

MEMORANDUM

Department of Natural Resources

STATE OF ALASKA

Division of Mining, Land, and Water

TO: Rep. Mia Costello, Chair
House Finance Subcommittee

FROM: Brent Goodrum
Director

DATE: January 29, 2014

TELEPHONE NO: 269-8625

SUBJECT: Permit Backlog Plan
Status Update

Please accept this status report of our efforts that were proposed in the Permit Backlog Plan memo that was submitted to you on February 11, 2011.

The plan was a multifaceted approach to eliminate the permitting backlog and change how we were doing business so as to not fall back into a backlog once it is eliminated. Components of the plan included increments to increase the number of funded positions dedicated to this work, work on efficiencies in business process, and evaluate statutes, regulations, and procedures for improvements. The division has been active on all fronts and I will break this down as follows:

Overview of Backlog status

At the beginning of FY12, there was a backlog of 2,658 authorizations for the main types of authorizations necessary for development projects. The backlog has been reduced by 53.5% and at the end of CY13, it stands at 1,237. This includes applications for permits, leases, easements, material sales, water rights, and reservation of water applications. This did not include the other types of authorizations or the administrative and field workload for the existing authorizations.

- During CY13 the Division issued 590 authorizations for Permits, Easements, Leases, Material Sales, Water Reservations and Water Rights for the appropriate use of state lands and water resources. This represented the second most authorizations issued during the proceeding 5 years. (Note: During CY11 the Division issued 605 authorizations.)
- If you compare the average number of authorizations issued for CY08-10 and CY11-13 you will notice a 32% increase (445 vs. 586 issued authorizations on average).
- The average number of Temporary Water Use Authorizations issued during CY11-13 increased by 267% as compared to CY08-10 (168 vs. 63 authorizations on average).

The division processed 90% of the number of incoming applications in FY13. The numbers of applications increased during the same time. Although processing cycle times have remained somewhat consistent, certain changes in statutes and process such as for material sales and lease renewals have reduced cycle times for those authorizations. Please also refer to the attached charts that explain our success.

It is of interest to note that since FY2005 the State of Alaska has increased the number of state uplands that it actively manages by greater than 10%. This is a gain of over 10 million acres. The only other state in the United States that has greater than 10 million acres in ownership is New York at just over 11 million acres. Alaska is still entitled to bring into state ownership over 5 Million acres from the federal government.

One of the key measures of the change is in positive customer satisfaction. We have seen an increase in the number of clients that are expressing satisfaction of the service DNR is providing. In fact at times some people were surprised at how fast we could turn around some types of requests compared to the old way of doing business. We have many more improvements to come, but this change is beginning to become evident to customers.

Goal: To timely process all incoming land and water use applications, and to eliminate the backlog.

Strategies employed:

Staffing and workload management

- The division aggressively recruited and trained the previously vacant, newly funded and 6 newly created positions and continued to rapidly fill emerging vacancies when they occurred in order to intently focus staff resources on the elimination of the backlog and the processing of incoming applications.
- The division prioritizes those authorizations for adjudication and decision that have strong statewide or regional impact and provide opportunities for energy cost reduction, jobs, and contracts. However as more of the backlog has been addressed, staff is addressing all types of applications while at the same time trying to address new applications that come in.
- With the increased staffing with the process changes employed to date, we can process 90% of all incoming applications.
- Exceeded expectation of processing 250 backlogged applications annually. Over 400 backlogged applications have been processed each year since FY12.
- The full time equivalent position in the SE Alaska region helped to move more municipal entitlement work as well as tideland conveyances to municipalities. In a recent example we were able to expedite the decision on a critical tideland conveyance to the City and Borough of Juneau where they had already begun the contracting process for a dock before they had the land ownership.
- With many new staff we have invested in training new staff and tightened up direction for staff on certain procedures and policy so that there is consistency of business practice. We have also begun to invest in more manager training to instill in our managers the focus of efficiency, quality control, and better personnel management to get the most out of our employees.

Efficiencies

- The division conducted a comprehensive review of the division's permitting processes and found changes that will increase efficiency.
- Special teams were formed in various sections to tackle some of the backlog. For instance there was a team that works easement backlogs because that was one of the largest backlogs. They are not distracted by the ongoing management activities so they can concentrate on the backlog cases.
- Field presence has increased with the additional funding which helps address problems earlier, avoiding a larger problem later, and also increases compliance with the permit stipulations. It has however increased the number of reported unauthorized uses of state land which does add to the backlog of issues that must be addressed.

- The department began a concerted effort to accelerate the appeals process and working through the appeals backlog.
- The division has not been able to work on contracting with the private sector yet to help with adjudication but has utilized non-perm staff in several instances to help accelerate large adjudication processes.
- The division continues to work on the Unified Permit project to develop computerized systems to automate, accelerate, as well as gain greater consistency in our permitting process. The land use permit process has been developed in the system and helps to reduce data input duplication, establishes consistency of process and outcome. The division is now working on water authorizations and will release the first phase of the water permitting system that will help staff move through the backlog in a more efficient manner. Much has yet to be done, but a large part of the foundation for change has been developed.
- Adoption of the Electronic Case File (and associated governance) was enabled by the Division's transition to the Business Process Management System component of the Unified Permit Project.
- As the Unified Permit Project continues to develop and mature we anticipate that the Division's permitting process will continue to become more transparent to our customers as well as provide other means of accessing the permitting process.
- As more authorizations are issued that require surveys, the division has prioritized the work for survey instructions and as-built reviews for easements and leases and to assist in other disposal of interest decision work in order to not slow down the processing of authorizations. We are also reviewing ways to segregate the type of surveys required for different types of authorizations to determine if we can reduce the overall time and cost of surveys.

Statute, Regulation and Policy Change

- Staff reviewed applicable statutes to determine if there were changes that could create efficiencies. There were over 30 potential statutory changes identified, some more significant than others. The changes centered on efficiencies, correcting conflicts in statutes, removing ambiguities, and addressing potential litigation concerns. Of these recommendations, after vetting with the Governor's office, some were included in what was passed as HB361 in second session of the 27th Legislature and others in HB77 currently under review. Some of the changes created immediate efficiencies whereas other portions will create efficiencies over time. It is anticipated that more suggested changes may be brought forward in the future.
- As an example of efficiencies realized by a statutory change we can look at the amount of time saved by the changes to the material sale statutes in HB361 as enacted. When someone asked for a material sale out of an existing material site in the past, they could expect to pay public notice advertising costs, wait likely no less than 90 days with the delays for agency review, writing preliminary decision, 30 days of notice, and writing the final decision, and appeal period. With the changes, if the material site was previously established, and we by decision established hundreds of sites under the new statute, the process to issue a material sale contract out of that site could be done in a matter of a few days depending on staff time availability and priorities. The staff are only required to write the contract with appropriate stipulations. This has not only saved our staff time, but has saved businesses time and costs.
- The department continues to evaluate regulatory relationship between the state, federal and local governments. As a start, the Commissioner's office conducted interagency meetings with ADFG and ADEC to determine if there were better ways to conduct business. The Commissioner's office also conducted public meetings statewide to gather input on state permitting processes.
- Likewise the division reviewed regulations as part of this work plan as well as under the Governor's AO266. The division has begun work on changing some regulations and will continue that effort.

Related Support

- Certain special funds for projects like getting the Rex Trail prescription report helped to take us closer to resolve on a project like this that consumes a lot of staff time. The sooner that we can resolve problems like this, the less staff time is diverted from working other authorizations.
- Staff efforts on litigation continue to increase. We have used the funding for litigation support to work on many cases. From tracking this effort, the division used \$354,805 of staff time on litigation efforts in FY13 and the \$200,000 provided by the Legislature helped the division to offset some of that time with bringing on short term non-perms to work on efforts that were displaced by the litigation efforts. In FY14 in the first six months DMLW has spent \$353,697 in staff time on litigation efforts.
- The division restructured its budgetary components which did provide more flexibility to respond to organizational restructuring. Some positions were moved from one area to another in the division to concentrate on key areas of backlog and future anticipated work load.

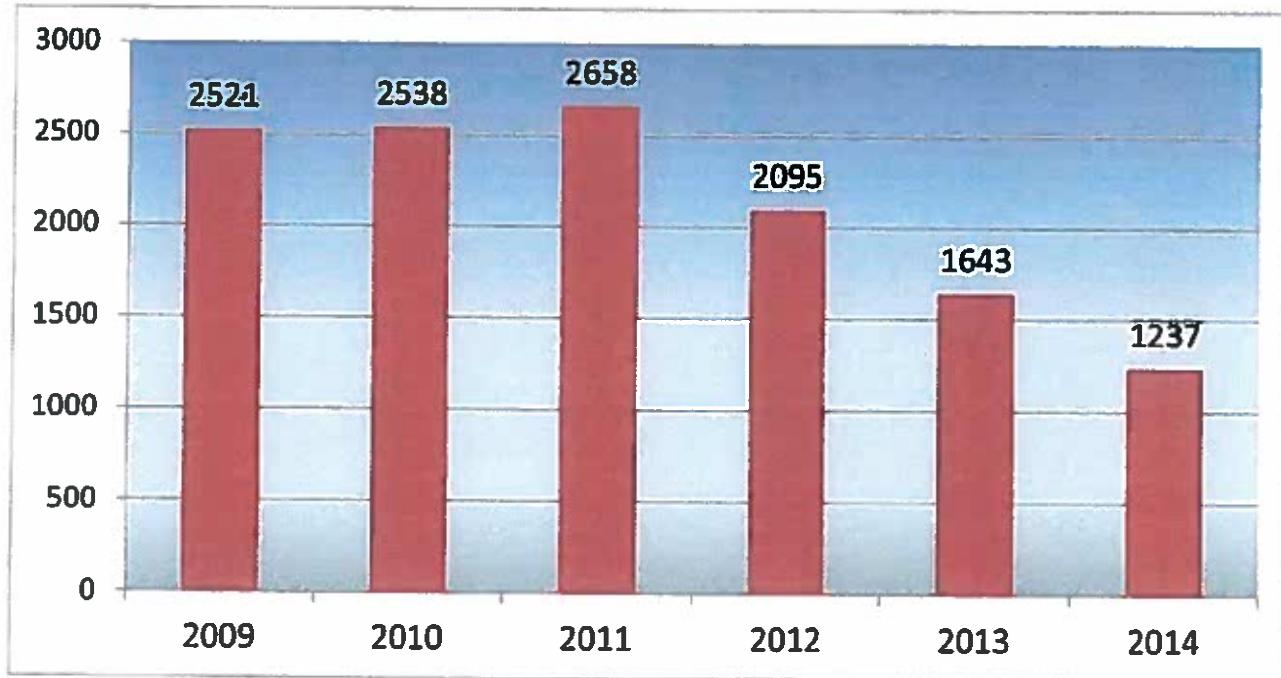
Summary:

The division has made much progress on the commitment toward the elimination of the permitting backlog. As summarized above, this is a multi-faceted approach to not only eliminate the backlog, but process 100% of incoming applications in a timely, certain and efficient manner that will prevent the Division from sliding back into a backlog. This will be good for businesses, communities and the general development and use of Alaskan land and water resources.

I would be happy to meet with you to explain further any of our efforts in this arena.

Complete applications before Division of Mining, Land and Water						
	1 July snapshots			1 January snapshots		
	2009	2010	2011	2012	2013	2014
Permits	356	314	330	233	127	82
Leases	291	297	304	267	159	108
Easements	635	658	653	527	449	346
Material Sales	187	181	189	101	50	38
Water Rights	719	742	828	628	520	497
ISFR	333	346	354	339	338	166
Total	2521	2538	2658	2095	1643	1237

Just 6 months between
these snapshots
Focused permitting
efficiency efforts and
additional resources began
1 July 2011



DMLW ISSUED AUTHORIZATIONS		Calendar Year								
Count of File Number		2008	2009	2010	2011	2012	2013			
DMLW Permits		192	195	240	309	271	267	1474		
Easements (Private and Public)		72	38	39	33	30	46	258		
Leases		47	59	105	105	69	59	444		
Material Sales		28	29	25	40	62	42	226		
Temporary Water Use		62	50	77	145	191	168	48		
Water Reservations (Instream Flow)		2	13	15	4	25	59	166		
Water Rights		124	106	22	103	128	151	634		
Grand Total		525	479	521	750	755	758	3788		
								754		

	2011-2013	End of CY13
	3 Year Avg	Backlog
DMLW Permits	282	82
Easements (Private and Public)	36	346
Leases	78	108
Material Sales	48	38
Temporary Water Use	168	166
Water Reservations (Instream Flow)	15	15
Water Rights	127	497
Total	754	1237

