

Alaska Geologic Materials Center Replacement Facility**FY2013 Request: \$4,000,000****Reference No: 54683****AP/AL:** Appropriation**Project Type:** Renewal and Replacement**Category:** General Government**Location:** Statewide**House District:** Statewide (HD 1-40)**Impact House District:** Statewide (HD 1-40)**Contact:** Cheryl Lowenstein**Estimated Project Dates:** 07/01/2012 - 06/30/2017**Contact Phone:** (907)465-5655**Brief Summary and Statement of Need:**

This project will pursue a replacement facility for the Alaska Geologic Materials Center for archiving the state's legacy collection of geologic samples and related data. This irreplaceable and growing collection represents geologic resource exploration activity in Alaska over the past 70 years. The existing facility has become inadequate for proper storage and access to the current and future collections. Successful future resource exploration could potentially be impacted by the preservation of this geologic resource library and an adequate facility for exploration geologists to examine the samples. This project will evaluate potential options for a replacement facility.

Funding:	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	Total
Gen Fund	\$4,000,000						\$4,000,000
Total:	\$4,000,000	\$0	\$0	\$0	\$0	\$0	\$4,000,000

<input type="checkbox"/> State Match Required	<input type="checkbox"/> One-Time Project	<input checked="" type="checkbox"/> Phased - new	<input type="checkbox"/> Phased - underway	<input type="checkbox"/> On-Going
0% = Minimum State Match % Required		<input type="checkbox"/> Amendment	<input type="checkbox"/> Mental Health Bill	

Operating & Maintenance Costs:

	<u>Amount</u>	<u>Staff</u>
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:

SLA2005/CH3 \$100,000; SLA2008/CH29 \$1,500,000

Project Description/Justification:

The Geologic Materials Center (GMC) in Eagle River is the cornerstone for the state's resource data infrastructure. Samples and data in this collection have been the link to the discovery and development of oil, gas and mineral resources in Alaska that has provided hundreds of millions of dollars in state revenue, created jobs, and provided an economic engine for the state. The condition of the current facility threatens that economic growth.

The Geologic Materials Center maintains a comprehensive archive of geologic samples that supports and facilitates energy and minerals related exploration and development. Maintaining this archive is a responsibility of the Department of Natural Resources' (DNR) Division of Geological & Geophysical Surveys (DGGs). This valuable geologic information, the product of hundreds of millions of dollars of exploration and production drilling throughout the state and offshore waters, is at risk of damage or loss under current facility conditions; the growing collection has far exceeded the available warehouse space and is currently 70% over capacity. Continual growth of the collection is accommodated presently by addition of unheated and unlighted 40-foot shipping containers, currently numbering 60. Some samples stored in these outdoor containers are showing signs of deterioration from mold,

mildew, and freeze-thaw. In addition, because the facility lacks sufficient layout space for examining long cores, an exploration company that does not have its own archival core facility (currently only one company in Alaska does) must take large sample collections off-site from GMC for interpretation and analysis to help identify possible exploration targets. This situation puts the samples at risk of loss or damage and is highly unusual for a state that contains such overwhelming resource potential and depends so heavily on natural resource development.

A positive aspect of the center is that a constant influx of valuable new geologic material is received yearly and, despite its serious shortcomings, the center continues to accommodate 450-500 visits annually, mostly from energy and mineral industry exploration companies. The growing collection is partially the result of state regulations that require certain geologic samples to be turned over to the state for safekeeping and to allow public access. The GMC also receives numerous donated collections from the private sector. Some of the larger donations have created severe space limitations, and are themselves at risk of damage or loss. The information gathered from these unique geologic samples is critical for facilitating a vibrant and competitive exploration industry.

The operating budget of the GMC is approximately \$250,000 annually, much of which is spent on maintenance, repair, and retrofit of the facility. A replacement facility will provide reasonable, timely public access to geologic samples for technical analysis, thereby facilitating development of new oil, gas, and mineral exploration projects. In turn, these operations have direct revenue-generating capabilities through lease payments, royalties, and taxes. Increased exploration and development also have dramatic effects on the private-sector job market. Improved access to the samples, and improved ability to analyze them, will create service-industry and consulting opportunities in the high-paying resource-development industry. Because about 80 percent of the GMC's usage is by the oil and gas exploration industry, a replacement facility is best located in or near Anchorage, which is the Alaska base of this industry.

**Alaska Geologic Materials Center Replacement Facility
Phase 2 of 4**

**FY2014 Request: \$15,000,000
Reference No: 54683**

AP/AL: Appropriation

Project Type: Renewal and Replacement

Category: Natural Resources

Location: Statewide

House District: Statewide (HD 1-40)

Impact House District: Statewide (HD 1-40)

Contact: Cheryl Lowenstein

Estimated Project Dates: 07/01/2013 - 06/30/2018

Contact Phone: (907)465-5655

Brief Summary and Statement of Need:

This project will pursue a replacement facility for the Alaska Geologic Materials Center for archiving the state's legacy collection of geologic samples and related data. This irreplaceable and growing collection represents geologic resource exploration activity in Alaska over the past 70 years. The existing facility has become inadequate for proper storage and access to the current and future collections. Successful future resource exploration could potentially be impacted by the preservation of this geologic resource library and an adequate facility for exploration geologists to examine the samples. This project will provide phased funding for a new state owned facility.

Funding:	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	Total
Gen Fund	\$15,000,000	\$10,000,000	\$5,500,000				\$30,500,000
Total:	\$15,000,000	\$10,000,000	\$5,500,000	\$0	\$0	\$0	\$30,500,000

<input type="checkbox"/> State Match Required	<input type="checkbox"/> One-Time Project	<input type="checkbox"/> Phased - new	<input checked="" type="checkbox"/> Phased - underway	<input type="checkbox"/> On-Going
0% = Minimum State Match % Required	<input type="checkbox"/> Amendment	<input type="checkbox"/> Mental Health Bill		

Operating & Maintenance Costs:

	<u>Amount</u>	<u>Staff</u>
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Prior Funding History / Additional Information:

Sec1 Ch5 SLA2012 P2 L10 SB 160 \$4,000,000

Project Description/Justification:

The Geological Materials Center (GMC) is located in Eagle River and opened in 1984. The GMC is the cornerstone for the State's resource data infrastructure. Samples and data in this collection have been the link to the discovery and development of oil, gas and mineral resources in Alaska that has provided an economic engine for the State.

The GMC maintains a comprehensive archive of geological samples that supports and facilitates energy and minerals related exploration and development. The current collection includes 13,000,000 feet of rock core and drilling cuttings, 250,000 feet of diamond drill cores from hard rock explorations, 1,600 samples from oil and gas exploratory and production wells, 275,000 processed samples for microscopic analyses and 400 data reports from historic sample analysis.

Storage is currently 70% over capacity. A constant influx of valuable new geologic material is received yearly and despite its serious shortcomings, the center continues to accommodate 450-500 visits annually, mostly from energy and mineral industry exploration companies. The growing

collection is partially the result of state regulations that require certain geologic samples to be turned over to the state for safekeeping and to allow public access. The GMC receives numerous donated collections from the private sector and current discussions include possible large donations from Conoco Phillip and BP exploration.

This valuable and irreplaceable geological collection, the product of hundreds of millions of dollars of exploration and production drilling throughout the state and offshore waters, is at risk of damage or loss in the current facilities.

The GMC is currently located in abandoned state fish hatchery buildings and sixty unheated and unlighted 40 foot shipping containers. The collection in the containers is showing signs of deterioration from mold, mildew and freeze / thaw conditions.

A replacement facility will provide reasonable, timely public access to geologic samples for technical analysis, thereby facilitating development of new oil, gas and mineral exploration projects. In turn these operations have direct revenue generating capabilities through lease payments, royalties and taxes. Increased exploration and development also have dramatic effects on the private sector job market. Improved access to the samples and improved ability to analyze the samples will create service industry and consulting opportunity in the high-paying resource development industry.

Through a due diligent analysis; research; public request for information, site visits of other GMC located in Calgary, Denver and Austin; land availability, and inspection of existing facilities, the Department of Administration (DOA) recommends replacement of the facility.

In FY2014, DOA is requesting a phased capital appropriation in the amount of \$15,000,000. The initial funding will provide building improvements, high density shelving, and concrete slab upgrade to accommodate heavy loads and equipment that will accommodate 250% of the State's geological inventory. Subsequent phased capital appropriations will increase the facilities ability to accommodate 450% capacity, additional shelving, building systems replacement, and construction of additional offices, laboratories and public viewing rooms.

The new state owned GMC facility could be placed into the Public Building Fund PBF program ensuring the facility is maintained and operated to acceptable standards and quality. Building expenses are captured and passed through to the PBF rates charged to Department of Natural Resources (DNR). Additionally, DNR can subsidize the cost of annual operating expenses through the collection of user fees. Annual increases will be projected using historical information and known increases to personal services, contractual and commodities.

CAPITAL REQUESTS

Alaska Geologic Materials Center Replacement Facility \$15.0 (million) GF

Current AGMC Facility



Change storage (above)
to high density storage
rack system (below)



AGMC New Facility Renderings

