



Senator Bert Stedman Sitka Chamber of Commerce June 24, 2015

District R

Ketchikan • Sitka • Petersburg • Wrangell • Metlakatla • Craig
Hoonah • Klawock • Kake • Thorne Bay • Angoon • Saxman • Hydaburg
Coffman Cove • Tenakee Springs • Naukati • Hollis • Klukwan • Pelican • Hyder
Port Alexander • Kasaan • Port Protection • Edna Bay • Whale Pass • Kupreanof
Elfin Cove • Point Baker • Meyers Chuck

Department of Natural Resources Parks

- DNR recommended cutting \$450,000 in funding for park rangers in Dillingham, Sitka, and Valdez.
- DNR has an RFP out (with no funding) inviting persons to maintain Sitka parks in exchange for fees. Proposals are due July 3, 2015.
- If no responsive bids, parks go into passive management with outhouses boarded up, etc.

Department of Natural Resources Recorders Office

- DNR recommended cutting \$284,200 from the agency budget by closing single staffed offices in Homer, Ketchikan, Valdez, and Sitka.
- Businesses and individuals are supposed to use e-filing to record deeds or security interests, etc.
- This is an access issue for the average resident who may not have the software or be familiar with the e-filing process.

Department of Transportation

Airport Use / Maintenance

- DOT recommended cutting a maintenance position at the Sitka Airport.
- The airport still qualifies as a 24/7 emergency or diversion airport.
- Parking and access issues remain, etc.
- Best solution is a new airport master plan.

Department of Transportation

50-50 Harbor Grant Program

- The legislature approved funding at \$5.9 million for Ketchikan's Hole in the Wall Harbor and the Seward Harbor.
- Sitka's Crescent Harbor project was the next runner up for funding.
- Sitka should reapply for FY17 funds. If it scores at the top, the project could be funded next fiscal year.

Department of Corrections

Community Jails

- The DOC Community Jails program funds jails in fifteen different communities.
- It was cut 33.25% or around \$3 million.
- Sitka took a \$300,000 cut or about 45% from the current year's funding level.

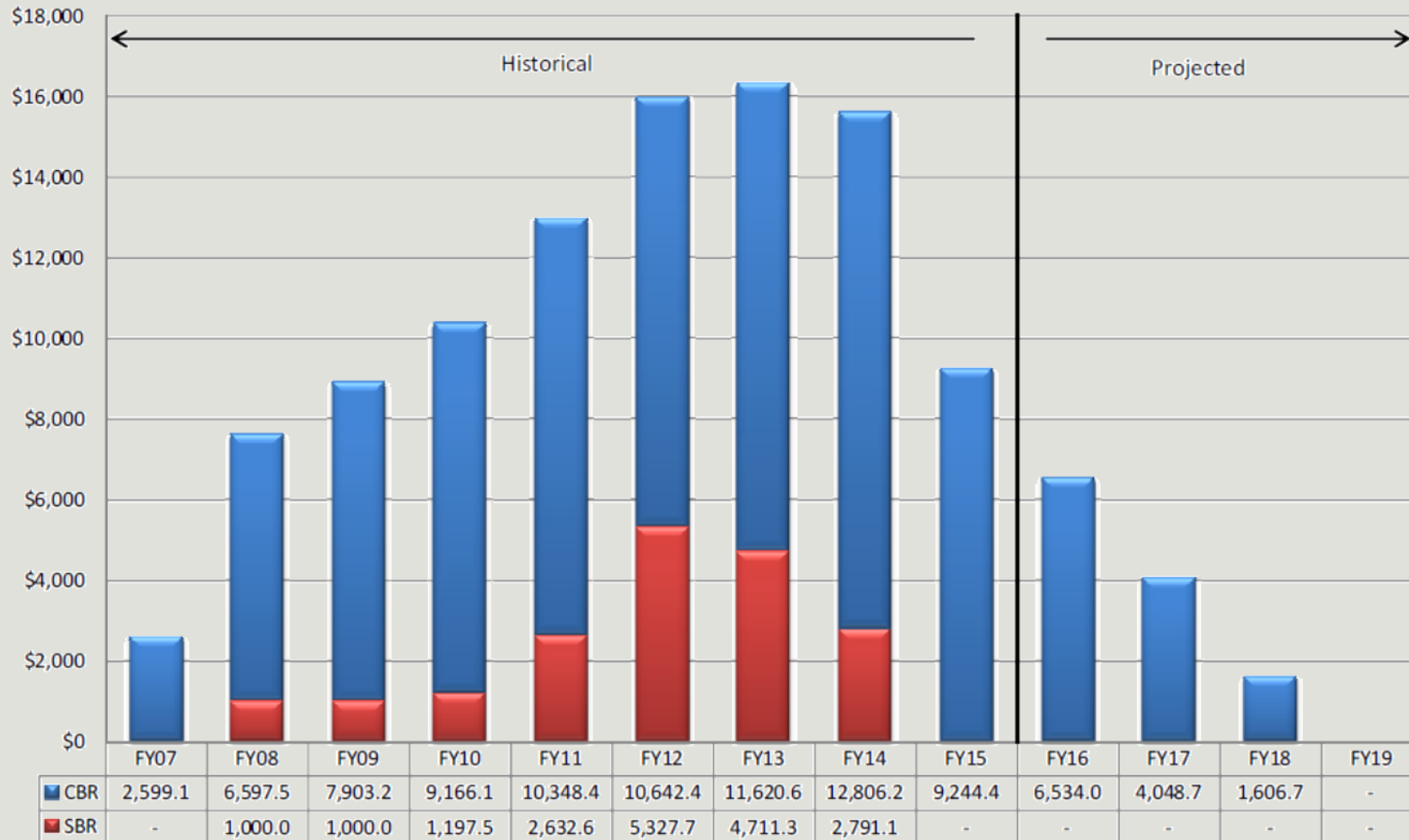
Mt. Edgecumbe High School Pool

- This is a new 25 meter pool with space for aquatic therapy. Final design features will be determined in the procurement process with the contractor and interested parties.
- The pool will be available for students, state and federal agencies, SEARHC, Sitka Hospital, Sitka residents, etc.
- Anticipate support for training of Troopers and USCG.
- Bids were opened May 18, 2015. DOT says award status is pending.
- Funding includes \$20 million in bond funds and \$6.9 million in state capital budget general funds.

Alaska Marine Highway System Funding

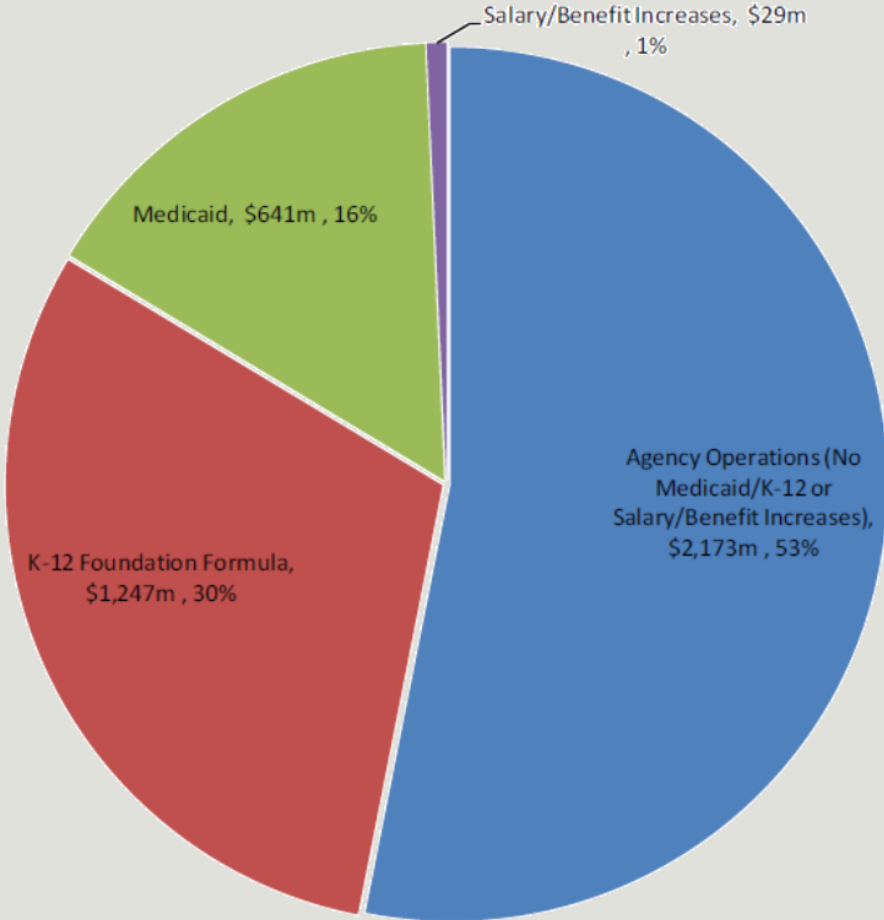
- The total general fund operating budget reduction for AMHS compared to FY 15 is \$2.7 million.
- It took use of \$5.5 million in one-time funds from the FY15 fuel trigger and \$1.75 million added back during the special session to get there.
- The one-time funds are going to service up north. Cuts next year will be difficult to fill.

Budget Reserves (CBR & SBR) (\$ millions)



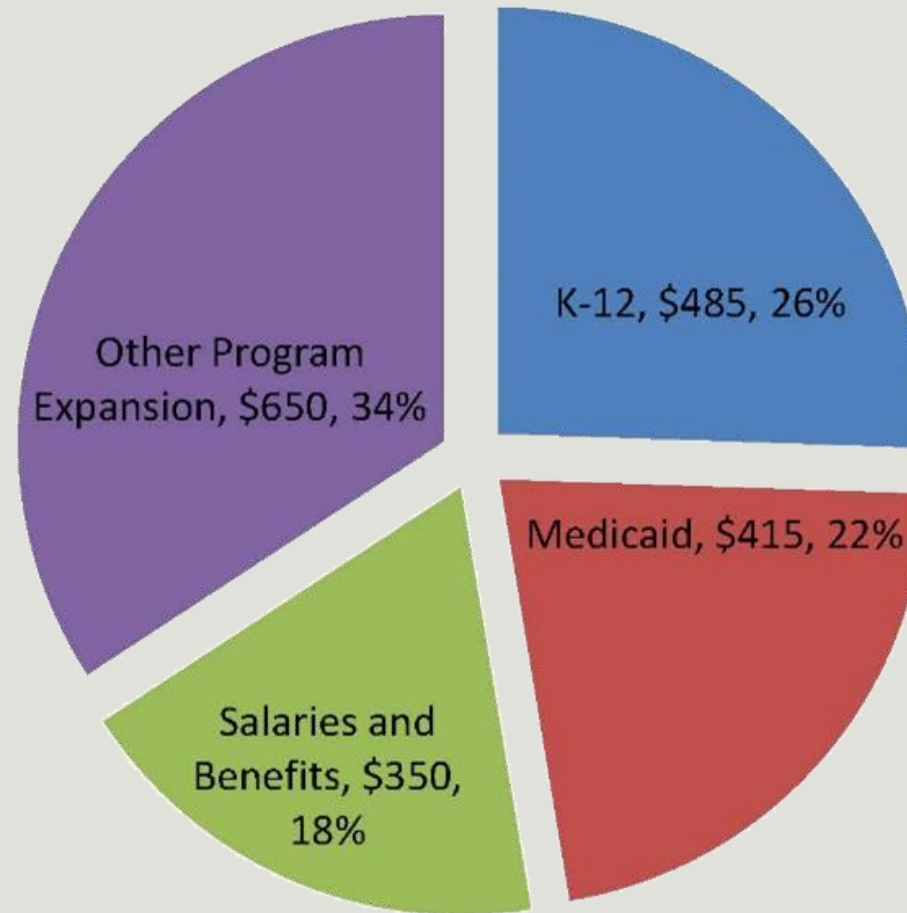
Assumes \$70/bbl oil for FY16 forward and DOR Spring Forecast production and sustained FY16 budget levels for Agency Operations and Capital Budgets with projected amounts for Stwd. Operations.

FY16 Agency Operations Appropriations*
UGF Only
\$ millions



* Does not include Statewide Operations Items such as Debt Service (\$206 million), State Assistance to Retirement (\$262.5 million) and Fund Capitalization (\$702 million--which includes \$700 million for Oil and Gas Tax Credits).

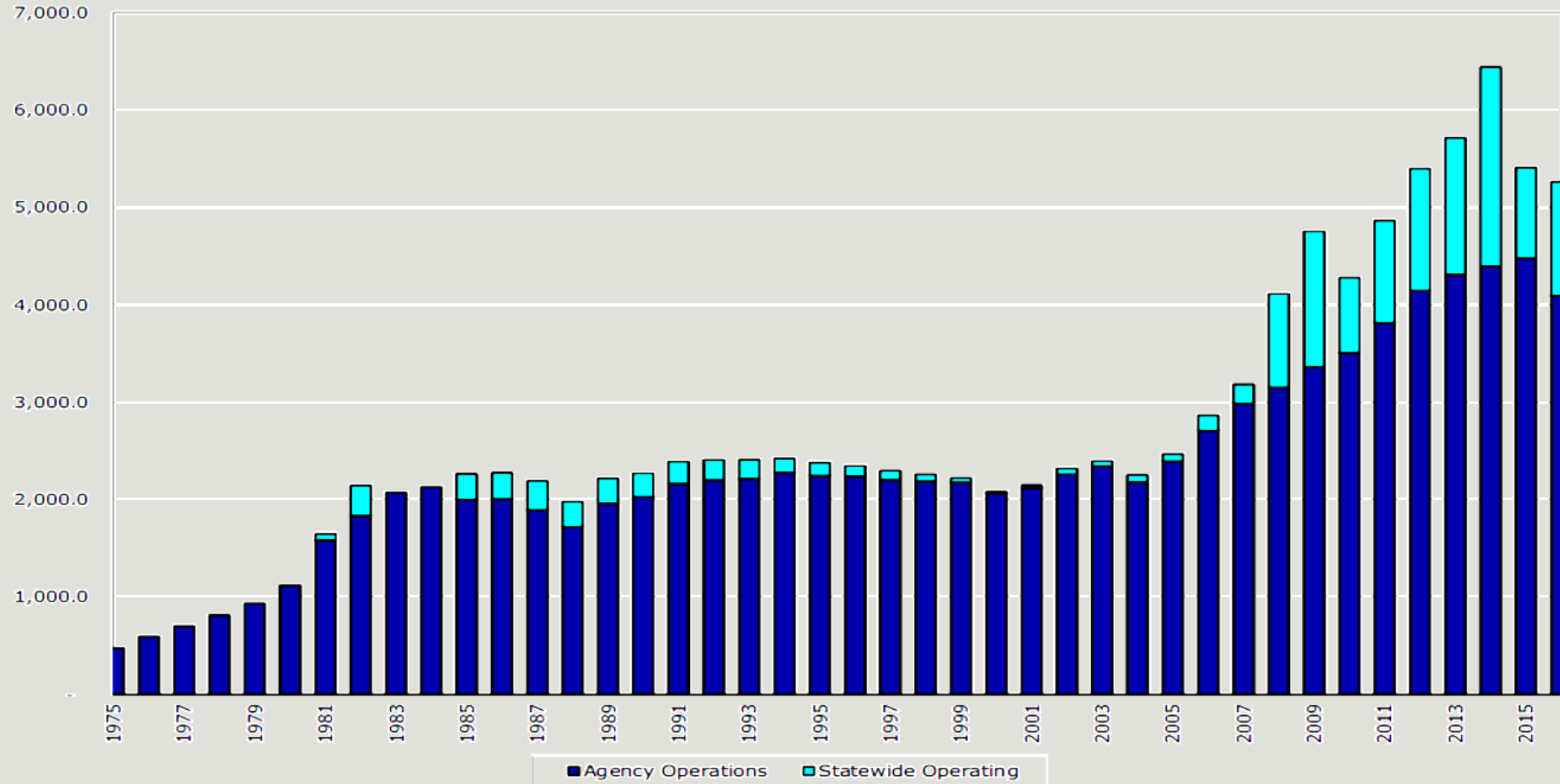
Cost Drivers--Agency Operations
Contribution to Budget Increases FY06 to FY15 (\$ millions)
\$1.9 Billion Total UGF Increase



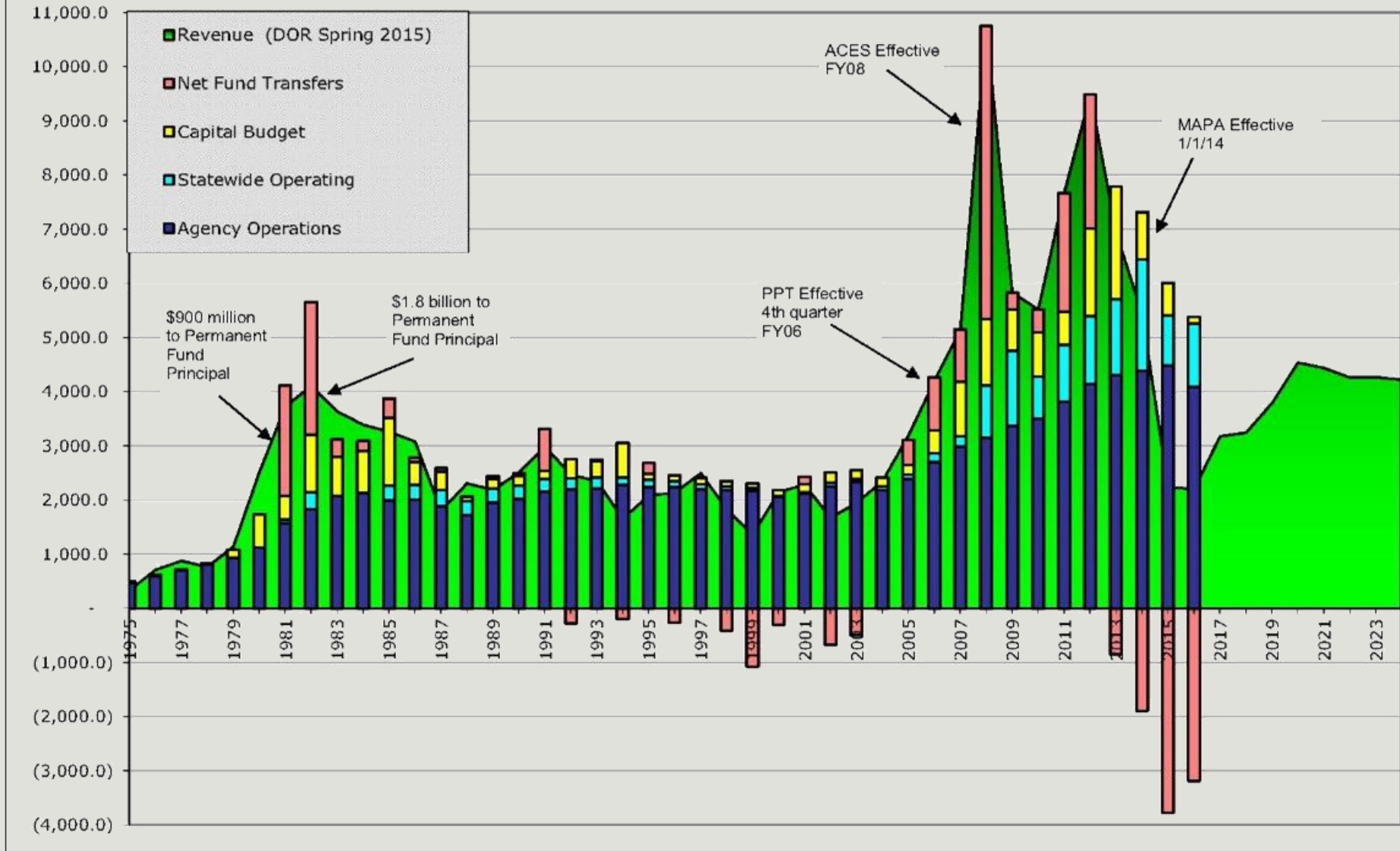
(\$ millions)

	FY15 BUDGET	FY16 BUDGET	Change in UGF	
	Unrestricted General Funds	Unrestricted General Funds	\$	%
1 TOTAL OPERATING APPROPRIATIONS	5,405.4	5,261.7	(143.7)	-2.7%
2 Agency Operations	4,479.0	4,091.0	(388.0)	-8.7%
3 Current Fiscal Year Appropriations (Includes Fiscal Notes)	4,503.0	4,091.0	(412.0)	-9.1%
4 Agency Operations (Non-Formula)	2,283.4	2,025.5	(257.9)	-11.3%
5 K-12 Foundation Formula and Pupil Transportation	1,244.6	1,247.5	2.8	0.2%
6 Other Formula Programs	975.0	818.1	(156.9)	-16.1%
7 Revised Programs Legislatively Approved	-	-		
8 Fiscal Notes (FY15 notes are included in Management Plan)	-	-		
9 <i>Vetoes (non-additive)</i>	-	-		
10 <i>Duplicated Authorization (non-additive)</i>	-	-		
11 Supplemental Operating Appropriations	(24.0)	0.0	24.0	-100.0%
12 Statewide Operations	926.4	1,170.7	244.3	26.4%
13 Current Fiscal Year Appropriations	919.9	1,170.7	250.8	27.3%
14 Debt Service	218.8	206.2	(12.6)	-5.8%
15 Fund Capitalization	682.5	702.0	19.5	2.9%
16 Local Government Support	52.0	-	(52.0)	-100.0%
17 Oil & Gas Production Tax Credits	625.0	700.0	75.0	12.0%
18 Other Fund Capitalization	5.5	2.0	(3.5)	-63.6%
19 Retirement Costs: Actuarial Recommendation	5.2	262.5	257.3	4908.4%
20 Retirement Costs: Additional Contributions	-	-		
21 Judgments, Claims and Settlements	13.4	-	(13.4)	-100.0%
22 <i>Vetoes (non-additive)</i>	-	-		
23 <i>Duplicated Authorization (non-additive)</i>	-	-		
24 Supplemental Statewide Appropriations	6.5	-	(6.5)	-100.0%
25 Debt Service	(5.4)	-	5.4	-100.0%
26 Other Special	11.9	-	(11.9)	-100.0%

Unrestricted General Fund Budget History (millions)



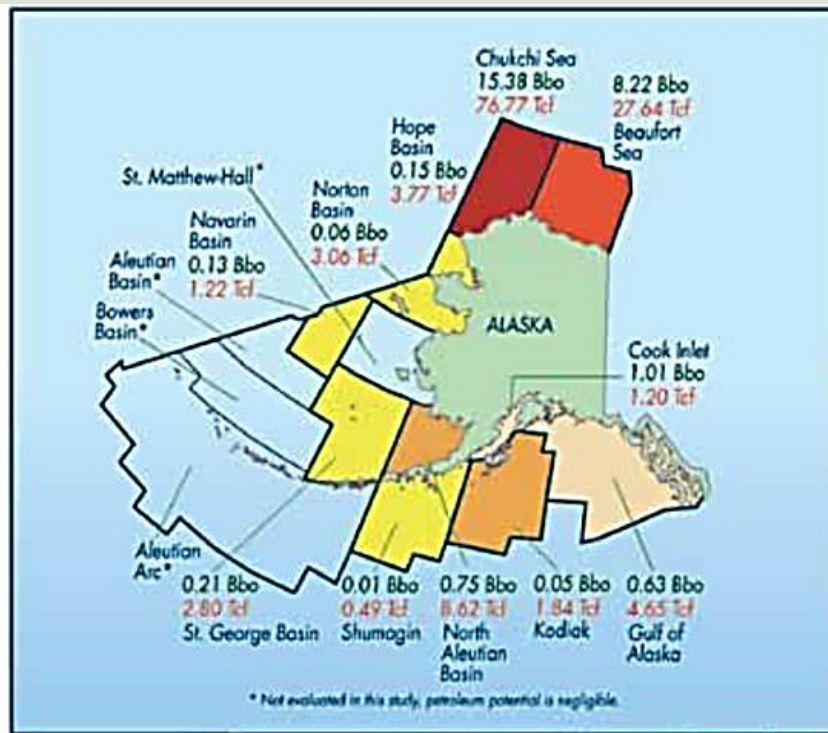
Unrestricted General Fund Revenue/ Budget History (millions)



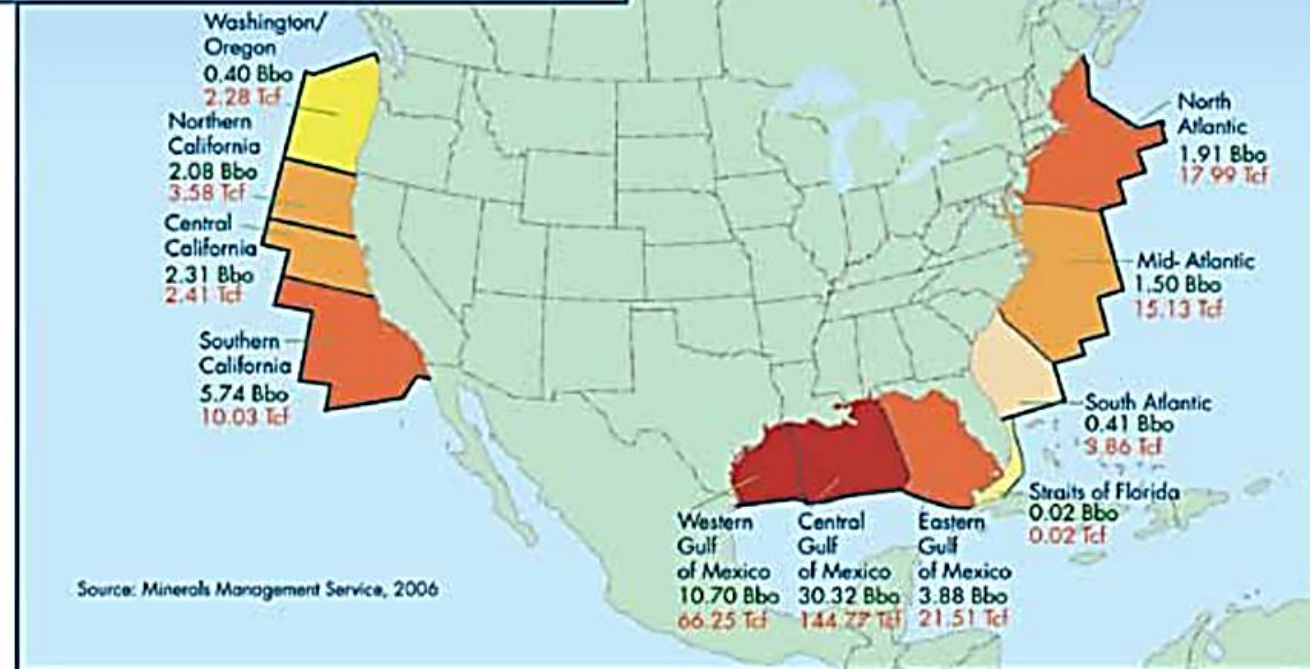
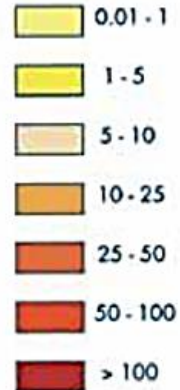
Reserves estimates by planning areas

Regional Totals:	Oil in Billions of Barrels (Bbo)	Natural Gas in Trillions of Cubic Feet (Tcf)
Alaska OCS	26.61 Bbo	132.06 Tcf
Atlantic OCS	3.82 Bbo	36.99 Tcf
Gulf of Mexico OCS	44.92 Bbo	232.54 Tcf
Pacific OCS	10.53 Bbo	18.29 Tcf
Total U.S. OCS	85.88 Bbo	419.88 Tcf

* Means estimate based on arithmetic average or expected value



Oil and Gas BTU Equivalent in Quadrillions*



2015 Logistics Resource Map

Updated 1/28/15


RESTRICTED

Noble Discoverer
Polar Pioneer
 Chukchi Sea
 Burger Prospects



- (1) Ice Management Vessel (*Fennica*)
- (1) Ice Management Vessel (*Nardica*)
- (1) Anchor Handler (*Aivia*)
- (1) Anchor Handler (*Ross Chouest*)
- (1) Anchor Handler (*Tor Viking*)
- (1) Towing Vessel (*Ocean Wind*)
- (1) Towing Vessel (*Ocean Wave*)
- (1) Drill Discharge Monitoring Vessel (*Explorer*)
- (1) OSV – (*Sisuaq*)
- (1) Tug & Barge (*Guardsman / Klamath*)
- (1) Oil Spill Response Vessel (*Nanuq*)
- (1) Support Tanker (*Mariann*)
- (1) OSR Tanker (*TBN*)

Arctic Challenger and Oil Spill Response
 Spill Containment System
 Kotzebue Sound

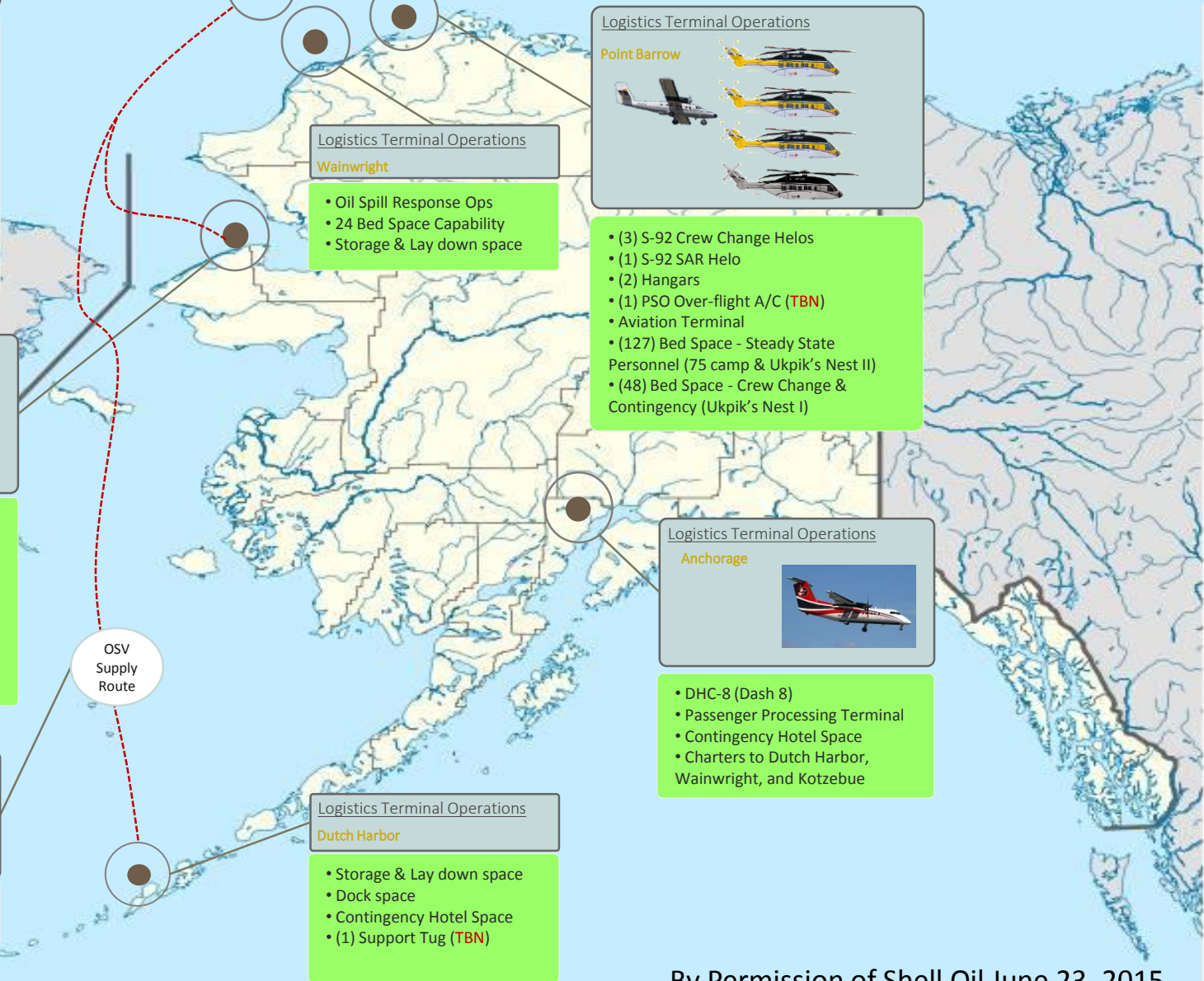


- (1) Tug & Barge (*Containment System/Corbin Foss*)
- (1) Tug ACS Escort (*Superior Contract*)
- (1) Tug & Barge (*Sea Prince/Endeavor*)
- (1) Tug & Barge (*American Trader / Barbara Foss*)
- (1) Tug & Barge (*Tuuq / Lauren Foss*)
- (1) Landing Craft (*Unalaq - TBC*)
- (1) Crew Boat (*Diana G.*)
- Dock space and Storage (*Kotzebue*)
- Contingency Hotel Space (*Kotzebue*)

Offshore Supply Vessels
 Transit Routes
 Kotzebue Sound
 Dutch Harbor



- (1) OSV (*Champion*)
- (1) OSV (*Supporter*)



Logistics Terminal Operations
 Point Barrow




- (3) S-92 Crew Change Helos
- (1) S-92 SAR Helo
- (2) Hangars
- (1) PSO Over-flight A/C (*TBN*)
- Aviation Terminal
- (127) Bed Space - Steady State Personnel (75 camp & Ukpik's Nest II)
- (48) Bed Space - Crew Change & Contingency (Ukpik's Nest I)

Logistics Terminal Operations
 Wainwright

- Oil Spill Response Ops
- 24 Bed Space Capability
- Storage & Lay down space

Logistics Terminal Operations
 Anchorage



- DHC-8 (Dash 8)
- Passenger Processing Terminal
- Contingency Hotel Space
- Charters to Dutch Harbor, Wainwright, and Kotzebue

Logistics Terminal Operations
 Dutch Harbor

- Storage & Lay down space
- Dock space
- Contingency Hotel Space
- (1) Support Tug (*TBN*)

By Permission of Shell Oil June 23, 2015



Thank you for your time.

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