

ALASKA STATE LEGISLATURE

LEGISLATIVE BUDGET AND AUDIT COMMITTEE

Division of Legislative Finance

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MEMORANDUM

DATE: January 6, 2014
TO: Legislative Budget and Audit Committee
FROM: David Teal, Director
SUBJECT: Preparation for the January 13, 2014 LB&A Meeting

OMB submitted the following FY14 RPLs for consideration at the January 13, 2014 Legislative Budget and Audit Committee meeting. These RPLs, along with Legislative Finance comments, are posted on our web site at <http://www.legfin.state.ak.us/>.

RPL#	Agency	Subject	Amount	Fund Source
10-4-5110 FY14 Operating	Natural Resources	Phytosanitary Certification	\$25,000	Statutory Designated Program Receipts (1108)
11-4-0262 FY14 Capital	Fish and Game	Aerial Photocensus	\$750,000	Federal (1102)

If you have any questions that you want an agency to address at the meeting, please call us so we can help ensure the agency has a response prepared.

**Department of Natural Resources
Agriculture
Agricultural Development**

Subject of RPL: Phytosanitary Certification for Export of Logs and Plant Products	ADN/RPL #: 10-2014-5110
Amount requested: \$25,000	Appropriation Authority: Sec 1 Ch14 SLA 2013 pg30 ln24
Funding source: Statutory Designated Program Receipts (SDPR) (1108) Operating	Statutory Authority: AS 03.05.010, 027, 030, AS 44.37.030

PURPOSE

The Alaska Division of Agriculture (Division), through a Memorandum of Understanding and Cooperative Agreement with the United States Department of Agriculture (USDA), provides phytosanitary certification services for Alaska businesses exporting logs and plant products (primarily mushrooms) internationally. Foreign countries require that licensed state or federal Export Certification Officials conduct phytosanitary certification inspections before products can enter their country. Phytosanitary certificates are issued to indicate that consignments of plants, plant products, or other regulated articles meet the importing countries' specified phytosanitary import requirements and are in conformity with the certifying statement of the appropriate certificate.

The USDA charges \$106 for this certification and requires states reimburse this fee to them for each certificate issued under this agreement. This requested SDPR authority provides the authorization for the Division to charge businesses for the expense of conducting the inspection and travel, and issuing the official certificate and documentation, including reimbursing the \$106 fee to the USDA.

The agreement with the USDA requires Division inspection staff be nominated, trained, and pass competency examinations on a regular basis by the USDA. This service has conducted phytosanitary export certifications on over \$143 million dollars of Alaska timber exports since export inspections began in 2010.

PREVIOUS LEGISLATIVE CONSIDERATION

An increment approved in the FY2013 budget increased authorization by \$10,000, bringing the total SDPR authorization for this activity to \$30,000.

TIMING ISSUES

An increase in phytosanitary inspections primarily due to China's increased demand for Alaska logs, was not anticipated when the current budget was developed. The additional receipt authority is needed mainly for the inspection travel paid by the exporters. The Division is cross training a second employee so that two inspectors can travel at the same time with exporters reimbursing the expenses.

BUDGETARY ISSUES

This is a one-time request as the level of ongoing need is not yet known. An operating budget increment may be requested in the future. This request has no impact on general fund authorization.

The current authorization has been fully collected with six months remaining in FY2014. Although seasonal activity will slow for the next couple months the Division expects activity will continue based on the demands for logs in the China market. If this request is not approved, further certifications will not be done, impacting the timber exporters' ability to sell their product. Reimbursements from exporters for costs related to the program would be lost.

Line Item	Amount	Description
Travel	\$23,000	Travel costs associated with the inspections
Services	\$1,500	Shipping of samples for testing, travel office fees, and USDA fee reimbursement
Commodities	\$500	Sample bags and office supplies related to certificate printing
Total	\$25,000	

Legislative Fiscal Analyst Comment: Legislative Finance has no technical issues with this RPL.

	Allocations	Appropriation Items	General Funds	Other Funds
1				
2	5,071,300			
3				
4	116,300			
5				
6	436,700			
7				
8	569,200			
9				
10	15,623,200	11,072,300	4,550,900	
11	14,773,600			
12	849,600			
13				
14	44,434,900	33,574,700	10,860,200	
15	28,117,200			
16	6,747,000			
17				
18				
19				
20				
21	9,570,700			
22				
23	7,801,100	6,355,100	1,446,000	
24	2,535,400			
25	2,734,900			
26				
27	2,530,800			
28				
29	16,638,400	9,875,000	6,763,400	
30	14,129,600			
31				
32				
33				

	Allocations	Appropriation Items	General Funds	Other Funds
1				
2				
3				
4				
5				
6				
7				
8	2,508,800			
9				
10				
11				
12				
13		31,620,000	23,694,000	7,926,000
14	19,996,300			
15				
16	11,623,700			
17				
18				
19				
20				
21				
22				
23	6,059,800			
24				
25				
26				
27				
28	507,300			
29				
30				
31				
32				
33				

INQ-AR: APPROPRIATION INQUIRY

12/27/2013

APPROPRIATION NUMBER **37806** ACTIVE? **YES** CREATING RSN **08356**
 COA YEAR **2014** DATE START **07/01/2013** UPDATE RSN **08520**
 ORIG YEAR **2014** FUNCTION CODE: **N - NATURAL RESOURCES**
 TERM YEAR **2014**
 DESCRIPTION SHORT: **AGR SDPR RECEIPTS**
 DESCRIPTION LONG: **AGR SDPR RECEIPTS**
 //
80 AGRIC MGMT
 BUDGET TYPE: **OPERATING**
 SESSION LAW REFERENCE:
 LOGICAL LEVEL NUMBER: **80 - SUBALLOCATIONS**
 NEXT HIGHER LEVEL APPN: **37802 (2014) - AGRICULTURAL DEV**
 REPORTS TO APPN PGM:
 REPORTS TO APPN ORG:
 CONTROL TYPE: **S** BGT FUND: **11100 - GENERAL FUND**
 REVENUE RECOGNITION? **YES** SPENDING APPROPRIATION? **YES**
 BUDGETING APPROPRIATION? **YES** CROSS STRUCTURE CNTRLS? **YES**
 PHYSICAL LEVEL: **10** SEQUENCE: **BEG 1928 END 1928**
 FOR NEXT APPROPRIATION ENTER==> NUMBER _____ COA YEAR _____ TERM YEAR _____
 Enter-PF1---PF2---PF3---PF4---PF5---PF6---PF7---PF8---PF9---PF10--PF11--PF12---
 CONT QUIT BASE LWRLV BAL XSTRC PFKYS ATHRD TANAB HELP

INQ-AR: APPROPRIATION INQUIRY

12/27/2013

APPROPRIATION NUMBER **37802** ACTIVE? **YES** CREATING RSN **08356**
 COA YEAR **2014** DATE START **07/01/2013** UPDATE RSN **08520**
 ORIG YEAR **2014** FUNCTION CODE: **N - NATURAL RESOURCES**
 TERM YEAR **2014**
 DESCRIPTION SHORT: **AGRICULTURAL DEV**
 DESCRIPTION LONG: **AGRICULTURAL DEVELOPMENT**
 //
 //
 BUDGET TYPE: **OPERATING**
 SESSION LAW REFERENCE:
 LOGICAL LEVEL NUMBER: **75 - TC FUND SOURCE**
 NEXT HIGHER LEVEL APPN: **37586 (2014) - AGRICULTURAL DEVELOP**
 REPORTS TO APPN PGM:
 REPORTS TO APPN ORG:
 CONTROL TYPE: **T** BGT FUND: **11100 - GENERAL FUND**
 REVENUE RECOGNITION? **YES** SPENDING APPROPRIATION? **YES**
 BUDGETING APPROPRIATION? **YES** CROSS STRUCTURE CNTRLS? **YES**
 PHYSICAL LEVEL: **9** SEQUENCE: **BEG 1924 END 1928**
 FOR NEXT APPROPRIATION ENTER==> NUMBER _____ COA YEAR _____ TERM YEAR _____
 Enter-PF1---PF2---PF3---PF4---PF5---PF6---PF7---PF8---PF9---PF10--PF11--PF12---
 CONT QUIT BASE LWRLV BAL XSTRC PFKYS ATHRD TANAB HELP

INQ-AR: APPROPRIATION INQUIRY

12/27/2013

APPROPRIATION NUMBER **37586** ACTIVE? **YES** CREATING RSN **08356**
 COA YEAR **2014** DATE START **07/01/2013** UPDATE RSN **08520**
 ORIG YEAR **2014** FUNCTION CODE:
 TERM YEAR **2014**
 DESCRIPTION SHORT: **AGRICULTURAL DEVELOP**
 DESCRIPTION LONG: **AGRICULTURAL DEVELOPMENT**
 //
 //
 BUDGET TYPE: **OPERATING**
 SESSION LAW REFERENCE: **1301403024**
 LOGICAL LEVEL NUMBER: **70 - ALLOCATIONS**
 NEXT HIGHER LEVEL APPN: **36113 (2014) - AGRICULTURE**
 REPORTS TO APPN PGM:
 REPORTS TO APPN ORG:
 CONTROL TYPE: BGT FUND:
 REVENUE RECOGNITION? **NO** SPENDING APPROPRIATION? **NO**

AR ITD/AUTH/ENC/BAL RRN:0196266 RSN:08538 12/26/2013
 APPROPRIATION EXPENDITURES BY ACCOUNT
 37806-14 AGR SDPR RECEIPTS ORIG:14 SUBALLOCATIONS (S B S R) FN:11100
 COA:2014

ENTITY NUMBER - DESCRIPTION	ITD AUTH/RES	ITD ACTUAL	EMCUMBER	NSPENT UNENCUMB
S** 70000 TOTAL EXPENDITURES	30000	29964	0	36
S** 72000 TRAVEL	27848	28041	0	194-
S** 73000 SERVICES	1652	1757	0	105-
S** 74000 COMMODITIES	500	166	0	334

FOR NEXT SECTION ENTER==> NUMBER _____ YEAR _____ LEVEL LIMIT _____
 Enter-PF1---PF2---PF3---PF4---PF5---PF6---PF7---PF8---PF9---PF10---PF11---PF12---
 CONT QUIT RR PFKYS HELP

AR ITD/AUTH/ENC/BAL RRN:0196266 RSN:08538 12/26/2013
 APPROPRIATION RESTRICTED REVENUES BY ACCOUNT
 37806-14 AGR SDPR RECEIPTS ORIG:14 SUBALLOCATIONS (S B S R) FN:11100
 COA:2014

ENTITY NUMBER - DESCRIPTION	ITD AUTH/RES	ITD ACTUAL	EMCUMBER	NSPENT UNENCUMB
S** 50000 TOT RESTRICTD REVENU	30000-	24660-	0	5340-
S** 50006 REST REVS-PRECLOSING	30000-	24660-	0	5340-
S** 50007 OPERATING REST REVS	30000-	24660-	0	5340-
S** 54005 PROGRAM RECEIPTS TOT	30000-	24660-	0	5340-
S** 51063 STAT DESIG PROG REC	30000-	24660-	0	5340-
S** 55922 STAT DESIG -CONTRACT	30000-	24660-	0	5340-

FOR NEXT SECTION ENTER==> NUMBER _____ YEAR _____ LEVEL LIMIT _____
 Enter-PF1---PF2---PF3---PF4---PF5---PF6---PF7---PF8---PF9---PF10---PF11---PF12---
 CONT QUIT RR PFKYS HELP

**Department of Fish and Game
Wildlife Conservation**

Subject of RPL: Aerial Photocensus Capability to Monitor Wildlife	ADN/RPL #: 11-14-0262
Amount requested: \$750,000	Appropriation Authority: Sec 1 Ch 17 SLA 2012 pg 115 ln 32
Funding source: \$750,000 Federal Receipts (1002) Capital	Statutory Authority: AS 16.05.050 (a)(3)

PURPOSE

The Department of Fish and Game, Division of Wildlife Conservation (division) will acquire digital cameras and software to outfit two survey aircraft to complete aerial photocensus work on caribou herds and other big game species. The film based system used for 20+ years for completing the photocensus no longer has technical support from film suppliers and processors. Photocensus is used to monitor the population size of large migrating species (i.e. Western Arctic Caribou Herd - population estimate of 300,000 to 500,000). This effort has a significant impact on managing caribou populations and harvest objectives. The U.S. Fish and Wildlife Service will be providing the funding for this project.

PREVIOUS LEGISLATIVE CONSIDERATION

A capital appropriation for this purpose was requested in the FY2014 Governor's budget but was not included in the appropriation bill.

TIMING ISSUES

The division has consulted with the U.S. Fish and Wildlife Service and determined that it can use federal Wildlife Restoration funding to accomplish this project. The award was made on November 18, 2013.

Caribou gather annually in herds toward the end of June and early July, the time when photocensus can be conducted. Equipment needs to be in place to meet this timeline. Purchasing processes will acquire professional services to install the cameras and the needed equipment. Approval of this request will enable staff to begin the research and purchasing process immediately. Delaying until the FY2015 budget will cause the project to lose a year toward the transition from film. The division plans to run both systems together initially for testing purposes. If the division does not have film or digital capacity, the aerial photocensus technique for evaluating population size cannot be used and will reduce the division's effectiveness to monitor populations of critical big game species.

BUDGETARY ISSUES

Federal funding is available due to the recent rise in excise tax receipts into the federal trust fund for wildlife restoration. Gun and ammunition sales nationwide have continued to increase since 2012. Alaska receives a maximum share of 5% from the annual amount of collected receipts.

The federal grant is a \$1.0M project, including a match requirement of 25%. The division has an existing capital appropriation from the Fish and Game Fund for equipment to satisfy most of the match requirement, AR 43677 (Sec 1 Ch 17 SLA 2012 pg 115 ln 32). The remainder will come

from the division's operating budget. The division does not have sufficient federal receipt authority for this specific grant project.

This request is best suited as a capital appropriation due to the specific purpose of purchasing digital camera technology and the associated supportive consulting services. The full purchase and testing will take four to five years and a capital project provides financial continuity for accounting and project management. Once purchased, the technology should not need replacement for an estimated seven years. Current operating appropriations to the division are expected to support the yearly maintenance once the technology is in place. No impact on the general fund is anticipated and no additional positions are required.

Legislative Fiscal Analyst Comment: Due to a significant increase in the sale of firearms during the past few years, the amount of the Federal Pittman-Robertson Wildlife Restoration funding available to the state has increased significantly. Previous to this RPL, the department received increased federal authorization of \$2.3 million in FY14. The FY15 Governor's Request adds \$940.4. Legislative Finance is concerned about (1) the department's ability to absorb the required 25 percent match within the existing budget, (2) the potential loss of federal funds if the match cannot be met, and/or (3) expanding activities in an unsustainable manner as federal funding has increased dramatically.



United States Department of the Interior



FISH AND WILDLIFE SERVICE Wildlife and Sport Fish Restoration Program 1011 E. Tudor Road (MS-261) Anchorage, Alaska 99503-6199

IN REPLY REFER TO:
FWS/R7/MBSP-WSFR

Ms. Sunny Haight, Director
Division of Administrative Services
Alaska Department of Fish and Game
P.O. Box 115526
Juneau, Alaska 99811-5526

NOV 18 2013

Dear Ms. Haight:

This letter constitutes U.S. Fish and Wildlife Service (USFWS) approval of Wildlife Restoration F14AF00068 (W-35-Q-1). Digital Aerial Photography Census Equipment Grant. This grant supports the Alaska Department of Fish and Game - Division of Wildlife Conservation's plan to purchase two digital camera systems and outfit two survey aircraft. The useful life of this equipment, as defined in the proposal, is 7 years. This grant is effective from January 1, 2014 to June 30, 2019.

Funding for Grant F14AF00068 is as follows:

Source	Total	%
Federal	\$750,000.00	75
State	\$250,000.00	25
Total	\$1,000,000.00	

Provisions and Conditions:

1. Cost accounting is at the grant level.
2. Grantee does not need prior written approval to transfer more than 10% of the grant amount among budget line items.
3. Equipment purchases are defined as having an acquisition cost of \$5,000 or more and a useful life of more than one year. The State will use, manage, and dispose of equipment acquired under the grant by the State in accordance with State laws and procedures.

Payment Requests:

Payment requests can be drawn through the U.S. Treasury's Automated Standard Application for Payment (ASAP) system at: www.asap.gov. The following new line is loaded into ASAP:

Account ID	Authorization
F14AF00068-0001-0000	\$750,000.00

Reporting Requirements

Grantee must comply with the Interim Guidance for Financial Status and Performance reporting dated May 15, 2009, found at: http://alaska.fws.gov/mbsp/fa/policy_guide.htm. Financial and performance reports are required under this award, as follows:

Report	Report Due Date
Interim financial & performance reports	Annually - March 31, 2014-2019
Final financial & performance reports	September 28, 2019

Terms of Acceptance

Acceptance of a Federal financial award from the Department of the Interior (DOI) carries with it the responsibility to be aware of and comply with the terms and conditions of the award (http://www.doi.gov/pam/programs/financial_assistance/TermsandConditions.cfm). Acceptance is defined as the start of work, drawing down funds, or accepting the award via electronic means. Awards are based on the application submitted to, and as approved by DOI and are subject to the terms and conditions incorporated in pertinent federal regulations, policies and guidelines, including grant program legislation and regulations, special terms and conditions, Code of Federal Regulations and regulatory requirements.

Grantees must comply with the Federal Funding Accountability and Transparency Act (FFATA). Additional information can be found at http://www.doi.gov/pam/programs/financial_assistance/upload/FAATA-Transparency-Reporting-Memo.pdf

Thank you for your partnership in conserving Alaska's fish and wildlife. Please contact Cliff Schleusner, Program Biologist, at (907) 786-3631 if you have any questions related to this grant. Please include the USFWS grant number F14AF00068 in all written communications about this grant.

Sincerely,

Mary A Price (Acting)

Steven J. Klein

Chief, Wildlife and Sport Fish Restoration Program

cc: Nathan Soboleff, Program Coordinator, ADF&G
 Sheila Desjarlais, Accountant, ADF&G
 Barbara Mason, Accountant, ADF&G
 Thane Kelly, Accounting Tech, ADF&G
 David Thomson, Administrative Operations Manager, ADF&G
 Sandy O'Brien, Accounting Tech, ADF&G

		Appropriation		Other	
		Allocations	Items	General	Funds
1	UV Treatment Facility (HD 5)				
2					
3					
4	Haines - Barnett Water Tank Replacement (HD 5)	699,143			
5					
6	Hoonah - Water Transmission Line	1,732,357			
7					
8					
9	Replacement Phase 3 (HD 5)	1,935,164			
10	Kenai - Water Transmission				
11	Mains Phase 4 (HD 33-35)	767,860			
12	Ketchikan - Jackson/Monroe Streets and 4th/7th Avenues				
13					
14	Water and Sewer (HD 1)				
15	Kodiak - Aleutian Homes	1,339,000			
16	Water and Sewer				
17	Replacement Phase 5 (HD 36)				
18					
19	Kodiak Island Borough - Landfill Lateral Expansion	3,090,000			
20					
21	Phase 2 (HD 36)				
22	Nome - East Sclaircore Replacement/Expansion	3,090,000			
23					
24	Phase 2 (HD 39)				
25	North Pole - Techite Sewer	2,590,450			
26	Main and Manholes				
27	Rehabilitation (HD 7-11)				
28	North Slope Borough - Abgeak Street Water and Sewer Extension (HD 40)	3,090,000			
29					
30					
31	Seward - North Seward	2,583,240			
32	Water Storage Tank and Pumping Facility (HD				
33					
		-114-			
		HCS CSSB 160(FTN) am H, Sec. 1			

		Appropriation		Other	
		Allocations	Items	General	Funds
1	Sitka - Baranof Street Water and Sewer Replacement (HD 2)	1,032,413			
2					
3					
4	Sitka - UV Water	2,122,830			
5					
6					
7					
8	Disinfection Facility (HD 2)	377,465			
9					
10	Soldoma - Sterling Street Water and Sewer Replacement (HD 33-35)				
11					
12	Unalaska - Wastewater Treatment Plant Upgrade (HD 37)	4,090,000			
13					
14					
15					
16	Wrangell - Cassiar Street Water and Sewer Rehabilitation (HD 2)	585,277			
17					
18					
19	Deferred Maintenance				
20	Deferred Maintenance, Renewal, Repair and Equipment (HD 16-32)		200,000	200,000	
21					
22					
23					
24					
25					
26	Boards of Fisheries and Game Sound Systems		100,000	100,000	
27	Replacement (HD 1-40)				
28	Crystal Lake Hatchery		650,000	650,000	
29	Deferred Maintenance (HD 1-5)				
30					
31	Equipment Replacement and Upgrade for Wildlife		200,000	200,000	
32					
33					
		-115-			
		HCS CSSB 160(FTN) am H, Sec. 1			

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Legislative Finance Division

Summary of Appropriations