



MEMORANDUM STATE OF ALASKA

Department of Natural Resources Office of the Commissioner

TO: Sen. Bert Stedman, Chair
Senate Finance Subcommittee

DATE: February 28, 2019

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FROM: Marty Parsons
Director

SUBJECT: Permit Backlog Plan
Status Update

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

The 2011 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 budget increments adding new positions dedicated to this work, work on efficiencies in business process, and evaluation of statutes, regulations, and procedures for improvements.

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. These include applications for permits, leases, easements, material sales, water rights, and reservations of water, but not the other types of authorizations or the administrative and field workload for existing authorizations. The backlog has been reduced by 61.8% and at the end of CY18, stood at 1,013.

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

Since the last update memo dated January 29, 2014, the Division focused on the following strategies to address remaining backlog:

Staffing and workload management

- The Division is prioritizing those authorizations for adjudication and decision that have strong statewide or regional impact, and provide opportunities for energy cost reduction, jobs, and contracts.
- The Division's Leadership team is focusing on identifying training needs and gaps to ensure that all staff have the knowledge and tools that they need to complete their work. Training goals are to reduce errors, work product review loops, and re-work.
- The Division's Leadership team is reviewing staff turnover data and how turnover impacts its authorization processing capacity due to steep learning curves for natural resource specialists and managers.

Efficiencies

- In FY17-18 the Division conducted an inventory of its permitting processes. Through the inventory effort, it was determined that there are approximately 100 processes that directly and indirectly affect authorization lead times.

- The Division continues to work on the Unified Permit Project to develop computerized systems to automate and accelerate and make more consistent our permitting processes. Permit, easement, lease, and water right processes are in use. Our continuous process improvement effort is currently focused on increasing cross-authorization consistency in stipulations across land authorizations.
- The Unified Permit team is focused on increasing accuracy and transparency in our backlog reporting. Initial review and analysis of lease backlog numbers in February 2019 resulted in a more appropriate re-characterization of 76% of the backlogged lease applications (down from 111 to 27 cases). Work is underway to improve future data entry to ensure that reporting better reflects application statuses going forward. Similar evaluation will be completed for permit, easements, and water right application statuses.
- The Division has been successful in eliminating sub-backlogs e.g. for Title Report Requests, Survey Instructions, and Statewide Plat Reviews, all of which had contributed to processing delays.
- The Division is testing out a new application triage process that prioritizes and sets target issuance dates for authorizations and provides management direction to assigned adjudicators.
- The Division has been focused on growing a cadre of change agents on the Senior Leadership Team who possess technical expertise, leadership qualities, a focus on innovation, and resilience in the face of heavy workloads and change management challenges, all of which are necessary to enable a culture of continuous process improvement.

Statute, Regulation and Policy Change

- Staff continue to review statutes and regulations to seek changes that could create efficiencies. Some of the changes identified created immediate efficiencies, while others will create efficiencies over time. We anticipate more changes may be brought forward in the future.

Continued Challenges Delaying Backlog Elimination Efforts

- Staff time spent supporting litigation efforts and special projects consume staff time and contribute to decreased capacity in adjudication and stewardship.
- Stable and predictable budgets are essential to establishing an environment fostering recruiting and retention of highly-skilled adjudicators and other personnel.
- A fully-staffed and stable work environment is a critical key to a timely permitting process. Approximately 12 months is required to recruit, hire and train staff to fill vacancies before they attain sufficient knowledge to adjudicate application without significant supervision.

- The number of large and complex projects requiring additional internal and external coordination efforts is growing, reducing bandwidth and important progress on smaller authorization applications and projects.
- New modern tools that empower business users to take on a greater role in process improvement are being met with resistance from Office of Information Technology. We continue to work through OIT's specific concerns on these line of business solutions at the cost of slower adoption of such tools and at a significant risk of non-renewal in the future.
- Enforcement of unauthorized use is a necessary function of the Division. However, it comes at the cost of adding to the application backlog as staff require users to submit application for previously unauthorized use as a way to bring them into compliance.
- Long lead times to implement statutory and regulatory changes (1-2 years), in addition to a significant level of effort to prepare such changes (1-2 years) delay the potential value of such changes to our customers. Delays in implementation may result in unintended consequences due to changes in language and/or scope established in the regulatory or statutory process.
- The Division is still working to catch up with the exciting increased interest in Alaska's mariculture/aquaculture industry, and to find possible solutions to accelerate authorizations.
- DNR's permitting process grows ever-more complex. It is *necessarily* deliberative and is governed in many instances by court decisions and other factors that require extensive public comment and review. At the end of the day, DNR has a responsibility to issue legally defensible permits.

Summary

The Division has made significant progress on its commitment to eliminate the permitting backlog. As summarized above, this is taking a multi-faceted approach not only to eliminate the backlog, but also to process 100% of incoming applications in a timely, certain, and efficient manner that will prevent the Division's backlog numbers from increasing. This will be good for businesses, communities and the general development and use of Alaska's land and water resources.

I am optimistic that the division can and will continue to make progress on improving our permitting system to help ensure that we are responsive and moving at the "pace of business."

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