

# **State of Alaska FY2002 Governor's Operating Budget**

Department of Natural Resources  
Development - Special Projects  
Component

## **Component: Development - Special Projects**

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### **Component Mission**

Manage the permit process so that complex, multi-agency projects are reviewed in a manner that is efficient for the applicant and the public, and that decisions protect public resources and involve the public in decisions that affect them.

### **Component Services Provided**

The Department of Natural Resources will serve as lead agency for special project reviews, mining projects, and other projects as determined appropriate. Through negotiated reimbursement agreements, the department, as authorized, will receive and allocate funds to divisions within DNR and other agencies to facilitate expeditious project review using a project team approach. DNR will designate a project manager to facilitate, coordinate and oversee review needs and activities. Examples of current projects are the True North, Green's Creek, Pogo Mine Project, GVEA Project, and Ft. Knox.

### **Component Goals and Strategies**

The goal of the Development Special Projects Component is to facilitate special project reviews through an interagency project team process. Project teams are established at the request of the applicant and funded through a reimbursement agreement between the Department of Natural Resources and the requesting party.

Objective: To provide specific project review services for development projects.

This project allows the Department of Natural Resources to receive funds through reimbursement agreements and to distribute those funds to the various participating project review agencies by individual reimbursable services agreements consistent with an agreed upon work plan and schedule for each project undertaken. This process allows the project team to focus on the individual project and work with the company and others to evaluate the proposal and determine what, if any, alternatives should be considered. It is an interactive interagency process to evaluate project feasibility.

Project involvement anticipated for FY 02:

- \* Pogo Mine Project - will continue activities necessary for authorization and development including participation in preparation of EIS and public process for state authorizations.
  - \* Green's Creek Project - Technical review and processing for authorizations or amendments, and follow-up work on Phase I and Phase II activities. Technical environmental review findings. Implement and participate in the preparation of an EIS for a new tailing disposal site.
  - \* Anchorage Cross Town Pipeline Project may require limited field work and reclamation in FY02.
  - \* True North Project - near Fairbanks - continue exploration, project review and authorization process. Monitor construction and development, should project be authorized.
  - \* Ft. Knox - Review use of processing of ore from True North, if authorized. Provide project oversight and concurrent reclamation. Review as necessary.
  - \* Red Dog - Anticipate additional project development and reclamation review. May initiate interagency review process at company's request.
- \* Other projects that are in the exploration stage and may involve DNR include:

Illinois Creek. This multi-agency project may undergo further permitting if exploration and gold prices show that further mining is warranted.

Note: Project lead agency requests are initiated by applicants, so it is difficult to anticipate who will initiate requests, when such requests will be received, or what projects may become high priorities, as this is controlled by industry. A considerable amount of exploration is underway by a number of major companies. We anticipate project activity to increase during FY 02. Companies will seek development authorizations if the price of gold reaches a point where such projects are economically feasible. Other projects, in addition to mining projects, may be included in this component.

### Key Component Issues for FY2001 – 2002

Not applicable.

### Major Component Accomplishments for FY2000

1. Pogo Exploration Project received permits from DNR and DEC to begin a tunnel into the ore body. The permits included authorization by DEC and EPA to discharge water from the mine tunnel.
2. The state took over operation and maintenance at the Illinois Creek Gold Mine project after the bankrupt company walked away from the site. The bankruptcy trustee paid the state's reimbursement expenses through June 30, 1999. Current operations at Illinois Creek are to facilitate reclamation.
3. The Division is coordination the permitting of the True North deposit that is proposed to be trucked to Fort Knox, near Fairbanks. The permitting is expected to be completed in FY 2001.
4. At the invitation of the US Forest Service and Green's Creek Silver Mine, the Division coordinated a federal-state environmental review of operations at the site near Juneau.

### Statutory and Regulatory Authority

AS 38/ 11 AAC/ AS 27

### Key Performance Measures for FY2002

**Measure: Organize project review team for each project agreement.**

*(Not yet addressed by Legislature.)*

### Status of FY2001 Performance Measures

	<i>Achieved</i>	<i>On track</i>	<i>Too soon to tell</i>	<i>Not likely to achieve</i>	<i>Needs modification</i>
• Organize project review team for each project agreement.		X			

**Development - Special Projects**  
**Component Financial Summary**

All dollars in thousands

	FY2000 Actuals	FY2001 Authorized	FY2002 Governor
<b>Non-Formula Program:</b>			
<b>Component Expenditures:</b>			
71000 Personal Services	0.0	0.0	0.0
72000 Travel	0.0	0.0	0.0
73000 Contractual	266.9	500.0	500.0
74000 Supplies	0.0	0.0	0.0
75000 Equipment	0.0	0.0	0.0
76000 Land/Buildings	0.0	0.0	0.0
77000 Grants, Claims	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
<b>Expenditure Totals</b>	<b>266.9</b>	<b>500.0</b>	<b>500.0</b>
<b>Funding Sources:</b>			
1108 Statutory Designated Program Receipts	266.9	500.0	500.0
<b>Funding Totals</b>	<b>266.9</b>	<b>500.0</b>	<b>500.0</b>

**Estimated Revenue Collections**

Description	Master Revenue Account	FY2000 Actuals	FY2001 Authorized	FY2001 Cash Estimate	FY2002 Governor	FY2003 Forecast
<b>Unrestricted Revenues</b>						
None.		0.0	0.0	0.0	0.0	0.0
<b>Unrestricted Total</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Restricted Revenues</b>						
Statutory Designated Program Receipts	51063	266.9	500.0	416.4	500.0	500.0
<b>Restricted Total</b>		<b>266.9</b>	<b>500.0</b>	<b>416.4</b>	<b>500.0</b>	<b>500.0</b>
<b>Total Estimated Revenues</b>		<b>266.9</b>	<b>500.0</b>	<b>416.4</b>	<b>500.0</b>	<b>500.0</b>

**Development - Special Projects**

**Proposed Changes in Levels of Service for FY2002**

There are no changes from the FY01 request for the statutory designated program receipt funded projects, although actual projects may vary depending upon requests received by the department and agreements negotiated with applicants. If applicant requests for development project activities exceed the \$500.0 authorization for the Development Special Projects component, DNR may have to seek increased authorization through LB&A.

**Summary of Component Budget Changes**

**From FY2001 Authorized to FY2002 Governor**

*All dollars in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b>FY2001 Authorized</b>	<b>0.0</b>	<b>0.0</b>	<b>500.0</b>	<b>500.0</b>
<b>FY2002 Governor</b>	<b>0.0</b>	<b>0.0</b>	<b>500.0</b>	<b>500.0</b>