

11ACMP STATEMENT OF COSTS

Summary:

The estimated total cost of this program during the next five years is \$27.0 million. Of that estimated cost, the minimum expenditure by the State of Alaska under this initiative during the next five years, if it becomes law, is \$22.3 million. The program has no expiration date, and the estimate – developed by the Governor’s Office of Management and Budget -- does not provide for inflation.

Expenses of the proposed program may be shared with the federal government in year three or later if the U.S. Department of Commerce approves the program and provides partial funding, and Congress makes the required appropriation. **Of the annual estimated program cost of \$5.4 million, federal support is estimated to be up to a maximum of \$2.0 million per year after year five.** The program is not required by federal law.

Expenditures for this program are subject to legislative appropriation. The estimate excludes potential litigation expenses and revenue impacts to the State of Alaska.

The overall cost estimate may be high or low, depending on decisions made by the new Board proposed in the initiative. The number of days that Board and Coastal District Boards decide to meet, the number and kind of consistency reviews, elevations and appeals over natural resource permits that the program may authorize, and the potential duplication of permitting reviews at the Department of Environmental Conservation and at the Coastal District level are among the major cost uncertainties.

Costs or savings the program would provide in the management or protection of public trust resources or permit coordination cannot be estimated at this time, nor can the estimate include the costs or savings the program would provide in the process of allowing the State and local districts to comment on or condition federal permits issued in Alaska’s coastal regions.

The complete budget estimate prepared by the Office of Management and Budget is below:

**Statement of Costs for Initiative:
Establishment of Alaska Coastal Management Program
Prepared by the Office of Management and Budget**

As required by AS 15.45.090(a)(4), the Office of Management and Budget has prepared the following estimate of costs to the State of implementing the law proposed by this ballot initiative.

This ballot initiative would establish a coastal management program for Alaska. To govern the envisioned program, the initiative creates a new thirteen-member Coastal Policy Board, referred to as the Alaska Coastal Policy Board, which would be responsible for overseeing the proposed coastal management program. Among its principal duties are reviewing and approving regulations for the program and the management plans and enforceable policies prepared by local coastal district boards. The Coastal Policy Board is also to “initiate an interagency program of strategic coastal and ocean planning for each geographic region of the state.”

Administrative support for the program and board would be provided by the Alaska Department of Commerce, Community & Economic Development. The department, under the direction of the board, would contract with or employ personnel or consultants the department considers necessary to assist the board in carrying out its duties and responsibilities. To provide the structure for the administrative support, the initiative creates within the department a Division of Ocean and Coastal Management. Among its other duties, the division would be responsible for rendering determinations whether projects subject to the program would be “consistent” with applicable statewide standards and enforceable policies of an affected coastal district.

The initiative would create a coastal management program with a number of substantive differences from the most recent federally approved Alaska Coastal Management Program that existed up until July 1, 2011. If the initiative is approved by the voters, a new administrative structure for the program would be built from scratch. This would include recruiting and hiring personnel, acquiring office space, equipment and supplies. It would also include tasks such as developing implementing regulations and guidance to administer the program. There is insufficient detail in the initiative to identify all of the costs to implement the program – this represents an estimate of the costs and the actual costs are likely to be different.

As a basis for providing cost estimates, it was assumed that the operation and procedural requirements of the Coastal Management Program envisioned by the initiative would include most if not all of the costs that existed before July 1, 2011. The initiative provides the board with broad power to create a program or procedures that could vary widely from the previous program. Substantive differences in the management or procedural requirements of the program could result in the costs varying substantially from the costs presented. Areas of program implementation difference that increase costs to the state include but are not limited to: Costs of additional board meetings should the board be required to meet more than the estimated four times annually; the level and timing of federal funding for the program; potential costs to state agencies in implementing the coastal management program and administering other state programs due to an increase in the number and/or complexity of local enforceable policies and other plan requirements; an increase in the amount and complexity of coordination and enforcement

of actions taken by the board; and an increase in the level of financial and other support for local coastal districts.

Expenditures for the program would be subject to legislative appropriation. The estimate excludes litigation expenses and potential revenue impacts to the State of Alaska.

In 2011, the budget estimate for renewing the State’s previous federally approved coastal management program was approximately \$4,700,000 annually, a portion of the program was funded with federal funds and a portion was funded with state funds.

The cost associated with the administration and implementation of the new Coastal Policy Board was not anticipated in the estimate above. The estimate to provide administrative support to the Coastal Policy Board is approximately \$700,000 annually, and the additional cost is assumed to be state funded.

Until the new coastal management program is federally approved and becomes eligible to receive federal funds, the State would expect to initially absorb the entire cost. This would be followed by a period of gradually increasing federal participation in sharing of the costs until the program met eligibility requirements for full federal funding. Typically, it takes a coastal management program approximately two years from initial application to federal approval and an additional three years before qualifying for a full program cost share. During the initial two years, the State could expect to support the program at its anticipated annual funding level of \$5,400,000. The amount of federal funds available in the out years is unknown, however given the current federal program; the state would anticipate federal participation to top out at \$2,000,000 in year five.

A year by year estimate of federal and state funding is presented below:

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Total Funds</u>
Year 1	\$ 5,400,000	\$ 0	\$ 5,400,000
Year 2	\$ 5,400,000	\$ 0	\$ 5,400,000
Year 3	\$ 4,320,000	\$ 1,080,000	\$ 5,400,000
Year 4	\$ 3,763,633	\$ 1,636,634	\$ 5,400,000
Year 5	\$ 3,400,000	\$ 2,000,000	\$ 5,400,000
Year 6	\$ 3,400,000	\$ 2,000,000	\$ 5,400,000

Administrative support for the new agency would be provided by a new division in the Alaska Department of Commerce and Community Development. It is assumed that the new agency would be similarly structured to the previous Alaska Coastal and Ocean Management component in the Alaska Department of Natural Resources.

Alaska Coastal Management Program estimate by category

TOTAL	\$5,400,000
Personal Services	\$3,260,000

This expenditure would support salaries and benefits for 34 full time positions ranging from a Division Director to an Office Assistant. The majority of the positions are Natural Resource Specialists supporting the envisioned Alaska Coastal Management Program. One additional position was added to the previously configured program to cover the additional work associated with the administration of the Alaska Coastal Policy Board and coordinating district planning functions and information sharing.

Travel \$267,900

The projected travel expenditure would support employee and board related in-state and out of state travel to coastal districts and includes hotel, per diem, airfare and reimbursement for Alaska Coastal Management Program district assistance, staff training, mediation, public education, conferences and other travel supporting the program. This estimate anticipates increased travel costs in the first two years following the establishment of the board in order to assist coastal districts with their plans and advocate for the federal approval of the plan in Washington DC.

This estimate assumes travel costs associated with four annual in-person meetings of the 13-member Alaska Coastal Policy Board and two support staff members.

Services \$1,815,300

This expenditure supports contracts in the form of Reimbursable Services Agreements (RSA) to agencies participating in the Alaska Coastal Management Program. These contracts would support the implementation of the Alaska Coastal Management Program by the participating state agencies, coastal management areas and other contractors.

It also supports purchased services from other state agencies including centralized telecommunication, mail and human resource services, legal services, professional services to support monitoring & compliance activities and development and implementation activities for the Alaska Coastal Management Program. In the initial years, additional contractual services will be needed to draft and review implementing program regulations, conduct district elections, and other start up activities.

Commodities \$56,800

This expenditure estimate supports purchases related to office supplies, office furnishings and equipment, software as well as minor repairs to office equipment.

Additional one-time costs associated with the initiative

**Statement of Costs for Initiative
“An Act establishing the Alaska Coastal Management Program”
Costs to certify the initiative application and review the initiative petition
Prepared by the Office of Lieutenant Governor and the
Division of Elections**

Elections cost statement

The minimum cost to the Division of Elections associated with certification of the initiative application and review of the initiative petition, excluding legal costs to the state and the costs to the state of any challenge to the validity of the petition, is estimated to be \$66,821. This statement is required under AS 15.45.090(a) (3).

Total \$66,821

Elections estimate by category

Personal Services \$65,521

Expenses associated with certification of the initiative application and review of the initiative petition:

Three full-time employees at 522 hours is \$26,067

8 temporary employees at 2520 hours is \$39,454

Services \$ 1,300

Printing of booklets is \$1,300

Lt. Governor’s Office Cost statement

The minimum cost to conduct public hearings concerning the initiative in two communities in each of four judicial districts is estimated to be \$4,470. This statement is required under 15.45.195.

Total \$4,470

Lt. Governor’s Office Estimate by category

Travel \$ 4,270

Average round trip airfare for the Lieutenant Governor and one staff member to travel to seven communities in Alaska: Average airfare: \$310 * 7 locations * 2 staff = \$4,270. It is assumed one of the hearings would be in Anchorage which would not involve travel costs.

Services \$ 200

Cost breakdowns for teleconferencing services:

\$25.00 X 8 meetings = \$200.00 as a minimum cost estimate