

# **State of Alaska FY2004 Governor's Operating Budget**

## **Department of Natural Resources Water Development Component Budget Summary**

## Component: Water Development

**Contact: Gary Prokosch, Chief, Water Resources Section**  
Tel: (907) 269-8645 Fax: (907) 269-8947 E-mail: garyp@dnr.state.ak.us

### Component Mission

To facilitate the development and stewardship of Alaska's water resources.

The work within the Water Development Budget Component is intended to accomplish three outcomes:

- I. Protect and Provide for Water Property Rights
- II. Provide Technical Hydrologic Support
- III. Ensure Safe Operation and Construction of Jurisdictional Dams

### Component Services Provided

This component has three projects:

- Water Management, which provides water rights and temporary water use authorizations to industry and individual Alaskans;
- Hydrologic Survey, which provides scientific hydrologic expertise and maintains hydrologic data for use by state government and the public;
- Dam Safety, which protects public safety and property protection through ensuring safe dams.

#### WATER MANAGEMENT

**WATER RIGHTS.** A water right is a property right necessary to establish legal standing against future water users and those current water users who never applied for a water right. Staff adjudicates the application to ensure that granting the water right will not impair the rights of other water right holders and that the water right is in the public interest (i.e., that it will not have a significant adverse effect on the environment). Adjudication includes public and agency notice of the application, resolving conflicting permit terms and conditions, and compliance with land use and coastal zone plans. A representative year of application filings would include approximately 250 water right applications such as: 10 commercial hydroelectric projects (primarily in SE Alaska); 25 oil and gas projects (North Slope and Cook Inlet), 2 seafood processing facilities, 75 for lodges, fish hatcheries, stores, golf courses, logging camps, ski areas and commercial projects; 35 mining operations; 15 village and community water systems; 10 public buildings (schools, state and federal offices, hospitals and camp grounds), 15 for instream flow (primarily ADF&G and USF&WS ), 75 residential homes and 1 bulk water export. The Unit also asserts the state's interest and authority in water allocation issues raised by federal actions and for reservations of instream flow.

**TEMPORARY WATER USE PERMITS.** A temporary water use authorization is required when a significant amount of water is needed for a short-term project such as highway construction or reconstruction, or oil and gas exploration. (No water rights are granted under a temporary water use authorization.) Unless the project is in a water shortage area, within the coastal zone, involves a salmon spawning or other high value fish habitat, is controversial or is unusually complex, a temporary water use authorization is completed within approximately 20 days of receipt. Authorizations within the coastal zone typically require a minimum 60 days.

#### OTHER:

- *Water Right Data and Records.* Staff maintains files on more than over 20,000 adjudicated water property rights, water use files and pending applications.
- *Other Water Right Related Tasks.* Staff responds to complaints, appeals, and litigation about water use or misuse. The FY04 budget allows for reaction to complaints of significant state interest only. Staff will also receive over 400 requests for information and data. Because of staff limitations, public assistance will be limited to requests that are of significant state interest. A newly established water web page will be able to address a lot of the basic water right questions and request for information.

#### HYDROLOGIC SURVEY

**PERMIT REVIEW AND RESOLUTION OF LEGAL ISSUES.** Staff of the Alaska Hydrologic Survey (AHS) provide hydrologic expertise for all of DNR. Staff is used extensively to provide the hydrologic expertise for water right adjudication and elsewhere where hydrologic expertise is needed. Staff is expected to provide scientific hydrologic data and analysis where DNR permits involve hydrologic questions. The division is the primary client for hydrologic staff for help with questions concerning the mining industry, land management issues, and water rights permitting. Other divisions within ADNR also request assistance with the collection, interpretation and analysis of hydrologic data in their permitting process. Outside of ADNR, assistance has been requested by ADF&G, ADEC, USFS, USEPA, local government, industry, and private individuals.

**TECHNICAL ASSISTANCE AND HYDROLOGIC DATA SEARCH AND RETRIEVALS.** Staff update, search, and retrieve data contained within the databases maintained for the public and government. Staff maintain three primary databases. The Well Log Tracking System (WELTS) has ground water information on approximately 26,000 water wells throughout the state. Homeowners, communities, municipalities, consultants, and state and federal agencies seek these data which has just recently been made available on-line. The Alaska Water Use Database System (AKWUDS) is the only comprehensive database in the state with information on community water use. In addition to information on public water supply, data on industrial use such as oil & gas production, seafood processing and hydroelectric production are available. It currently has several thousand-station years of record (a year of data for a single station). Agencies use this data category when seeking assistance with planning efforts dealing with community-based needs for water. The Alaska Rivers Information Database (ARID) contains data on more than 14,000 surface water bodies in Alaska. The ARID system is a primary source of information with regard to property ownership issues in navigability and hence is relied upon by ADNR navigability program. Approximately 375 (50% of total requests) requests for data retrieval are accompanied with a request for data interpretation or analysis.

## **DAM SAFETY**

The Dam Safety and Construction Unit is responsible for supervising the safety of dams in Alaska. The unit consists of one registered professional engineer who oversees the following actions:

- *Periodic Safety Inspections Of Jurisdictional Dams.* State laws requires that dam safety inspections be conducted every three years for Class I and II dams, and every five years for Class III dams. These inspections are typically conducted by a private professional engineer and reviewed and approved by the State Dam Safety Engineer.
- *Certificates of Approval to Construct, Repair, Modify, Abandon or Operate a Dam.* Before work begins on a dam, it must be approved by the state to assure that the dam will be built and operated safely. The cycle time for the authorization is approximately 6 months from application to issuance.
- *Safe and Effective Emergency Response to Dam Failures.* Dam Safety regulations require Emergency Action Plans for all Class I and II dams. These plans must be updated and exercised regularly to prepare for a dam failure. 40% of the Class I and II dams in the state now have a current Emergency Action Plan, an increase of 200% since 1999. DMLW is enforcing the requirement for these important plans.
- *Other Dam Safety Related Work.* The Unit also provides engineering assistance for technical review of related work in DNR (such as unregulated dams at mines and other private dam owners, and engineering problems associated with active and abandoned mining operations).

## **Component Goals and Strategies**

### **OUTCOME: I. PROTECT AND PROVIDE FOR WATER PROPERTY RIGHTS**

Water Management unit encourages the maximum use of Alaska's water consistent with the public interest by providing certainty and security of rights, reduced risk for investment, and reduced transaction costs. The Unit adjudicates water rights, issues temporary water use permits, and maintains the water right records database.

During the legislative discussion of HB 185 and the related funding changes, the Division established performance goals for the water rights program. These goals are to have the typical new water right application processed within 60 days, and the typical new temporary water use authorization processed within 20 days. The division reached this performance measure at the end of FY 02. The Division expects to continue to achieve these goals for all commercial and industrial water right applications during FY 03 and FY04. In addition; the Division expects to eliminate the water rights backlog within four years. This will be a huge improvement from the service levels of previous years, although those water right

applications for the use of less than a significant amount of water and for water rights that are not in an area of conflict or high demand for water may not be adjudicated within the 60 day period proposed above.

During winter or early spring 2003; the Division expects to propose fee regulations to implement the fee provisions of HB 185. In FY04 the new fee schedule will be implemented to offset decreased general funds.

#### OUTCOME: II. PROVIDE TECHNICAL HYDROLOGIC SUPPORT

Hydrologic Survey provides scientific technical data, analysis, and interpretation of hydrologic information. The Survey collects and assembles ground and surface water quantity and quality data required for resource development and the orderly use of Alaska's water resources for domestic, community, commercial, and conservation purposes. In FY04, DMLW expect to provide hydrologic information, data, and evaluations for 575 water permits, mining issues and legal issues; provide hydrologic investigations and assistance to 175 customers; provide hydrologic data to 725 customers; and assist 400 customers with data evaluation and interpretation. DMLW will also enter approximately 4050 new hydrologic data points to its existing databases.

#### OUTCOME: III. SAFE OPERATION AND CONSTRUCTION OF JURISDICTIONAL DAMS

Dam Safety assures the continuing safety of certain non-federally owned dams and dams not regulated by the Federal Energy Regulatory Commission. The National Flood Insurance Program provides a flood insurance premium rate discount to all communities in Alaska because of the state dam safety program. A well administered dam safety program protects lives, property, and natural resources. Although only 5 dams are scheduled for periodic safety inspections in FY03 the unit is expected to review or perform 8 periodic dam safety inspections; issue 10 certificates to construct, modify or operate a jurisdictional dam; and review and test up to 4 emergency action plans for significant or high hazard dams. The unit will also provide engineering assistance to the Mining and Land Section's of the Division.

Additional output and measurement information for the component is available upon request from DNR Admin Services Manager (Nico Bus 465-2406).

### Key Component Issues for FY2003 – 2004

There are four fundamental issues facing the Water Development Component. All are related to the legislative discussion surrounding HB 185, which the legislature passed in 2001. The bill provided new 5 additional staff for the water management section, provided a fee methodology so that the program could acquire funding (through fees) to keep the staff, and established clear performance measures for the program to meet.

1. **Performance Measures for Current Applications.** In 2001, the legislature passed HB 185 concerning water uses. In the legislative discussion of the bill, the legislature established clear performance measures for water rights: a typical new water right be adjudicated within 60 days, and a typical new temporary water use authorization within 20 days. The water management unit achieved these measures at the end of the last fiscal year. A very important issue for the component is to be able to maintain those measures in this and future fiscal years.
2. **Performance Measures for the Water Rights Backlog.** A second performance measure of HB 185 was to eliminate the water rights backlog within 5 years. The Division proposed to do so by hiring the new staff described above and by eliminating many new water right adjudications through streamlining regulations. The regulations were proposed in October 2001, but because of objections from the public and from Chair of the House Resources Committee, were not adopted and have been dropped. The Department is looking for new ways to increase the efficiencies to meet this performance measure. Finding these ways so that the program can meet the legislature's performance goals is an important issue for the program. However, last year was the first time in many years that the program made progress on the backlog; that is, the program adjudicated more water rights than it received in applications. This is an important milestone for Alaska's water rights program.
3. **Performance Measures for Funding.** HB 185 provided a fee methodology for the program. The accompanying fiscal note anticipated that the program would raise fees, and that the new revenue would support the program. The fiscal note provided general funds for two years for a transition to the new fee structure. This year the program expects to promulgate regulations that will raise the fees to provide the necessary revenue to fund the water rights and temporary water use program.

4. **Proposed Instream Flow Funding Increment.** The legislation and discussion concerning HB 185 provided a funding methodology and performance measures for water rights and temporary water use authorizations. It did not provide either for instream flow. The division is proposing an FY 04 increment in Interagency Receipts to allow it to accept funds from other agencies, primarily the Department of Fish and Game, so that agencies proposing instream flow applications can fund their adjudication. The IA revenue will provide funding to support a single position dedicated to instream flow adjudication.

## Major Component Accomplishments in 2002

**Water Management.** The first half of last year, the Division existing 3.5-person staff concentrated on ensuring temporary water use authorizations (the north slope authorizations were routinely challenged), and hiring and training new staff authorized through the legislative discussion surrounding HB 185.

- **Processing Temporary Water Use Authorizations.** In FY 02, staff processed 116 temporary water use permits without litigation. The lack of litigation is a significant change and increased the reliability of the permits for the applicants. In FY 01, there was significant challenge to almost all temporary water use authorizations on the North Slope. DNR was taken to court in a number of different cases, which absorbed much staff time and energy. In FY 02, the same situation appeared to be developing; we received many objections and challenges as the staff prepared to process permits. To ensure that the authorizations appropriate protected the environment and could be relied upon by the applicant, staff went to unusual lengths to ensure that the permit record showed that staff had gone above and beyond procedures requirements for issuing the permit and reflected documentation that showed the environment would be protected. For the first time in a few years, there was no litigation over the authorizations. This is in part due to the new statute enacted by HB 185, and in part due to the concentration of effort by staff on these permits.
- **Processing Water Rights.** Staff processed 168 water rights and received 97 new ones. For the first time in years, staff processed more water rights that it received and made headway on the backlog. Almost all of this progressed occurred in the last half of FY 02.

Because of the unusual amount of effort on temporary water use permits, and because it takes time to hire and train new staff, staff was only able to process 14 water rights during the first half of FY 02. By January, most of the new staff was in place and trained. Over the last half of FY 02, staff processed 154 water rights. By the end of the fiscal year, staff was able to meet the performance objective of having a typical water right processed within 60 days of application. In the first quarter of FY 03, staff processed 89 water rights.

The **Hydrologic Survey Unit** provided Division staff with hydrologic information, data, and evaluations for 550 water permits, mining issues and legal issues; provided hydrologic investigations and assistance to 150 customers; provided hydrologic data to 700 customers; and assisted 375 customers with data evaluation and interpretation. Entered 14,000 new hydrologic data points to its existing databases.

The **Dam Safety and Construction Unit** reviewed or performed 11 periodic dam safety inspections; issued 14 Certificates to Construct, Modify or Operate a Jurisdictional Dam; and reviewed and tested 2 Emergency Action Plans for high hazard dams. The unit also provided engineering assistance to the Mining Section and Surface Coal Mining unit for projects at Usibelli Coal Mine, Illinois Creek Gold Mine, and Pogo exploration sites.

## Statutory and Regulatory Authority

The Water Development Component operates under the following statutory and regulatory authority:

Statutory	Regulatory
AS 46.15.020-.970	11AAC 05.010 and 11 AAC 93.040-.970
AS 35.05.965	
As 46.17.010-.900	
AS 41.08	

**Water Development**  
**Component Financial Summary**

*All dollars in thousands*

	FY2002 Actuals	FY2003 Authorized	FY2004 Governor
<b>Non-Formula Program:</b>			
<b>Component Expenditures:</b>			
71000 Personal Services	969.0	1,127.9	1,165.0
72000 Travel	24.2	41.7	41.7
73000 Contractual	238.4	188.7	188.7
74000 Supplies	56.7	26.8	26.8
75000 Equipment	0.0	7.0	7.0
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>1,288.3</b>	<b>1,392.1</b>	<b>1,429.2</b>
<b>Funding Sources:</b>			
1002 Federal Receipts	57.9	39.7	39.8
1004 General Fund Receipts	959.6	949.7	849.7
1005 General Fund/Program Receipts	1.9	2.0	2.0
1007 Inter-Agency Receipts	69.7	123.5	159.3
1061 Capital Improvement Project Receipts	3.1	0.0	0.0
1108 Statutory Designated Program Receipts	62.1	45.0	45.1
1156 Receipt Supported Services	134.0	232.2	333.3
<b>Funding Totals</b>	<b>1,288.3</b>	<b>1,392.1</b>	<b>1,429.2</b>

## Water Development

### Proposed Changes in Levels of Service for FY2004

With the new water right adjudication positions now hired and trained the Water Management Unit will continue to adjudicate all new significant water right applications and temporary water use applications within the time frames promised to the legislature. For most water users, the cycle time would decrease from a few years to just 60 days.

The water right backlog elimination project will continue to make progress. In addition, the unit will adjudicate between 5 and 8 instream flow reservations for the protection of fish and fish habitat.

A new water web site should be fully operational by FY04 and should give the public the means to access all of the information stored in the 20,000+ water right and temporary water use files. This information will include casefile statuses (application, permit or certificate), location by hydrologic unit or smaller search areas, quantity, priority dates, source of water, permit expiration dates and other information typically requested by the public.

### Summary of Component Budget Changes

#### From FY2003 Authorized to FY2004 Governor

*All dollars in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b>FY2003 Authorized</b>	<b>951.7</b>	<b>39.7</b>	<b>400.7</b>	<b>1,392.1</b>
<b>Adjustments which will continue current level of service:</b>				
-Fund source change from GF to RSS for third year of fiscal note (SLA01/CH100/HB185)	-100.0	0.0	100.0	0.0
-Annualize FY2003 COLA Increase for General Government and Supervisory Bargaining Units	0.0	0.1	2.0	2.1
<b>Proposed budget increases:</b>				
-Instream Flow Adjudication Position Interagency Receipts from Fish & Game	0.0	0.0	35.0	35.0
<b>FY2004 Governor</b>	<b>851.7</b>	<b>39.8</b>	<b>537.7</b>	<b>1,429.2</b>

**Water Development**  
**Personal Services Information**

	Authorized Positions		Personal Services Costs	
	<u>FY2003</u> <u>Authorized</u>	<u>FY2004</u> <u>Governor</u>		
Full-time	15	16	Annual Salaries	896,783
Part-time	0	0	Premium Pay	0
Nonpermanent	1	1	Annual Benefits	296,761
			<i>Less 2.39% Vacancy Factor</i>	(28,544)
			Lump Sum Premium Pay	0
<b>Totals</b>	<b>16</b>	<b>17</b>	<b>Total Personal Services</b>	<b>1,165,000</b>

**Position Classification Summary**

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Hydrologist II	3	1	0	0	4
Hydrologist III	1	0	0	0	1
Natural Resource Mgr I	1	0	1	0	2
Natural Resource Mgr II	1	0	0	0	1
Natural Resource Mgr III	1	0	0	0	1
Natural Resource Spec I	1	0	1	0	2
Natural Resource Spec II	3	1	0	0	4
Natural Resource Tech II	1	0	0	0	1
Tech Eng II / Architect II	1	0	0	0	1
<b>Totals</b>	<b>13</b>	<b>2</b>	<b>2</b>	<b>0</b>	<b>17</b>