

University of Alaska

Land Grant Status & Land Use Update

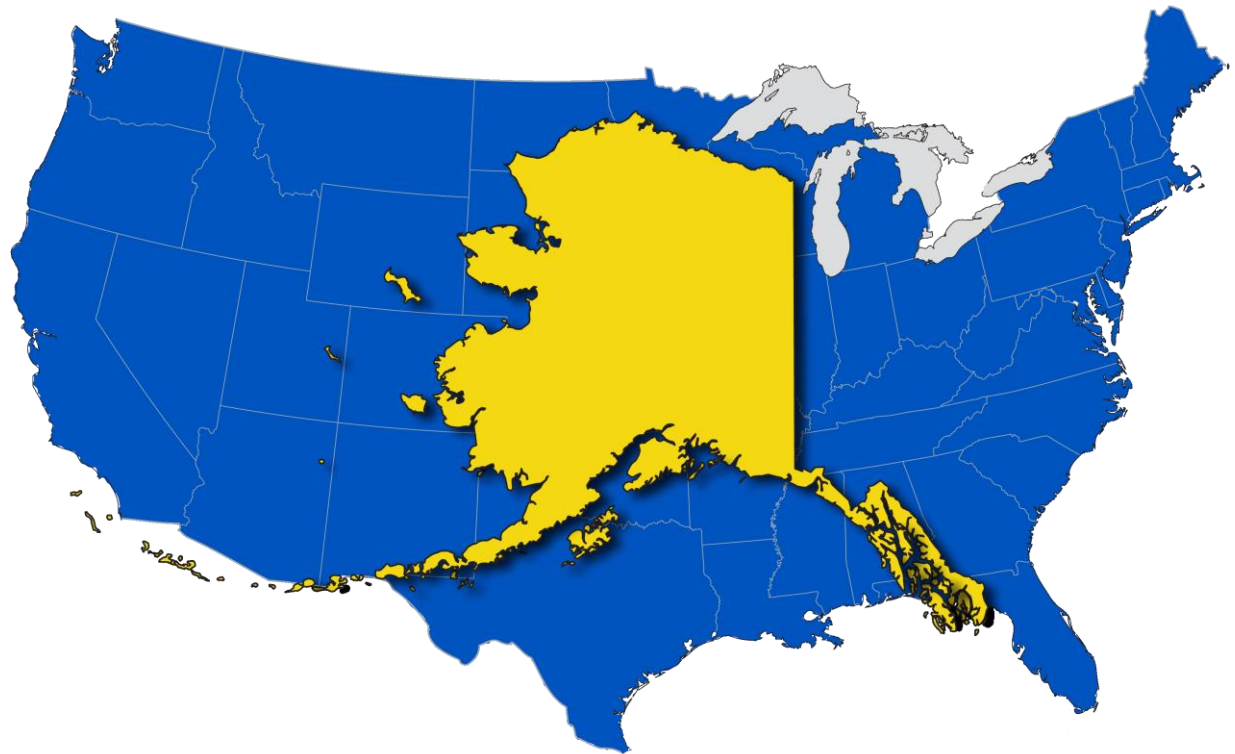
Senate Resources Committee
April 6, 2018

Agenda

- ✧ Public Land Grant Deficit History
- ✧ Current Thinking on Solution
- ✧ Existing University Land Holdings
- ✧ UA Land Trust Performance

Landless 'Land Grant University'

- ✧ Only Delaware and Hawaii received smaller public land grants than Alaska
- ✧ UA only received ~ 110,000 acres of its land grant entitlement
- ✧ UA's estimated land grant deficit is 360,000 acres



Federal Land Grant University

Pre-statehood, the University should have received lands under three federal laws:

- ✧ **1862 Morrill Act:** Congress provides over 11 million acres of federal land to states & territories to create a system of public land grant colleges and universities. Each existing and future state would receive 30,000 acres per each member of Congress, dedicated for higher education.
- ✧ **1915 “Wickersham” Land Grant Statute:** UA was to receive large acreages in interior Alaska within the Tanana Valley.
 - ✧ Section 33 of each township in the Tanana rectangle, an estimated 336,000 acres. In Territorial era the lands remained unsurveyed, and less than 5% were ever conveyed to UA.
- ✧ **1929 “Sutherland” Land Grant Statute:** Congress granted an additional 100,000 acres of land to the Territory of Alaska, for exclusive use and benefit of the Alaska Agricultural College and School of Mines – later to become the University of Alaska.

UA Land Grant History

- ✧ **1959 Statehood:** while early statehood bills reserved 10 million acres for UA; the final Statehood Act did not.
 - ✧ Congress gives 103 million acres entitlement to Alaska, expecting the state legislature to provide UA a land endowment from those lands.
 - ✧ Congress repeals the 1915 Wickersham land grant, and removes Alaska's eligibility for Morrill Act lands.
- ✧ **1959 First Alaska Legislature:** reserves 1 million acres to UA; Governor Egan vetoes.
- ✧ **1966 – 1980:** Congress passes the Alaska Native Claims Settlement Act and the Alaska National Interest Lands Conservation Act. UA's land entitlement remains unresolved.
- ✧ **1997-2005:** Alaska Delegation introduces several federal bills attempting to address UA's land deficit.
- ✧ **2000 State Legislation:** SB 7 authorizes the University to select up to 260,000 acres of state land.
 - ✧ Governor Knowles vetoes; Legislature overrides but less than three-quarter vote. Alaska Supreme Court rules land conveyance is not an appropriation, but declines addressing the dedication clause issue.
- ✧ **2005 State Legislation:** HB 130 identifies specific lands that DNR is to transfer to UA.

UA Land Grant History

- ✧ **2007 Southeast Alaska Conservation Council Files Lawsuit:** arguing the law violates the states anti-dedication clause. The State and University defend the law.
- ✧ **2009 Supreme Court Decision:** Alaska Supreme Court strikes down HB 130 holding that the legislature can not establish a permanent land endowment for UA, under the state constitution's anti-dedication clause (*Article 9 Section 7*).
- ✧ **2010 State Legislation:** Governor Parnell introduces HB295 partially modeled after HB130 but without permanent endowment; the legislation does not pass.
- ✧ **2010:** the University complies with the Superior Court deadline and transfers the HB130 lands back to Dept. of Natural Resources.
- ✧ **Today:** UA owns ~150,700 acres, most from 1929 Sutherland Act, private parties, as well as local governments. UA's deficit remains approximately 360,000 acres.

Where We Stand Today

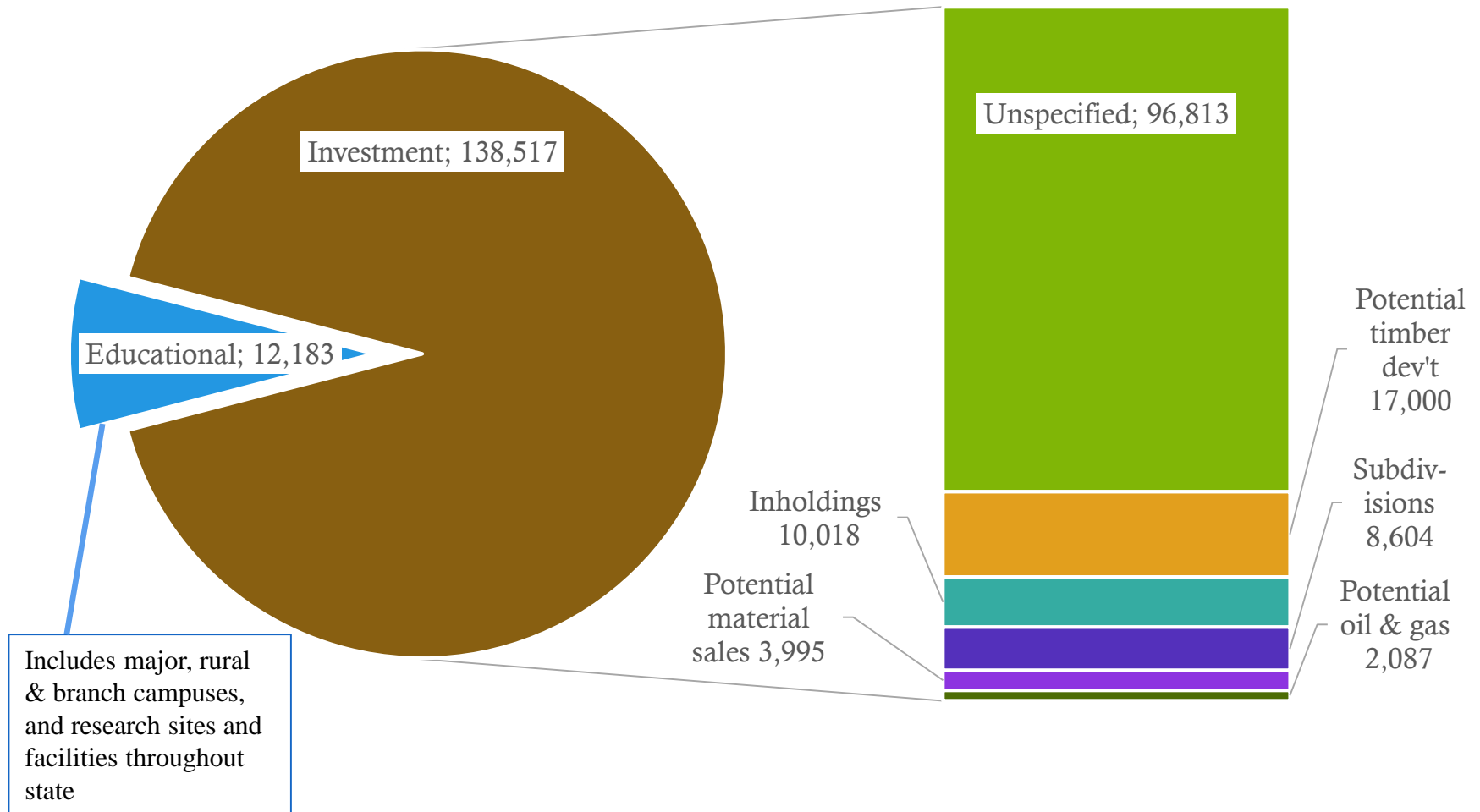
- ✧ The University's land grant deficit is approximately 360,000 acres.
- ✧ A larger permanent land endowment would allow UA to generate more revenue, and over time help moderate state general fund support.
- ✧ State legislators have repeatedly attempted to remedy the deficit, but must do so in a way that is compatible with the Alaska Constitution.
- ✧ The federal government's position is that University land was included in Alaska's Statehood Act grant, and it has resisted remedies that rely solely on providing additional federal lands.

Is There a Solution?

- ✧ The state anti-dedication clause has an explicit exemption:
“when required by the federal government for state participation in federal programs”.
- ✧ A federal program establishing a permanent UA land endowment, with a condition that state participation requires contribution of lands to the federal endowment, would provide a structure that is congruent with the Alaska Constitution.
- ✧ Discussions are underway with DNR and the congressional delegation on introducing federal legislation to establish such a program.
- ✧ The Congressional delegation is looking for a good-faith indication on the part of the State that it would be willing to collaborate in this effort.

Current UA Land Holdings

~150,700 Total Acres



Current UA Land Holdings

| UA Investment Designated Properties w/Fee Simple and Surface Rights | | | |
|---|------------------|----------------------|---------------|
| Highest/Best Uses | Acres | Number of Properties | % Holdings |
| Timber | 24,954.0 | 65.0 | 18.0% |
| Land - Remote Recreation | 24,683.8 | 169.0 | 17.8% |
| Material | 19,118.1 | 18.0 | 13.8% |
| Land - Residential | 17,571.0 | 1,389.0 | 12.7% |
| Mitigation - Wetlands | 14,366.9 | 48.0 | 10.4% |
| Oil & Gas | 12,476.8 | 41.0 | 9.0% |
| Mineral | 8,844.4 | 16.0 | 6.4% |
| Firewood | 6,595.6 | 16.0 | 4.8% |
| Land - Commercial | 5,411.4 | 82.0 | 3.9% |
| Land - Waterfront Development | 2,026.9 | 32.0 | 1.5% |
| Land - Commercial Recreation | 1,255.3 | 10.0 | 0.9% |
| Land - Restriction | 572.8 | 6.0 | 0.4% |
| Mitigation - Conservation | 500.0 | 1.0 | 0.4% |
| Revenue Commerical Property | 77.3 | 4.0 | 0.1% |
| Total: | 138,454.2 | 1,897.0 | 100.0% |

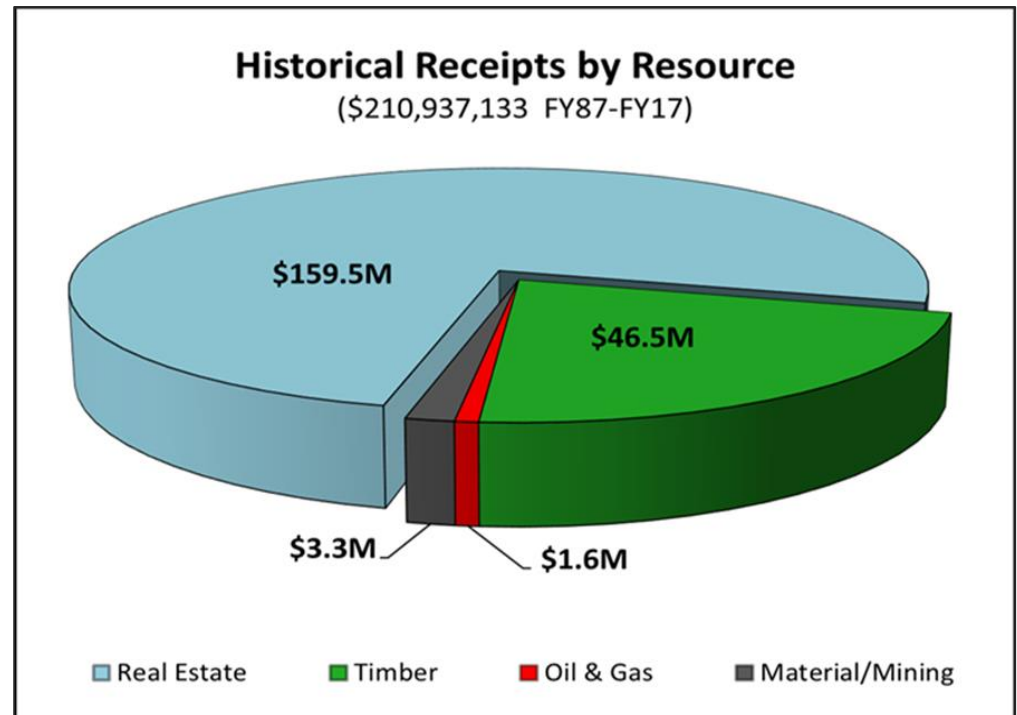
Monetizing UA Lands

Intended for a Return:

Trust investment lands are actively monetized as Congress intended.

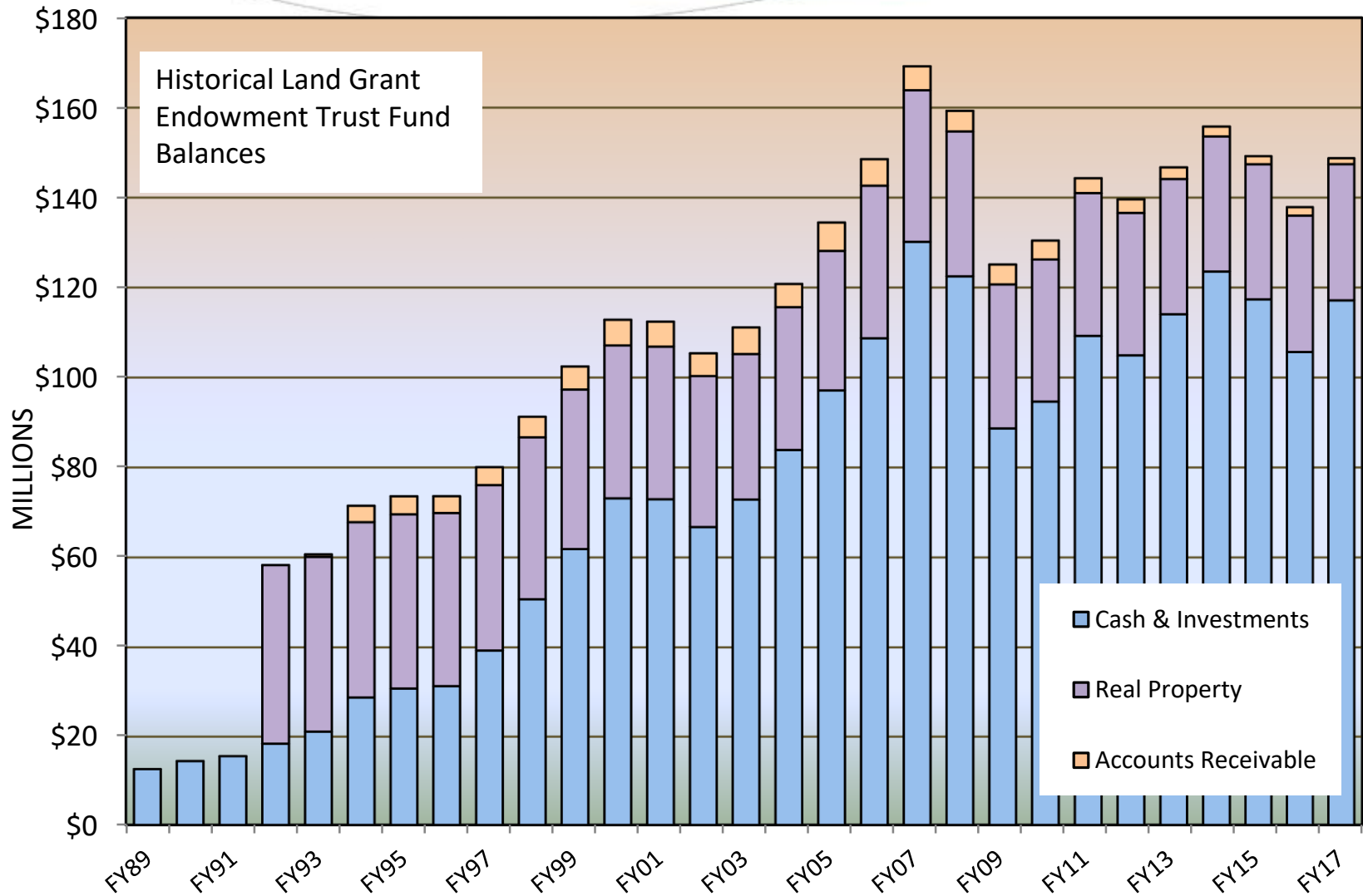
Positive income comes from:

1. Property (land) sales.
2. Forest Timber sales.
3. Gravel & rock extractions.
4. Commercial/private leases.
5. Mining Coal, Oil, and Gas.
6. Easements.



Over \$210 million generated since '87 with limited Trust land assets

UA Land Trust Balance



Land Returns - Comparison

Trust Land Sales:

- Finite supply – UA's land grant is one of smallest in country.
- High value land was sold early.
- One time benefit, once sold they are gone forever.
- Lands remote & inaccessible.

FY88 thru FY17

All Trust Revenue
Generated = \$128.9 M

Total Trust acres = 110,000

**All Revenue
on per acre basis = \$116.27**

Trust Timber Harvests:

- Forest parcels regenerate.
- Successful UA Stewardship.
- Provide far higher revenue.
- Long term 40-50 year growth cycles require rotating harvests.
- Renewable and sustainable.

FY88 thru FY17

Trust Timber Revenue
Generated Only = \$46.5 M

Only Timber acres = 17,000

**Timber Revenue
on per acre basis = \$2,735.**

History of Sustainable Harvest

UA's Timber Holdings:

- Total 17,000 acres forested.
- Provided >\$50M to UA's Trust.
- Highest income return (ROI), after one time land sales.
- Primarily 2nd growth harvests.
- Sustainable long term rotation.
- Proven Stewardship Success.

A few UA sites (map at right)

- Coffman Cove, Prince of Wales
- Icy Bay, Gulf of AK Yakutat
- Mitkof Island, Petersburg
- Whipple Creek, Ketchikan
- Blank Inlet, Ketchikan
- **Edna Bay, Kosciusko Island**
- Nenana, Glenallen



Timber: Edna Bay Success

A Win-Win Model:

- 1st Joint Use of USFS Federal Good Neighbor Authority in Alaska.
- Negotiated site specific contracts with local community input.
- Better use of logs, ages, and price.
- Many partners sharing resources
 - Log Transfer Facility
 - Quarry Rock for building
 - Roads and staging areas
 - Permitting and permits
- Sale completed more effectively, lower cost, faster production.
- Result = greater benefits ALL around, to everyone, long term.



Timber: Haines Proposal

10-Year Negotiated Timber Sale

- Asia and domestic demand for timber & a new Cottonwood market
- State Division of Forestry, Mental Health Trust Land Office and UA Land Office working to provide a 10-year timber supply in Haines area
- Combined target volume of 150 million board feet
- Approximately 13,400 acres of University land within Haines Borough west of Chilkat River
- Adjacent State Forest and Mental Health lands could be included
- Must be negotiated at or above fair market value
- Project must comply with all applicable local, state and federal laws
- Development and Disposal Plan currently out for public comment
- University will obtain necessary approvals from Haines Borough
- Public meeting in Haines scheduled for April 26th

Diversifying Revenue

Alaska State Legislature FY17:

“It is the intent of the legislature that University of Alaska further develop and improve upon utilization of its land grants in order to generate additional revenue”

University Board of Regents:

- Secure remaining land entitlements
- Sustain UA Trust Endowment
- Generate income and revenue
- Reduce reliance on state General Funds

Remaining Trust Assets:

Timber Resources

- Edna Bay Logging thru '18
- Vallenar Spring Timber Sale
- Haines 10 Year Timber Sale

Mineral Resources

- Gravel Quarry Extractions
- Coal Seams in the Mat-Su
- Assess for Minerals

Real Estate

- A few Federal In-holdings. and primarily remote lots
- Office Leases

Oil & Gas

- Two Leases on Kenai