

STATE OF ALASKA

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April 27, 2006

Ms. Colleen S. Benner
MMS National CIAP Coordinator
Mineral Management Service
381 Elden Street, MS 4040
Herndon, Virginia 20170

Mr. David Johnston
MMS Regional CIAP Representative
Minerals Management Service
Alaska OCS Region
3801 Centerpoint Drive, Suite 500
Anchorage, Alaska 99503

RE: MMS Coastal Impact Assistance Program Draft Guidelines

Dear Ms. Benner and Mr. Johnston:

The State of Alaska has reviewed the Minerals Management Service (MMS) draft guidelines for the Coastal Impact Assistance Program (CIAP). The State (and its eligible coastal political subdivisions) appreciates the efforts of MMS to develop an effective CIAP that meets both State and local needs while complying with the Energy Policy Act of 2005 and other Federal statutes and regulations. MMS's draft guidelines are the first step towards successful implementation of CIAP.

The State has coordinated its review with the eligible coastal political subdivisions of the state, and has consolidated the collective comments for your consideration.

CIAP Draft Guidelines, Section 4. Coastal Impact Assistance Program Funds

Based on this section, it is clear that MMS has not yet developed the CIAP grant application or disbursement process. Recognizing this, the State requests participation in and looks forward to working with MMS on developing the CIAP grant process. There are many issues and concerns the State has with regard to the CIAP grant process, and looks forward to a collaborative forum to discuss and resolve those issues.

CIAP Draft Guidelines, Section 4.1. Authorized Uses of Funds

The eligibility criteria for both coastal states and coastal political subdivisions are tied to the Coastal Zone Management Act of 1972 and the respective state's coastal zone. However, Section 4.1 includes terms such as "coastal areas," "fish, wildlife, or natural resources," "comprehensive conservation management plan," and "onshore infrastructure projects," but does not define the terms. The MMS draft guidelines do not appear to limit the uses of CIAP grant monies to outer Continental Shelf (OCS) activity impacts, or to projects or activities that are specifically within the State's coastal zone (and by extension, the coastal zone boundaries of the eligible coastal political subdivisions). The State believes that this is the correct approach, and recommends that MMS revise Section 4.1 to clarify that authorized uses of CIAP grant funds are not limited to OCS activity impacts or to projects, activities, or initiatives solely within the coastal zone. In addition, it

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should be clarified that funding may be authorized for projects, activities, and initiatives that affect the coastal zone or its resources, and that may be located interior to the State's coastal zone, but within a coastal resource district's political boundary¹.

CIAP Draft Guidelines, Section 4.2.1. Cost Sharing or Matching of Funds

The State understands the general restrictions on the cost sharing and matching requirements of other Federal grant funds under 43 C.F.R. 12. However, recognizing that the CIAP grant monies are generated through the revenues of qualified outer Continental Shelf activities off the producing state's coastline, the State would like to see the CIAP grant monies eligible for cost sharing and matching requirements for certain projects and programs. With approximately 44,500 shoreline miles, 179,071 square miles of coastal zone upland, and 73,615 square miles of seaward coastal zone, there is a wealth of land/water but only a fraction of the money needed to inventory and manage those lands/waters. There are a number of valuable and relevant Federal grant sources that are available for projects throughout Alaska. However, many of those Federal grant sources require some sort of non-Federal cost sharing or match requirement, which becomes the limiting factor in accomplishing important resource inventory and management initiatives. The State recommends that MMS revise section 4.2.1. to allow greater flexibility in using the CIAP grant monies for cost sharing and matching requirements, amend the Federal statute to allow such, and as appropriate identify those other Federal grant programs that allow CIAP grant monies to meet the cost sharing and matching requirements.

CIAP Draft Guidelines, Section 4.2.2. Funds Distribution Limitation

Within this section, the phrase "...and mitigation of the impact of OCS activities through ...and public service needs." The State recommends that MMS define or otherwise clarify what projects and activities would qualify as a "public service need."

CIAP Draft Guidelines, Section 4.7. Time Limitation of Funding and Section 5.2.6. Proposed Project Lists

The guidelines establish that projects be funded with specific fiscal year allocations, and that the grant shall be issued for a 4-year award, with the possibility of a no-cost extension. The State of Alaska expects to receive at least the minimum CIAP allocation, or approximately \$2.5 million annually. Based on the allocation formula, 35% of that money will go directly to the eligible coastal political subdivisions, or approximately \$875,000, with 50% of that amount going to only two of the eligible coastal political subdivisions, leaving approximately \$437,500 to be split between all eight of the eligible coastal political subdivisions based on the formula related to coastal population and number of miles of coastline. If these approximate numbers hold true, six of the eight eligible coastal political subdivisions may be eligible for an annual CIAP grant of ~\$50,000. While this is important, that amount may not be enough to secure or fund certain projects on an annual basis. The State recommends that MMS revise Section 5.2.6. and/or other sections to clarify that grant monies from multiple fiscal years can be combined for a single project. As well, in the case where grant monies from multiple fiscal years can be combined for a single project, the State recommends that MMS clarify whether, how, and when the CIAP grant monies are distributed, and the details of how the State or an eligible coastal political subdivision would

¹ "Coastal resource district" is defined at Alaska Statute 46.40.210(2). There are 28 active coastal resource districts in Alaska. In many of these coastal resource districts, the lands and waters included within the coastal zone boundary are a subset of the lands and waters within the political boundaries. As an example, view the enclosed map, and note the difference between the coastal zone boundaries and the political boundaries of the North Slope Borough.

establish and place those grant monies in an interest bearing trust fund account, as identified in Section 31(d) of the Outer Continental Shelf Lands Act (43 U.S.C. 1356a).

Appendix A. Section 384 of the Energy Policy Act of 2005: Coastal Impact Assistance Program Within Section 31(b)(4)(B)(ii)(I) and (II), page 12, the phrase “the number of miles of coastline” is used to determine a portion of the allocation formula for payments to the coastal political subdivisions of the State. While Section 31(a)(4) provides the definition to mean “... the term ‘coast line’ in section 2 of the Submerged Lands Act(43 U.S.C. 1301)”, it is not clear how the coastline will be measured. Certain measuring schemes or assumptions can result in drastically different calculations. The system or procedure used to calculate the coastline mileage for the coastal political subdivisions should take advantage of the recent advances in measurement systems and schemes, and should provide an accurate and objective measurement. The State would like to participate in the discussion and selection of the coastline mileage measurement system.

Appendix B. Eligible Coastal Political Subdivisions

The draft guidelines identify only two eligible coastal political subdivisions. However, as included in my letter to you dated March 22, 2006, there are eight eligible coastal political subdivisions in the State of Alaska. They include the North Slope Borough, Northwest Arctic Borough, Municipality of Anchorage, Bristol Bay Borough, Kenai Peninsula Borough, Kodiak Island Borough, Lake and Peninsula Borough, and Matanuska-Susitna Borough. The State recommends that MMS revise Appendix B to incorporate these municipalities as eligible coastal political subdivisions.

The State of Alaska appreciates the opportunity to comment on these important draft guidelines, and looks forward to working with you on successfully developing and implementing these guidelines and a CIAP plan for Alaska. If you have any questions or need further information, please do not hesitate to contact me at (907) 465-8797.

Sincerely yours,

Randy Bates
Acting Director

cc: Roswell Schaeffer, Sr., Mayor, Northwest Arctic Borough
Edward Itta, Sr., Mayor, North Slope Borough
Timothy Anderson, Mayor, Matanuska-Susitna Borough
Glen Alsworth, Sr., Mayor, Lake and Peninsula Borough
Jerome Selby, Mayor, Kodiak Island Borough
Mark Begich, Mayor, Municipality of Anchorage
John Williams, Mayor, Kenai Peninsula Borough
Michael Swain, Sr., Mayor, Bristol Bay Borough
Annabelle Alvite, Northwest Arctic Borough
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Yvonne Kopy, Bristol Bay Borough

Gary Williams, Kenai Peninsula Borough

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