

MEMORANDUM
DEPARTMENT OF NATURAL RESOURCES

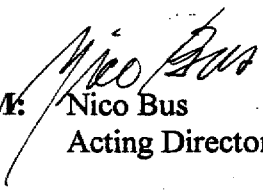
State of Alaska
SUPPORT SERVICES DIVISION

TO: Nancy J. Slagle, Director
OMB - Budget Review
Office of the Governor

DATE: December 23, 1994

FILE NO: 10-5-4030

TELEPHONE NO.: 465-2406

FROM: 
Nico Bus
Acting Director

SUBJECT: ADN 1054030 Type IV
DNR - Water
Receive and Expend
Program Receipt Auth.

94-12-27 10:52 RCVD

The Department of Natural Resources requests authorization to receive and expend up to \$250,000 in additional program receipt authorization in the Water Development component, Resource Development BRU. The program receipts will be collected as a result of cooperative agreements between the state and private companies or local governments for water-related services and projects.

The current program receipt authorization level for the Water Development component is \$250,700. If this RPL is approved, the Water Development component expects to collect and expend an additional \$250,000 beyond the existing authorization, which will increase the total program receipt authorization for the component to \$500,700.

The original program receipt budget request by the component for FY95 was \$622,600. This amount included \$271,600 in estimated program receipts for the core program receipts projects of Dam Safety, Anchorage Water Rights, Annual Admin. Service Fee and Water Placer Mining Applications, and \$351,000 in unassigned receipts for agreements traditionally entered into with private companies or local governments to perform water-related projects and services, or to pass-through to the USGS for participation in the federal matching program. The FY95 budget process resulted in the legislature reducing the Water Development program receipt budget by \$371,900, leaving the current balance of \$250,700. The majority of the decrease was targeted at the \$351,000 of "unassigned" receipts, with the understanding that as projects and receipts materialized, the Water Development component could request additional program receipt authorization through the LB&A process. The "unassigned" categorization was used during the budget process because at the time we did not have firm agreements in place. However, historically we always have participated in these types of agreements and collected between \$100,000 and \$300,000.

In FY95, the following projects have materialized, resulting in the need to request additional authorization in order to participate in these agreements. A copy of each agreement is attached.

1. **Fairbanks Minnie Street Project** - \$88,800 of authorization needed, \$74,400 for completion of task #3 under a new agreement and \$14,400 of carryforward to complete earlier agreements. Project work includes conducting hydrologic and chemical monitoring and ground water modeling in the Minnie Street railroad industrial area in downtown Fairbanks. In the Minnie Street project, site specific data gathered may help the State to identify potentially responsible parties of large amounts of contamination suspected beneath proposed road construction sites. Identification of the responsible party can lead to reimbursement to the State for cleanup expenditures. This project was started in 1993. In FY95, there will be a carryforward amount of \$14,400 to complete earlier agreements, and a new agreement of \$74,400, of which \$70,000 will be passed-through to the USGS.

2. **Chefornak Well Drilling and Development** - \$19,300 of authorization needed for development of a groundwater sampling program, monitoring of well construction and development, water quality tests, pump tests and an analysis of the project.
3. **City of Unalaska Stream Gaging** - \$14,500 authorization needed for carryforward to complete an agreement entered into in FY94. The original agreement was for \$27,900, to characterize the streamflow in Pyramid and Unalaska Creeks. The data from this project is to be used for water supply and small hydropower system planning, as well as to facilitate water rights and instream flow permit processes.
4. **City and Borough of Juneau, Duck Creek Evaluation** - \$7,000 authorization needed for carryforward to complete an agreement entered into in FY94. The original agreement was for \$23,000, to characterize the present Duck Creek hydrologic interactions with the local and intermediate ground water systems to ensure that relocation of the creek will not degrade its fisheries potential.
5. **Kennecott/Greens Creek Mine** - \$6,000 authorization needed for a joint-funding agreement between Kennecott/DNR/USGS, to continue the stream-gaging station program at Greens Creek. Of the \$6,000 agreement, \$5,500 will be passed-through to the USGS for their operations costs. They in turn will provide \$5,500 of federal cooperative matching funds to the operation of the station.
6. **St. Paul Island Aquifer Monitoring** - \$5,300 of authorization needed for carryforward to complete an agreement entered into in FY94. The original agreement was for \$13,900, to obtain an improved estimate of the actual sustainable capacity of the aquifer and provide a system for early identification of water-quality or yield problems.
7. **Echo Bay Mines Last Chance Basin** - \$5,000 of authorization needed for an agreement to characterize the unconfined aquifers response to pumping.
8. **Kenai Peninsula Ground Water** - \$2,000 of authorization needed for an agreement to produce a report on groundwater quality data for the Sterling Area, Alaska.
9. **Usibelli Coal Mine, Hoseanna Creek Basin** - \$1,600 of authorization needed for an agreement to conduct a continuation of surface and groundwater monitoring of the Hoseanna Creek Basin.

The Water Development component also expects to receive requests during the remainder of FY95 to participate in approximately \$100,500 of additional agreements. The anticipated agreements include \$88,000 from the Alaska Railroad, Port of Anchorage for groundwater and site evaluation, of which \$35,100 will be passed-through to the USGS, \$7,500 from Usibelli Coal for stream and well monitoring, of which the entire amount will be passed-through to the USGS, and \$5,000 from Kenai Peninsula Groundwater for monitoring and reporting, all of which will be passed-through to the USGS.

The Water Hydrological section has traditionally worked with the USGS on projects where we bill the third party for both USGS' and DNR's expenses on a project. These are funds that are received from the private sector and passed-through to the federal government for matching purposes,

resulting in a 50% increase in funds available to work on the projects. The USGS is not authorized to accept funds from the private sector for matching purposes, but may receive them from a state or local government. The projects are a benefit to the individual companies and the state of Alaska as a whole, without any additional expense to the State. The only requirement for this benefit is that the Water Development component use their program receipt authorization to establish the agreements. Our performance of this function results in additional funding for a specific state, local or private project and provides the Water Development component with additional water resource data for specific areas to support our decision process for water rights, temporary water use permits, and other management decisions related to land use, ownership and planning purposes. Several of the agreements we are requesting approval of in this RPL include pass-through for the USGS.

RPL Line Item breakdown:

Personal Services \$87,500

Personal services funds will be used to fund existing staff only. No new positions will be requested. The authorization will go towards meeting the FY95 vacancy factor amount, as well as supplanting budgeted Interagency Receipts and Federal Receipts personal services that will not be forthcoming. There is currently a shortfall in IA budgeted personal services of \$106,800 and a shortfall in federal budgeted personal services of \$11,800. The Water Development budget is monitored carefully to ensure that the level of personnel can be maintained with the existing and anticipated budget authorizations.

Travel \$7,500

Miscellaneous travel requirements as included in individual agreements.

Contractual Services \$142,900

Of the total contractual services needed, \$123,100 will be passed-through to the USGS for the federal cooperative matching program. The remainder will be used as outlined in individual agreements.

Supplies \$9,600

Miscellaneous supplies requirements as included in individual agreements.

TOTAL \$250,000

If this RPL request is not approved, the Water Development component will be forced to refuse and/or cancel up to \$250,000 worth of agreements between the state and the private sector or local governments. Several of these contracts include the pass-through funds for the USGS. Loss of these contracts will result in all of these private companies losing the opportunity to complete projects which are considered important within their individual communities and to the development projects which are ongoing or in the planning phases. In addition, several companies will miss the opportunity to be the recipient of the federal cooperative 50% matching program, in which the USGS will match the money for projects put up by the private sector.

The Department of Natural Resources intends to submit an FY96 budget amendment requesting additional program receipt authorization for the Water Development component, based on historical receipt of these funds. These program receipts are REVENUE NEUTRAL. In other words, if we are not authorized to receive them, the state will NOT collect these monies. With adequate program receipt authorization, the probability of having to use the revised program request process through LB&A to increase authorization during the fiscal year is reduced.

December 23, 1994

An AKSAS document will be forwarded. Please contact Jean Davis at 465-2422 with any further questions.

Attachment

cc: **Laura Baker, Budget Analyst, OMB**
Jean Davis, Budget Analyst II, Financial Services
Jules Tileston, Director, Mining & Water

REVISED PROGRAM NO. _____

DATE _____

PAGE NO. _____

Laura Baker, Budget Analyst
Division of Budget Review
Office of Management and Budget

Approved this _____ day of _____, 1994.

Nancy J. Slagle, Director
Division of Budget Review
Office of Management and Budget