2 will analyze data collected in phase 1, focusing on the observations and perceptions of NSB residents regarding historical, current and potential effects of oil industry activities on onshore and offshore hunting. Grant funds will be used for contractual services. Report due for 7/1/05 – 9/30/05.
06-N-30 6/30/06	NSB JJ	Utility Master Plan/ Emergency Plan	106,221	0		106,221	The purpose of this project is to prepare a Borough-wide (including non-NPRA) Utility Master Plan and Emergency Utility Plan to assess the future requirements of power, water, sewer, waste collection and landfill functions across the North Slope and develop a tool for the Borough to use to prepare communities for the changes ahead. Grant funds are requested for contractual engineering. Report due for 7/1/05 – 9/30/05.

NPRA GRANT STATUS REPORT for BARROW AS OF 11/1/05

GRANT ADMINISTRATOR (GA): Pauletta Bourne

Grant status is current as of the last approved Financial/Progress Report received.

"As of" column notes the report period end date of the most current Financial/Progress Report.

Grant # & Term Date	Grantee & GA	Project	Award	Disbursed To Date	As of	Balance	Purpose/Status/Comments
00/4-12 6/30/06	Barrow PB	Renovate Teen Center & Community Center	1,000,000	482,746.53	09/30/05	517,253.47	Purpose of project for renovation & upgrade of Barrow Teen Center & Community Center. The interior of the teen center was demolished in September. Materials bid out were received and renovation commenced and continues.
00/4-13 6/30/06	Barrow PB	Design, Construct & Purchase Boat Ramp	1,000,000	700,640.47	09/30/05	299,359.53	Native Village of Barrow has been contracted to use their loader to maneuver the boat ramps in and out of the water as the City of Barrow's loader was broken while attempting these same maneuvers. City requested to amend budget, email amendment for signature 11/8.
00/4-14 6/30/06	Barrow PB	Construct Maintenance Building	630,000	129,987.50	08/31/05	500,012.50	In August, Olympia Steel constructed City of Barrow's Steel Building. They gave 9'12 ship date. Have been working w/Olympia Steel and Evert's air cargo on logistics of delivery.
04-N-01 6/30/06	Barrow PB	Recreation Building Addition Feasibility	40,000	0.00	9/30/05	40,000.00	Purpose of the project is to complete a feasibility study regarding the renovation and construction of an addition to the recreational building. Task order form for a recreation building addition feasibility study has been forward to LCMF. City of Barrow is requesting that work on the feasibility study be completed by February 1, 2006.
04-N-02 6/30/06	Barrow PB	Multi-Purpose Facility Equipment Purchase	53,719	21,371.91	09/30/05	32,347.09	Purpose of this project is to upgrade and expand existing public services currently provided at the Roller Rink by purchasing necessary equipment and supplies. RFP for sound system upgrade and procurement of materials to create an acoustic 'sweet spot' in roller rink.
04-N-23 06/30/05	Barrow PB	Public Facilities Operations & Maintenance	420,705	420,705	09/30/05	0.00	Purpose of this project is to fund in part the O&M costs for the following public facilities in Barrow: City Hall, Recreational Building, Community Center, Youth Center, Roller Rink, Ice Rink and outdoor playgrounds. This grant will also cover O&M costs for the maintenance department and the Summer Youth Program. Summer Youth Program successfully closed out. The city continues to provide quality recreation, boat harbor, cemetery, and self governance services to the citizens of Barrow.

Prepared by DCCED
Rev. 11-1-05

Grant # & Term Date	Grantee & GA	Project	Award	Disbursed To Date	As of	Balance	Purpose/Status/Comments
04-N-24 6/30/06	Barrow PB	Quest Mentorship Program/KF,BW	265,000	217,164.48	04/30/05	47,835.52	Purpose of this grant is to fund the Quest Mentorship Program through KBRW AM/FM radio station.
04-N-25 6/30/06	Barrow PB	Additional Road to Cemetery	44,230	32,481.95	09/30/05	11,748.05	Purpose of this project is to construct a one-quarter mile road, drainage culverts and shoulder work to gain access to the cemetery. Native Village of Barrow has been contracted to level the cemetery, fill in stagnant water holes with gravel and construct a gravel road with one main artery and two narrower arms.
05-N-01 6/30/07	Barrow PB	Tuzzy Library	180,000	26,310.75	05/31/05	153,689.25	Tuzzy Library is a consortium comprised of COB, NSB and Ilisagvik College. Purpose of this project is to hire a full-time Library Technician to provide general library services with a focus on children and Inupiat culture. Funds will also pay for supplies/materials and training/travel opportunities for the Technician. A short break in the program was called as the Technician went on vacation and the summer reading program and city recreation programs were scheduled for June.
06-N-03 6/30/06	Barrow PB	Basic Local Government Operations	1,385,843	262,689.06	9/30/05	1,122,853.94	Purpose of this project is to provide the City with funding for continued operations and maintenance of essential public services. The City of Barrow continues to operate every day, providing quality recreation and community services for the residents of Barrow and visitors of Barrow.
06-N-04 12/31/06	Barrow PB	City Hall Building Addition Feasibility Study	69,413	0	9/30/05	69,413	City of Barrow lawyers have been instructed to draft resolutions for the City Council to pass so they may award this contract to local architectural and engineering firm ASCG.
06-N-05 6/30/06	Barrow PB	City Impound & Disposal Site Project	174,389	0	9/30/05	174,389.00	RPF for construction of a 120 X 200 gravel pad, lined w/ty-barr and styroboard and filled w/2feet of gravel netted one bid from SKW Eskimos Inc. Construction to being in October. City requested to amend budget, email amendment for signature 11/9.
06-N-06 12/31/06	Barrow PB	Roller Rink Renovation Feasibility Study	63,556	0	9/30/05	63,556	City of Barrow lawyers have been instructed to draft resolution for the City Council so they may award this contract to local architectural and engineering firm ASCG.

NPRA GRANT STATUS REPORT for NUIOSUT AS OF 11/1/05

GRANT ADMINISTRATOR (GA): Judy Haymaker

Grant status is current as of the last approved Financial/Progress Report received.

"As of" column notes the report period end date of the most current Financial/Progress Report.

Grant # & Term Date	Grantee & GA	Project	Award	Disbursed To Date	As of	Balance	Purpose/Status/Comments
00/4-25 6/30/06	NSB JH	Nuiqsut Natural Gas Piping Distribution System	3,800,000	3,037,121.71	09/30/05	762,878.29	The distribution system will connect to the planned gas processing equipment at the termination of the existing gas pipeline between the Phillips Petroleum Alpine facility and Nuiqsut. Work on the below ground distribution system is complete. The construction contract for below ground work has been closed out. Remaining work includes procurement and installation of individual gas meters, service pressure regulators, and mounting hardware for each service location. This work will be accomplished concurrently with the conversion work after the natural gas system has been tested and is certified as ready as fully operational. An amendment was requested of DCCED in order to have the budgeted amounts in line with the expenditures.
00/4-26 6/30/06	NSB JH	Nuiqsut Natural Gas Conversion	2,200,000	236,499.03	09/30/05	1,963,500.97	This project will convert homes, public facilities and private buildings from fuel oil equipment to natural gas fired equipment. Design work is complete. Work will be bid when schedule for complete system regulatory approval, commissioning, startup and testing has been established. An amendment requested of DCCED in order to budget with actual expenditures.
00-N-27 6/30/06	NSB JH	Nuiqsut Natural Gas Pipeline	1,580,000	16,896.66	09/30/05	1,563,103.34	This grant utilizes funds from five FY00 grants originally awarded to the City of Nuiqsut (00/4-18, 19, 20, 23 & 24). In 10/03 the City agreed to close the grants with no further expenditures and transfer the funds to NSB to administer on their behalf. NSB decided in 8/04 to proceed with two projects- this one and 00-N-28. The purpose of this project is to complete final installation and start-up of the entire natural gas system from the natural gas processing module at the Alpine Oil production facility pad to the in-village gas distribution system in Nuiqsut. Contract has been let for commissioning. This includes technical support during regulatory approval process, assembly of complete system operations and maintenance manuals, development of standard operating procedures, development and installation of automated communication system between the Alpine operators and the in-village operators, final completion of modules at each end of the system, and coordination and oversight of the startup and testing period. An in-house analysis of operating options is underway. Once complete the information will be used to determine whether to provide in-house operating staff or contract day-to-day operations.

Grant # & Term Date	Grantee	Project	Award	Disbursed To Date	As of	Balance	Purpose/Status/Comments
00-N-28 6/30/06	NSB JH	Nuiqsut City Hall/Kisik Center Renovation	943,752.62	0	09/30/05	943,752.62	See above comments for 00-N-27. The purpose of this project is to renovate the Nuiqsut Community Center. Renovations will be primarily mechanical and electrical along with miscellaneous work to correct code deficiencies and upgrade the aging facility where necessary. A 1,500 SF addition will also be constructed with grant funds. A professional services contract is in place with ASCG to design the required renovation and multipurpose room addition. This contract includes the construction mgmt., inspections, etc. The total amount of the contract is \$85K. ASCG has completed their initial site visit and provided a deficiency report and recommendations. This report has been submitted to the Nuiqsut City Manager for comments. Today the 35% conceptual design drawings and estimates were received. There are plans to meet with the Design Engineers in Nuiqsut to review with the City Staff later this month. The 95% drawings are scheduled for delivery in November. Once all parties are in agreement, the job will be bid. (Probably around the first of the year.) Construction should begin in late Spring 2006.
01-N-07 pending 6/30/05	NSB JH	Nuiqsut Cultural Center O&M	288,000				This grant was originally awarded to the City of Nuiqsut who agreed in 10/03 to transfer the grant to NSB to administer on their behalf. Grant funds were originally requested for staff, equipment & operations for a facility that does not exist yet. This grant is still being negotiated with NSB. A letter was sent 4/12/04 requesting clarification on the scope of work and budget. Periodic reminders have been sent requesting the status. NSB grants staff claim they were busy working on FY06 NPRA grant applications and planned to respond in early 2005.
01-N-08 6/30/06	NSB JH	Nuiqsut Teen Center O&M	121,310	100,621.27	08/31/05	20,688.73	Usership continues to be high. *Expenditures were for City of Nuiqsut for the months of March – June, but NSB processed the reimbursements for these during August. Waiting on report from Jan Ames.
01-N-09 pending 6/30/05	NSB JH	Nuiqsut Wooden Deck Ball Court	30,000				This grant was originally awarded to the City of Nuiqsut who agreed in 10/03 to transfer the grant to NSB to administer on their behalf. Grant funds were originally requested to construct a 60'x60' outdoor basketball court. This grant is still being negotiated with NSB. A letter was sent 4/13/04 requesting clarification on the scope of work and budget. The letter also outlined the ASC funding contingency that a cover be built over the deck to protect it from the elements and decrease maintenance costs. The ASC also wanted to make sure the design takes into consideration the site soil conditions. NSB responded on 5/27/04 with concerns about adding a cover based on the limited budget. They requested approval to utilize plastic decking or other wood preservative

Grant # & Term Date	Grantee	Project	Award	Disbursed To Date	As of	Balance	Purpose/Status/Comments
							products instead, which is acceptable (written approval sent on 6/2). NSB planned to proceed with obtaining cost estimates but no response has been received. A reminder was sent on 11/10/04 (see comment on 01-N-07 re: NSB's plans to respond).
01-N-10 pending 6/30/05	NSB JH	Nuiqsut Emergency Hunting Shelters	60,000				This grant was originally awarded to the City of Nuiqsut who agreed in October 2003 to transfer the grant to NSB to administer on their behalf. Grant funds originally requested to construct three 12'x12' kit cabins for hunters. This grant is still being negotiated with NSB. A letter was sent 4/12/04 requesting clarification on the scope of work and budget. NSB responded on 5/27/04 with a request to limit construction to two shelters given the limited budget; this was approved on 6/2. A reminder requesting the status was emailed on 11/10/04 (see comment on 01-N-07 re: NSB's plans to respond).
02-N-07 6/30/06	NSB JH	Nuiqsut Natural Gas Project (NNGP)	450,000	\$396,529.88	09/30/05	\$53,470.12	This is the next phase of the ongoing NNGP. These grant funds will be used to construct all downstream (Nuiqsut end) natural gas processing facilities and a supply line from the gas processing facilities to the power generation facility. Work is substantially complete. Electrical connections and minor interior electrical work remain. This work will be completed concurrently with system commissioning and startup.
04-N-03 6/30/06	NSB JH	Nuiqsut Natural Gas Upstream Conditioner	2,000,000	1,661,646.75	09/30/05	338,353.25	Funds will be used for construction of the upstream processing complex, the next phase of the overall Nuiqsut Natural Gas Project. Facility is substantially complete. Minor interior work remains including liquid containment areas, fire suppression system testing, gas built survey, desiccant loading, and final process hazard analysis. This work is underway. Completion will be coordinated with commission and system startup.
06-N-12 6/30/06	NSB JH	Nuiqsut Boat Ramp Project Analysis & Design	200,000	0		200,000	The purpose of this project is to conduct a feasibility study to determine options for a boat ramp design and to produce construction design for the preferred option. Report due for 7/1/05 - 10/31/05.

Grant # & Term Date	Grantee & GA	Project	Award	Disbursed To Date	As of	Balance	Purpose/Status/Comments
06-N-13 6/30/06	NSB JH	Nuiqsut Youth Center Operations & Maintenance	150,000	0	9/30/05	150,000	The purpose of this project is to provide the youth of City of Nuiqsut with a safe, supervised environment where they may take part in a variety of recreational and educational activities. Continuing program funded by #01-NPRA-08.
05-N-10 6/30/05	Nuiqsut JH	Local Government Operations	250,000	\$250,000	07/31/05	\$0	The purpose of this project is to pay labor/FB for a FT City Administrator; FT Program Assistant and PT Bookkeeper/City Clerk and PT Janitor as well as basic government operations. Overtime/payroll issues to be resolved. Report expended the remainder of the funds, zero balance remaining. Close-out amendment mailed to the City to officially close the grant.
06-N-07 6/30/06	Nuiqsut JH	Local Government Operations/ Cultural Coordinator	468,000	\$69,443.16	9/30/05	\$398,556.84	The purpose of this project is to funding for key administrative personnel positions and the new Cultural Coordinator position as well as other costs associated with the successful operation of a local government. 8/31/05 was the last day for the Nightwatch/Maintenance persons. Took on a temporary maintenance/laborer person through the North Slope Borough Mayor's Job Program. The floor tile for the City Hall has been laid down in the outside entrance. Office supplies were ordered. Hired a new cultural coordinator and she is to start 10/1/05.

GARY WILKEN

SENATOR
Fairbanks

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SPONSOR STATEMENT

Senate Bill 171 NPR-A Community Grant Program

Senate Bill 171 examines the National Petroleum Reserve -- Alaska (NPR-A) Mitigation Grant Program administered by the Department of Commerce, Community, and Economic Development (DCCED) and modifies the selection process to provide for active oversight by the legislature.

The bounty of NPR-A is thought by many to match or exceed the oil and gas deposits found at Prudhoe Bay or Kuparuk. As was mentioned in the *Anchorage Daily News*, February 15, 2005, "(The) Bureau of Land Management estimates NPR-A northeast corner could hold more than 2 billion barrels of crude oil and 3.5 trillion cubic feet of natural gas." All Alaskans look forward to the time when they can enjoy the benefits of reasonable and responsible development of these natural resources.

When members of the United State Congress authorized competitive leases in NPR-A in 1980, they recognized that development in the petroleum reserve might severely impact communities in or near the area. The federal legislation directed that the revenue generated through NPR-A development be used first to mitigate direct impacts, if any, to municipalities, and then by the rest of the State of Alaska. This federal directive in 1980 created two troubling issues that today pose significant problems.

First, the federal legislation is in direct conflict with the Alaska State Constitution. The State of Alaska receives from the federal government 50 percent of royalties and lease payments from the oil and gas development in

NPR-A. As required by federal law, these funds are available, before consideration of any other public purpose, to communities that demonstrate impact from resource development in NPR-A. This directive is at odds with Article IX, Section 15 of our constitution.

"At least twenty-five per cent of all mineral lease rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments and bonuses received by the State shall be placed in a permanent fund."

Senate Bill 171 recognizes this unsettling conflict, but does not overtly address or remedy the conflict between our State Constitution and federal law. This issue, while bothersome, is set aside for another day. Instead, this legislation speaks to the second troublesome issue of how the federal NPR-A payments are distributed to Alaska communities that may be severely impacted by oil and gas development within the National Petroleum Reserve. With the sizeable increase in NPR-A lease payments since 2000 and with the clear expectation of future and profitable growth, now is the time to revisit how the NPR-A payments are distributed and why. It is the charge of the legislature to devise a method to fairly allocate the financial benefits of NPR-A to all citizens of Alaska while, at the same time, recognize and mitigate the direct impact of development on certain communities as required by federal law.

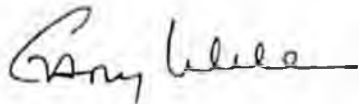
In response to a 1986 Alaska Superior Court decision, Senate Bill 171 sets in place a system to grant impact assistance to municipalities most directly or severely impacted by oil and gas activity within the National Petroleum Reserve – Alaska. First, the Department of Commerce, Community, and Economic Development shall review and conduct a preliminary evaluation of each grant application to determine whether the community can demonstrate *"extraordinary municipal and educational operating expenditure: attributable to oil and gas development in NPR-A that are beyond the municipality's reasonable capability to meet."* (See SB 171, page 3, lines 3-6) The department will submit a list of all qualifying projects to the legislature.

Second, the Special Legislative Oil and Gas NPR-A Development Impact Review Committee, composed of three Senate finance members and three House of Representative finance members, will review the submitted applications and within 45 days forward the committee's recommendation to the respective finance committees for possible funding.

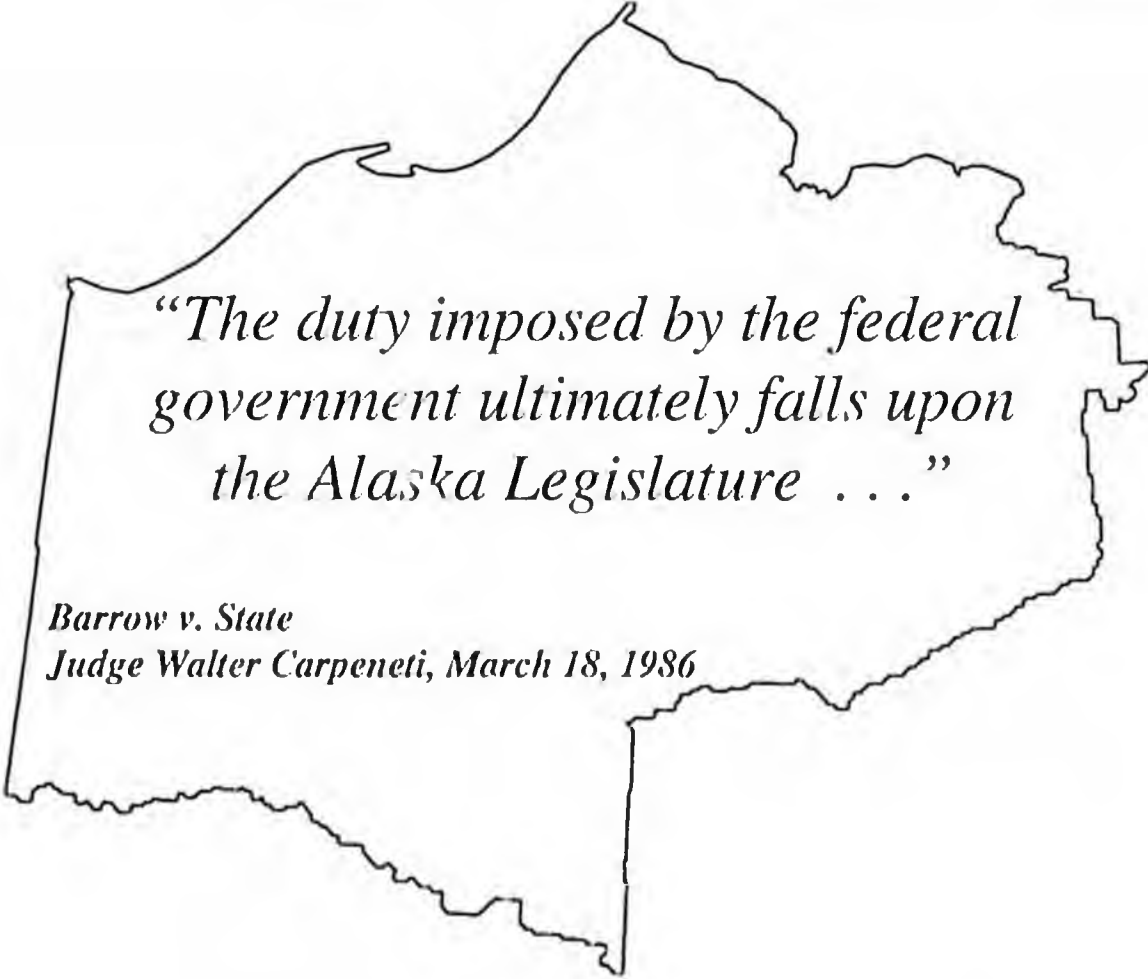
Third, twenty-five percent of the NPR-A payments will be deposited to the principal of the Alaska Permanent Fund and .5 percent to the Public School Trust Fund, as required in AS 37.14.110. If the amounts awarded to qualified municipalities as grants exceed the available money, each deposit in the previously mentioned funds and each grant will be reduced proportionately.

And last, a successful grantee shall submit to the Department of Commerce, Community, and Economic Development a financial report and a copy of an independent audit or review covering any previous grants before any subsequent grants are awarded.

I would appreciate your support for Senate Bill 171.

A handwritten signature in cursive script, appearing to read "Gary L. Lee".

NPR-A Impact Mitigation Program



“The duty imposed by the federal government ultimately falls upon the Alaska Legislature”

*Barrow v. State
Judge Walter Carpeneti, March 18, 1986*

Senate Bill 171

Sponsored by Garv Wilken akrepublicans.org/wilken

NPR-A Impact Mitigation Program

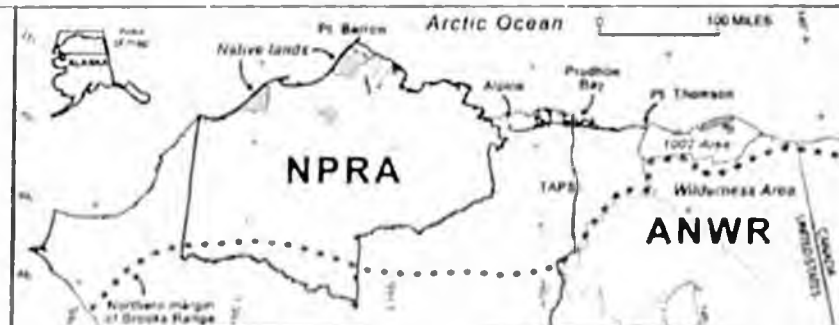
Alaska Constitution vs. Alaska Statute

Current Impact Mitigation Program

Importance of "Impact"

Senate Bill 171

National Petroleum Reserve – AK



- 23.5 million-acre petroleum reserve (= Indiana)
- NW third of Alaska's arctic between the Brooks Range and the Arctic Ocean

The history of NPR-A

- 1923 President Warren Harding established the Naval Petroleum Reserve
- 1976 Dept of Interior assumed jurisdiction and changed the name
- 1980 Congress addressed changes to National Petroleum Reserve - AK

Changes in 1980

- Congress authorized competitive leases in NPR-A (42 U.S.C., Sec. 6508)
- Federal law cleared the way for the private development of NPR-A resources
- State of Alaska to receive 50% of the total revenue from NPR-A leases

The legislature responded

To the new federal law: *"The State is required to give priority to communities "most directly or severely impacted" by development."*

- Established an NPR-A Special Revenue Fund within the Dept of Revenue (CS SB 835 am II, 1982)
 - Half of NPR-A receipts appropriated to communities affected by leasing
 - Other half available for state appropriation

6

But Gov. Hammond Vetoed

"The dedication of such federal monies appears to be . . . inconsistent with the dedication of revenue to the Alaska Permanent Fund."
Governor Hammond, Veto Message, June 24, 1982

Alaska State Constitution

Article IX Section 15

Alaska Permanent Fund

"At least twenty-five per cent of all mineral lease rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments and bonuses received by the State shall be placed in a permanent fund." (Adopted in 1976)

And so the legislature . . .

Without a specific state law on the books . . .

- Received \$48.6M during the early 1980s
- Deposited half of the State's share into the Permanent Fund and .5% to the Public School Fund
- Deposited the remainder of the funds in the General Fund

Calculation by Alaska Constitution

In 1982, the Legislature appropriated the NPR-A receipts according to the Alaska State Constitution

NPR-A Receipts	\$48,600.0
50% of gross receipts to Perm Fund	<\$24,300.0>
.5 of gross receipts to Public School Trust	<\$243.0>
Available to General Fund for Impacted Communities	\$24,057.0

But what about the federal law?

- In 1985, the North Slope Borough and NPR-A communities sued the state
- The plaintiffs wanted:
 - ❶ A "rational process" for communities to apply for the grants
 - ❷ Declaration that all NPR-A funds be automatically deposited into the special revenue fund and available for grants
 - ❸ A system to separately account the receipt of NPR-A funds and to reconstitute the special revenue fund

The Superior Court said . . .

*Barrow v. State, Alaska Superior Court, Judge Walter Carpenetti
March 18, 1986*

- ❶ The State is required to establish a system to grant impact assistance to subdivisions most directly or severely impacted by NPR-A activity.
- ❷ Automatic deposits into the Permanent Fund and General Fund violates the federal law.
- ❸ Under the supremacy clause of the federal constitution, federal law controls.

The legislature listened

- Adopted legislation to implement the court findings (CSHB 491(FIN), 1986)
 - Established the Impact Mitigation Program
 - Authorized DCCED to adopt regulations setting eligibility criteria for NPR-A grants
- Appropriated \$24.5 million to the NPR-A special revenue fund

Judge Carpeneti ruled that the NPR-A special revenue fund be reconstituted.
The \$24.5 million payment was in response to this ruling.

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Where did the money go?

First and foremost,
grants to four impacted communities

After that . . .

1. 50 percent to the principal of the Perm Fund
2. .5 percent to the Public School Trust Fund
3. Remaining amounts to the General Fund

Note: In 1999, HCS CSSB 157 (FIN) and H (1999) passed the legislature and requires a 25% deposit to the Permanent Fund and allows a deposit to the Power Cost Equalization fund before the General Fund.

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Calculation by Alaska Statute

(AS 37.05.530(g))

Conforms with 1980 federal law which conflicts with our Alaska Constitution

NPR-A Federal Receipts	\$31,623.8
Grants to NPR-A Communities (DCCED Rec)	<\$24,706.5>
Net NPR-A Receipts	\$6,917.3
25% of Net Receipts to Permanent Fund	<\$1,729.3>
.5% of Net Receipts to Public School Trust	<\$34.6>
Available Receipts for PCE (May be approp)	\$5,153.4
Available for General Fund	Remainder (if any)

(Example uses requested FY06 numbers)

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Comparison of Two Methods

<i>AK Constitution vs. AK Statutes</i>	AK Constitution Art. IX, Sec. 15	AK Statutes (per fed law)
NPR-A Federal Receipts	\$ 31,623.8	\$ 31,623.8
25% of <u>Gross</u> Repts to Perm Fund	<7,906.0>	
.5% of <u>Gross</u> Repts to School Fund	<158.1>	
Grants to Communities (DCCED Rec)	<23,559.7>	<24,706.5>
25% of <u>Net</u> Receipts to Perm Fund		<1,729.3>
.5% of <u>Net</u> Repts to School Fund		<34.6>
Available Repts for PCE (May Approp)	0.0	5,153.4
Available Receipts for GF	0.0	Remainder (if any)

Example uses requested FY06 amount.

NPR-A Impact Mitigation Program

Alaska Constitution vs. Alaska Statute

Current Impact Mitigation Program

Importance of "Impact"

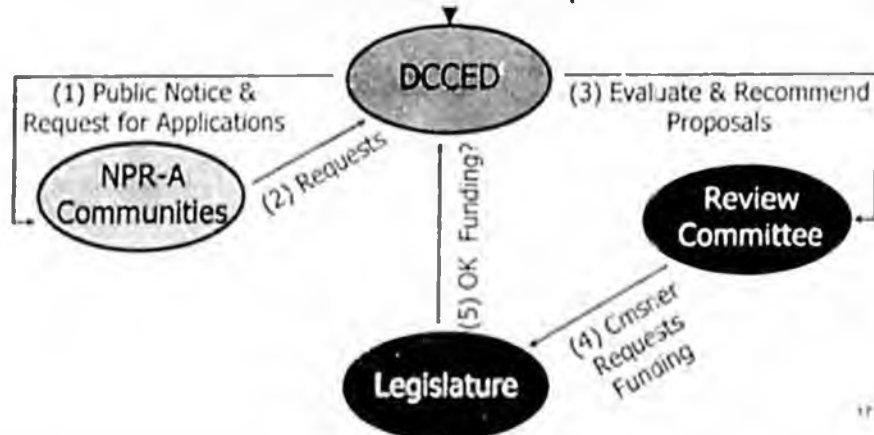
Senate Bill 171

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The Current Mitigation Program

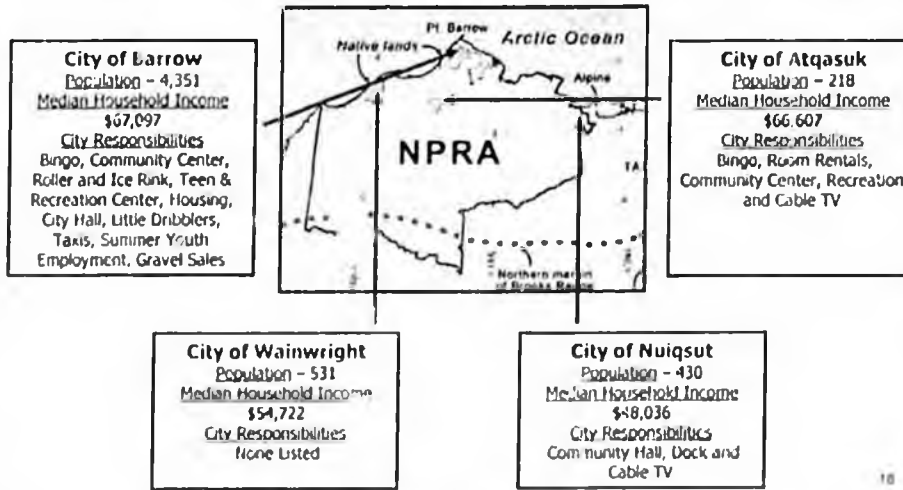
Committee Substitute for House Bill 491 (Hm), 1986

U.S. Dept of Interior notifies Dept. of Commerce,
Community and Economic Development regarding possible
NPR-A Federal Receipts



17

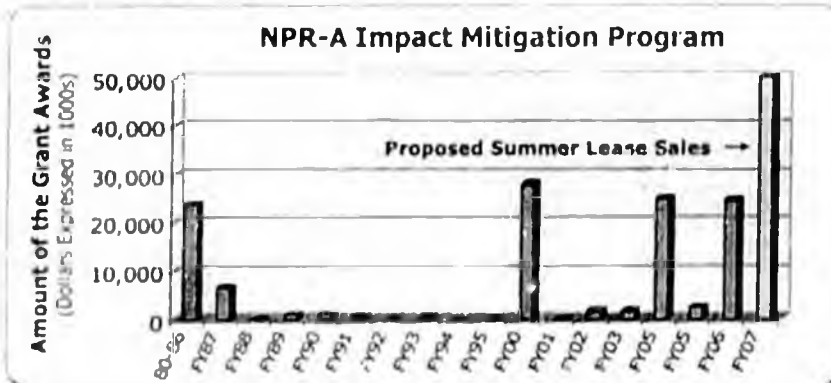
Where are the communities?



Source: DCRD and Alaska Municipal League, Alaska Municipal Options Directory

Total Distribution to Date

... and FY07 projections

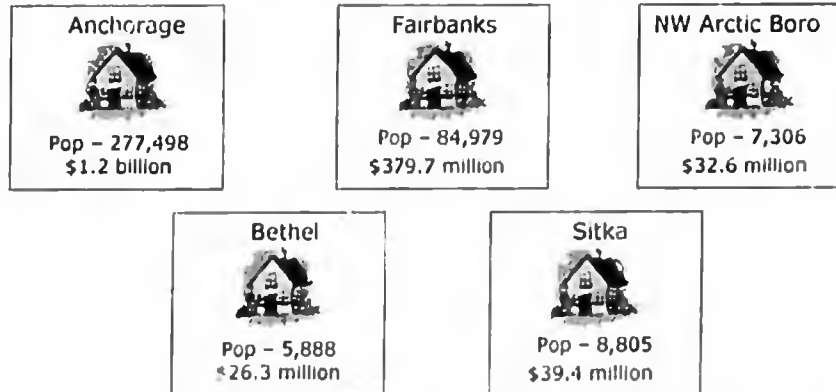


FY06 is the requested amount. FY07 is the projected amount from the proposed NPR-A summer lease sales.

Since 1980, a total of \$117,249,388 has been awarded to 4 communities. (Total includes the FY06 requested amount of \$24,200,500) (FY07 and FY91 include 5 communities)

A Perspective in Statewide Terms

What if . . . the FY06 requested grant amount was computed on a per person basis, what would that mean for other AK communities on 7/1/05?



The FY06 requested amount, \$24,706,539, is divided by the total population of NPR-A grant recipients, 5,530, for a per person amount, \$4,468.

NPR-A Impact Mitigation Program

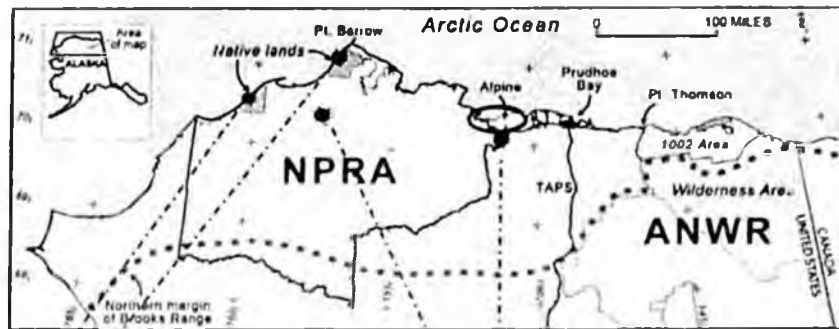
Alaska Constitution vs. Alaska Statute

Current Impact Mitigation Program

Importance of "Impact"

Senate Bill 171

Where is NPR-A O&G Activity?



Proximity to Current NPR-A Oil and Gas Activity

- Wainwright ~ 220 miles
- Barrow ~ 160 miles
- Nuiqsut ~ 6 miles
- Atkasuk ~ 160 miles

And the main O&G Activity?



National Petroleum Reserve - Alaska

Today "IMPACT" is rated as a minimum consideration

FY01 NPR-A Impact Mitigation Program	FY03 NPR-A Impact Mitigation Program	FY05 NPR-A Impact Mitigation Program
<p>Basis for Recommendation</p> <p>Description – 15 points Impact – 50 points Budget – 15 points Readiness – 15 points Capability – 5 points</p>	<p>Basis for Recommendation</p> <p>Description – 30 points Impact – 30 points Budget – 20 points Sustain – 15 points Capability – 5 points</p>	<p>Basis for Recommendation</p> <p>Description – 25 points Impact – 25 points Budget – 20 points Sustain – 20 points Capability – 10 points</p>

As administered by the Department of Commerce, Community and Economic Development

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What does the law say?

- Federal Law – 42 U.S.C. 6508
 - *In allocation of the NPR-A funds, the State shall give priority to use by subdivisions of the State most directly or severely impacted by the development of oil and gas leased in NPR-A.*
- Alaska State Law – AS 37.05.530
 - *A municipality may use the NPR-A funds only for services to alleviate the impact of oil and gas development within NPR-A.*
- Alaska Regulations – 3 AAC 150.050
 - *Impact means an effect reasonably attributable to NPR-A oil and gas activities under 42 U.S.C. 6508.*

(Requirements Added)

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Regs Define Impact to Mean

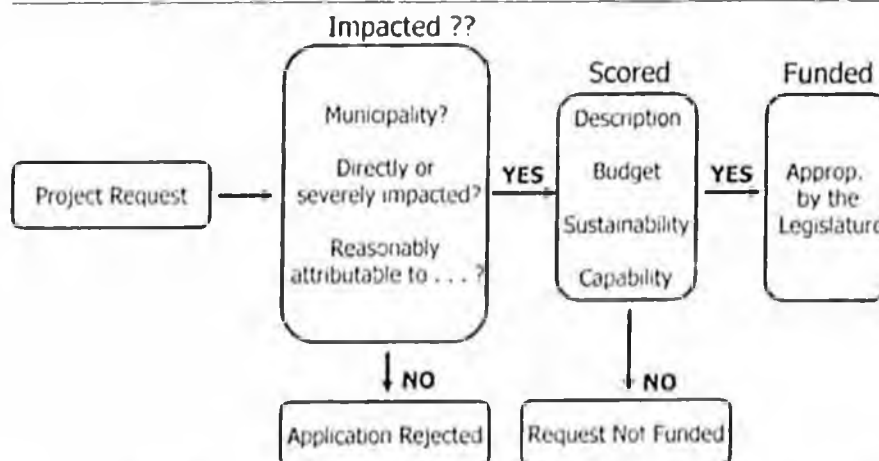
Reasonably attributable to NPR-A
oil and gas activities on the following:

(3 AAC 150.050 - emphasis added)

- Population
- Employment
- Finances
- Social/Cultural Values
- Air & Water Quality
- Fish & Wildlife Habitat
- Ability to Provide Services
- Other Demonstrable Important Things

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Impact is the First Criteria



The State shall give priority to subdivisions of the State most directly or severely impacted (42 U.S.C. 6501)

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An example for review

Wainwright Lagoon Boat Launch - \$525,000 – *To replace or renovate the Wainwright Lagoon Boat Ramp*

"Impact" on	Applicant	But . . .
Population	"Construction of the oil production infrastructure and pipeline has driven up the growth of population."	The population of Wainwright has increased from 492 to 546 in 1990 – 2000.
Employment and Finances	"Due to decline in property tax revenues from aging oil and gas infrastructure, the Borough cannot financially help the community."	The reduction in revenue is not due to NPR-A development. In fact, NPR-A development will increase the borough revenues.

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. . . and to continue

Wainwright Lagoon Boat Launch - \$525,000

"Impact" on	Applicant	But . . .
Social and Cultural Values	"The social disruption prompted by oil and gas development affects many traditional activities."	Wainwright is 220 miles from NPR-A development
Fish and Wildlife Habitat	"Access to hunting areas would change if oil development reduces the availability of subsistence resources."	Past experience at Prudhoe Bay has shown that O&G activities and wildlife can co-exist.

Question: Were the listed impacts reasonably attributable to oil and gas development within NPR-A?

A review committee of three rated "Impact" only 20 points out of 100, the project was recommended.

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And another example. . .

City of Barrow Impound and Disposal Site Project - \$174,389

"Impact" on	Applicant	But . . .
Visual Resources	"Many of the abandoned vehicles that the City of Barrow has allowed people to dump on city land were brought to Barrow during the oil boom in the last quarter of the 20 th century."	The "oil boom" discussed was outside NPR-A. The impact must be " <i>reasonably attributable</i> " to oil and gas development within NPR-A.
None	No other impact was stated by the applicant	

Question: Was the listed impact reasonably attributable to oil and gas development within NPR-A?

The review committee rated "Impact" between 20 - 24 points out of 100; the project was recommended.

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And another one . . .

Roller Rink Renovation Feasibility Study - \$63,556 - *To identify the costs to renovate the Barrow Roller Rink*

"Impact" on	Applicant	But . . .
Employment	"Although an estimated 4,000 jobs exist on the N. Slope in the O&G industry only a fraction are held by Inupiat."	The vast majority of the jobs in O&G industry are not <i>reasonably attributable</i> to NPR-A development
Unemployment	"As the economic benefits of O&G development begin to decline, it leaves members less able to survive . . ."	The decline in O&G development is not in NPR-A; this petroleum reserve is just beginning to be explored.

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... and to continue

City of Barrow Roller Rink Renovation Feasibility Study - \$63,556

"Impact" on	Applicant	But ...
Social and Cultural Values	"The decline in subsistence resources due to NPR-A O&G development negatively impacts the Inupiat culture."	Studies are currently undertaken to determine the impact to wildlife, if any, to Barrow residents 160 miles from Alpine.
Public Services	Although the population has had a small net loss in the previous five years, the burden on the City of Barrow has not been reduced.	Most of the workers connected with NPR-A development reside on the oil company's production sites and not in local towns.

Question: Were the listed impacts reasonably attributable to oil and gas development within NPR-A?

A review committee of three rated "Impact" between 15-25 points out of 100; the project was recommended. 32

Additional Concerns

- Grants are all funded as capital projects and the dollars do not lapse (AS 37.25.020)
 - But less than 40% of the grants are for capital projects (the majority of grants are for operating expenses)
- Funds are approved before old grants for the same purpose are expended ...
 - As an example of many grants, only 15% of an FY04 group operating grant of \$1,759,484 to survey wildlife is disbursed, but an FY06 grant for \$2,461,368 is recommended for the same purpose

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To continue

- Few grants follow timelines
 - Only 40% of grant funds scheduled for completion on 6/30/05 has been spent
- Awards are not based on successful completion of previous grants

FY00



Nuiqsut Cultural Center Construction
\$939,800 – Not Started as of 4/26/05

BUT

FY02

\$\$\$

Nuiqsut Cultural Center Operating
\$288,000

These grants funds will be used for new projects without notice to or approval from the legislature. ²⁴

NPR-A

Impact Mitigation Program

Alaska Constitution vs. Alaska Statute

Current Impact Mitigation Program

Importance of "Impact"

Senate Bill 171

Now is the time

To listen to the Alaska Superior Court (*Barrow v. State*, March 18, 1986)

"The duty imposed by the federal government ultimately falls upon the Alaska Legislature and it includes the duties to examine the claimed needs of the subdivisions arising from oil and gas development impacts, to evaluate them and, if the claimed needs are found to exist, to rate them in order of priority, and to meet them out of NPR-A revenues."

(Emphasis Added)

Legislature has authority . . .

1. To examine the claims for financial assistance
2. To evaluate and rank the grant requests
3. To determine the appropriate amount of NPR-A revenue for use by impacted municipalities
4. To determine the specific projects that are funded

Legal Services memorandum, March 18, 2005

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Senate Bill 171

"It is the intent of the legislature to provide temporary emergency financial assistance to municipalities for the purpose of meeting certain extraordinary operating and capital improvement expenditures necessitated by NPR-A oil and gas development." (Section 1. LEGISLATIVE INTENT in the proposed legislation)

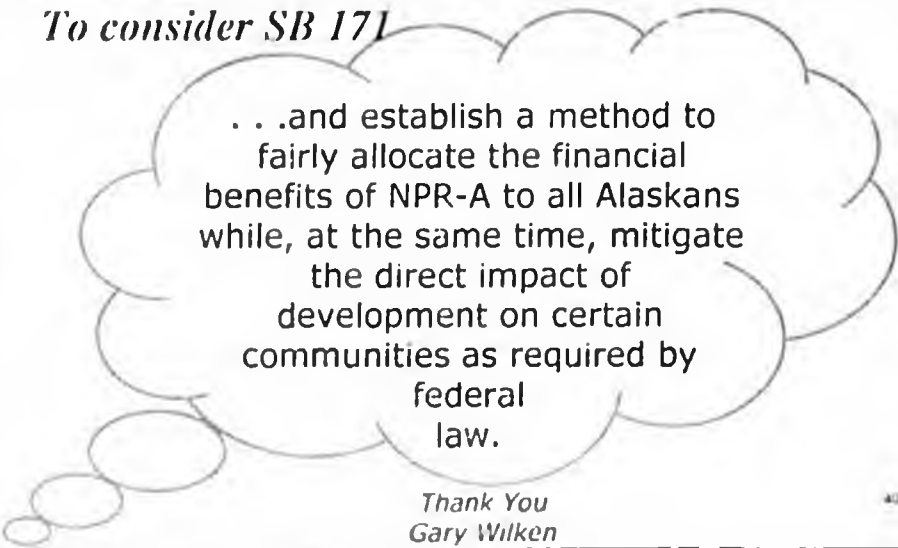
- Establishes a Legislative Impact Review Committee (composed of 3 finance members of each body)
 - Consults with DCCED and then approves and forwards grant recommendations to respective finance committees

And to continue

- Deposits to unique funds are based on the total federal NPR-A receipts
 - Perm Fund and Public School Trust
- Grants are awarded for one year, unless otherwise noted
- Lapse money is appropriated to the Permanent Fund, School Trust, or General Fund

Now is the time . . .

To consider SB 171



. . .and establish a method to fairly allocate the financial benefits of NPR-A to all Alaskans while, at the same time, mitigate the direct impact of development on certain communities as required by federal law.

*Thank You
Gary Wilken*

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