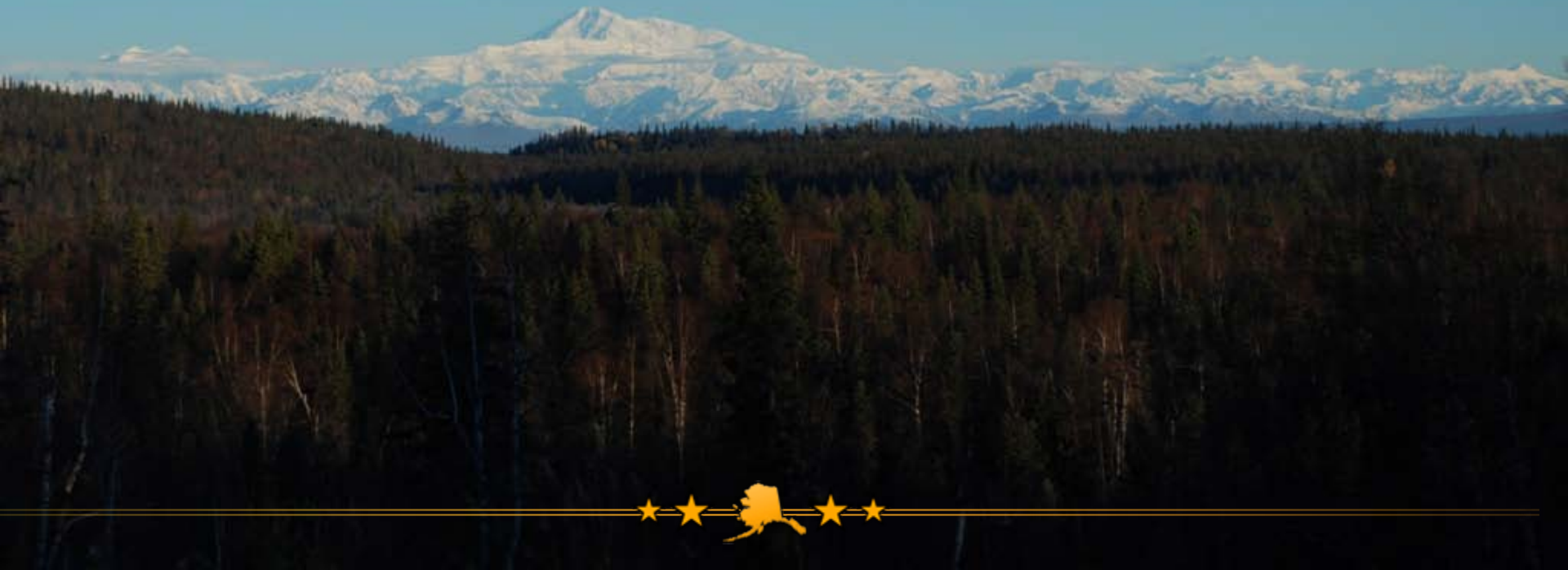




Alaska Department of Natural Resources

Mining, Land & Water

PERMITTING OVERVIEW: MAKING DETERMINED PROGRESS



AGENDA

I. Where have we been?

II. Where we are.

III. Where we are headed.

STATE of ALASKA

- DEPARTMENT OF NATURAL RESOURCES -



Land Base

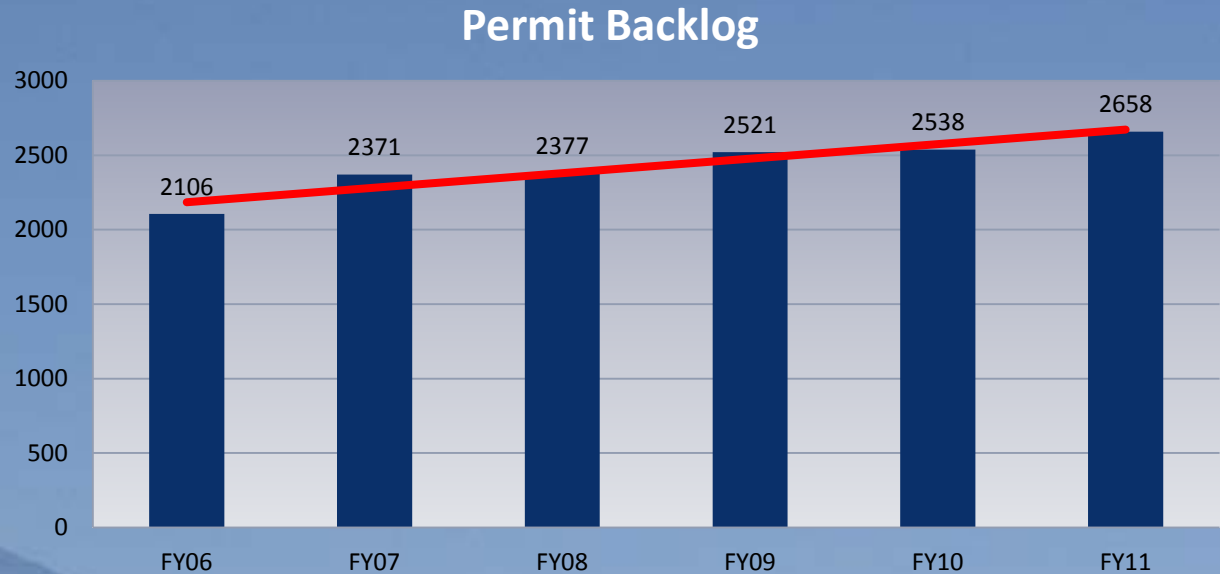
- 586,412 square miles—more than *twice* the size of Texas
- Is larger than all but 18 sovereign nations
- Has more coastline than all other U.S. states combined
- Has more than 3 million lakes and half of the world's glaciers

DNR:

- Manages one of the largest portfolios of oil, gas, minerals, renewable resources, water, and land in the world
- Oversees and authorizes all activities that occur on state land, which includes approximately 100 million acres of uplands, 60 million acres of tidelands, shorelands, and submerged lands, and 40,000 miles of coastline.



THE CHALLENGE: ADDRESS PERMITTING DEFICIENCIES



2011 PERMIT BACKLOG PLAN

- Submitted to the HFSC on 22 Feb 2011
- “It is now our highest priority to address this (permit backlog) problem.”
- Goal: “To timely process all incoming land and water use applications, and to eliminate the backlog.”
- Comprehensive, multi-faceted approach to eliminating the backlog and preventing its re-occurrence

STATE OF ALASKA
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF MINING, LAND & WATER

SEAN PARNELL, GOVERNOR

550 WEST 7TH AVENUE, SUITE 1070
ANCHORAGE, ALASKA 99501-6904
PHONE: (907) 269-8900
FAX: (907) 269-8904

Memorandum

To: Representative Min Costello, Co-Chair
House Finance Subcommittee on Natural Resources

From: Wyn Meneff, Acting Director
DNR Division of Mining, Land & Water

Date: 2/22/2011

Re: Permit Backlog Plan

Please accept this written response to your request on February 11, 2011.

The Problem:
There is a substantial backlog of applications and other authorization management duties in the Division of Mining, Land and Water (DMLW). This has a direct adverse impact on many businesses, communities, and individuals seeking to develop and use state land and resources. This in turn negatively affects job creation, contracts, economic stimulus in communities, and further development of Alaska. It is now our highest priority to address this problem.

At the beginning of FY11, there was a backlog of over 2,500 authorizations for the main types of authorizations necessary for development projects. This includes applications for permits (314), leases (297), easements (658), material sales (181), water rights (742), and instream flow reservation applications (346). This does not include the other types of authorizations or the administration workload for the existing authorizations. There is a spreadsheet attached that shows the full backlog per authorization type as requested. We are not yet able to show average and maximum cycle time for each authorization type, but that is being programmed into the reporting system so that we can report on in the future.

The backlog of applications range in complexity from very basic authorizations such as a commercial recreation permit that can be issued within a day, to large projects requiring multiple interrelated authorizations, multi-agency coordination, required studies and review that may take a few years to complete the authorizations. Each specific application may present an assortment of obstacles that can vary the processing times such as land ownership disputes, multiple use conflicts, business transaction delays, unresponsive applicant, encumbrance removal, project revisions, appeals and litigation.

This backlog of applications has been growing in recent years because the division has only been able to process 87% of incoming applications. This is due to a number of reasons:

- Inefficient internal processes and cumbersome regulatory requirements.
- Land ownership patterns have become more complex, thereby increasing the conflicts that have to be resolved.
- Increasing federal and municipal regulation has increased the processing time for applications.

“Develop, Conserve, and Enhance Natural Resources for Present and Future Alaskans.”

PERMIT BACKLOG PLAN STRATEGIES

- Increase the number of fully funded positions (26 DMLW positions were required to remain vacant in FY2011 due to funding shortages)
- Conduct comprehensive review of the Division's permitting processes. Find and implement changes that increase permitting efficiencies. Evaluate:
 - Organizational changes
 - Statutes, regulations and procedures for improvements
 - Appeals process
 - Regulatory relationship between the state, federal and local governments
 - Contracting with private sector
- Analyze, categorize and prioritize those authorizations within the backlog (priority is given to those applications/projects that provide the most benefit to the highest number of Alaskans)
- Drive and leverage the Unified Permit project effort

ADDITIONAL EFFICIENCIES WITHIN THE PLAN

- Request for restructuring the previous 6 budget components within DMLW into one Divisional component that would allow for flexibility and a singular prioritization of effort and resources
- Evaluate certain types of authorizations to see if general permits would facilitate more efficient authorizations and the continued safeguarding of the environment
- Provide support for litigation defense of permitting decisions

APOLLO XIII: “FAILURE IS NOT AN OPTION”



STATEWIDE PERMITTING REFORM

- STRATEGY -

Objective:

Improve the State of Alaska's permitting processes in order to advance the public interest by ensuring projects are permitted in a timely, predictable and efficient manner while safeguarding the environment.

- I. Improve agencies' internal permitting structure to create a more efficient, timely, and certain process
- II. Enhance coordination within different state departments and with different entities and stakeholders throughout the state
- III. Seek input from the public about the permitting process including input from municipalities, industry and non-governmental organizations
- IV. Improve coordination between the state and the federal government—federal permitting issues have a strong influence on state projects
- V. Anticipate and plan for permitting the next phases of resource development, e.g. the Shale Oil Task Force

AGENDA

II. Where we are.

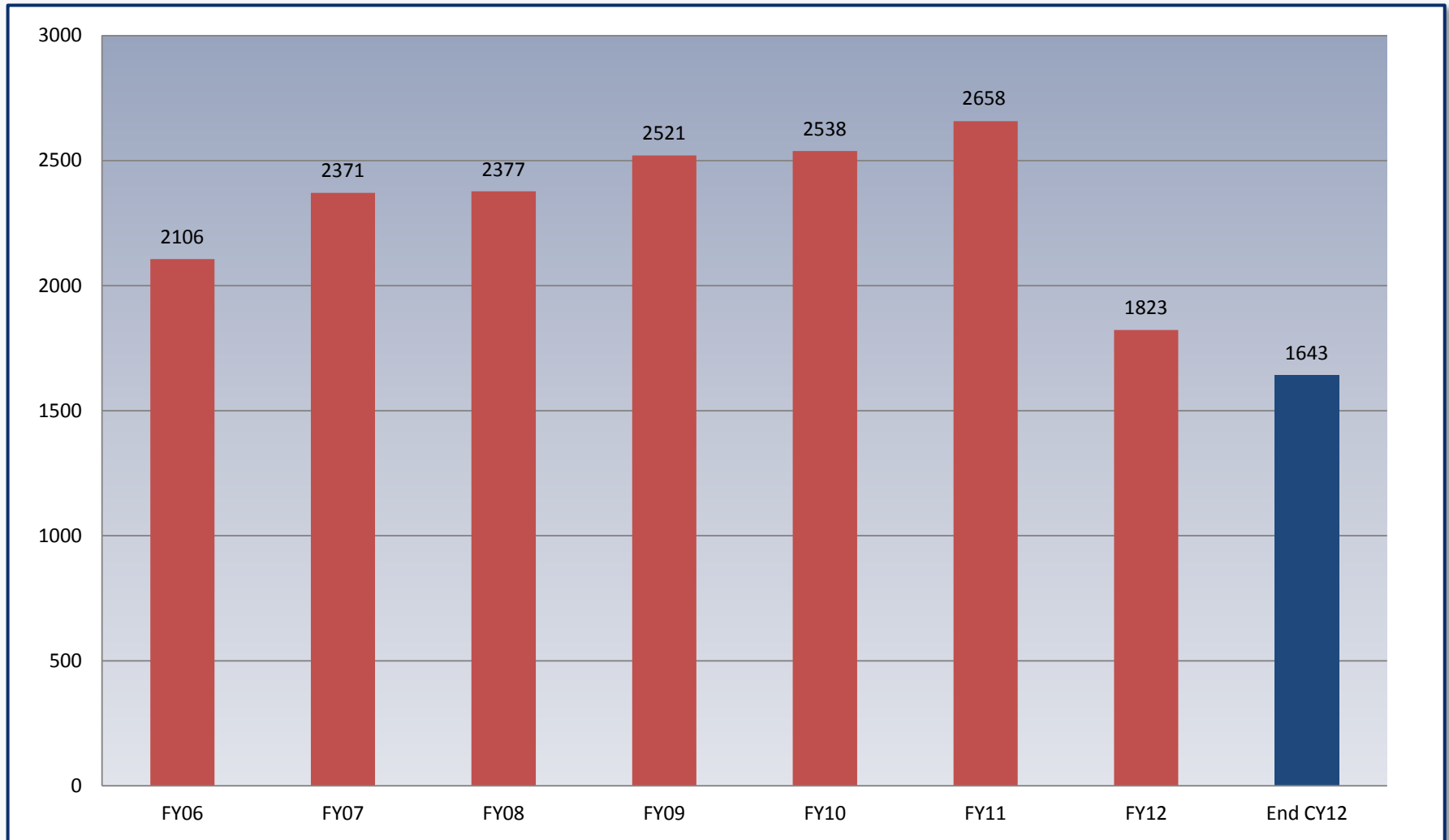
STATEWIDE PERMITTING REFORM

- SIGNIFICANT PROGRESS MADE -



- Objective of permitting reform is to create a **timely, predictable** and **efficient** permitting process while safeguarding the environment
- In the fall of 2012 DNR spearheaded the statewide permitting outreach effort by conducting public and stakeholder meetings for input and ideas on how to improve the state's permitting processes
- In FY 2012 and FY 2013, DNR received approximately \$3.65M in operating funds and \$5.8M in capital funds for the Division of Mining, Land & Water to create efficiencies, timeliness and certainty in the permitting process
- **We have made significant progress:**
 - Modified several statutes in 2012 to create permit efficiencies; included the highest priority changes related to leasing and disposal programs that would help reduce the permitting burden on the applicant and free more time for staff to work on processing applications (HB 361)
 - DNR has successfully implemented IBM's Business Process Management System for modernizing the issuance of Land Use Permits and is commencing now on Water Rights
 - Since the beginning of FY 2012, the DMLW permit backlog has been reduced by 38.2% (1,015 authorizations)

DMLW BACKLOG AUTHORIZATION TOTALS BY FISCAL YEAR

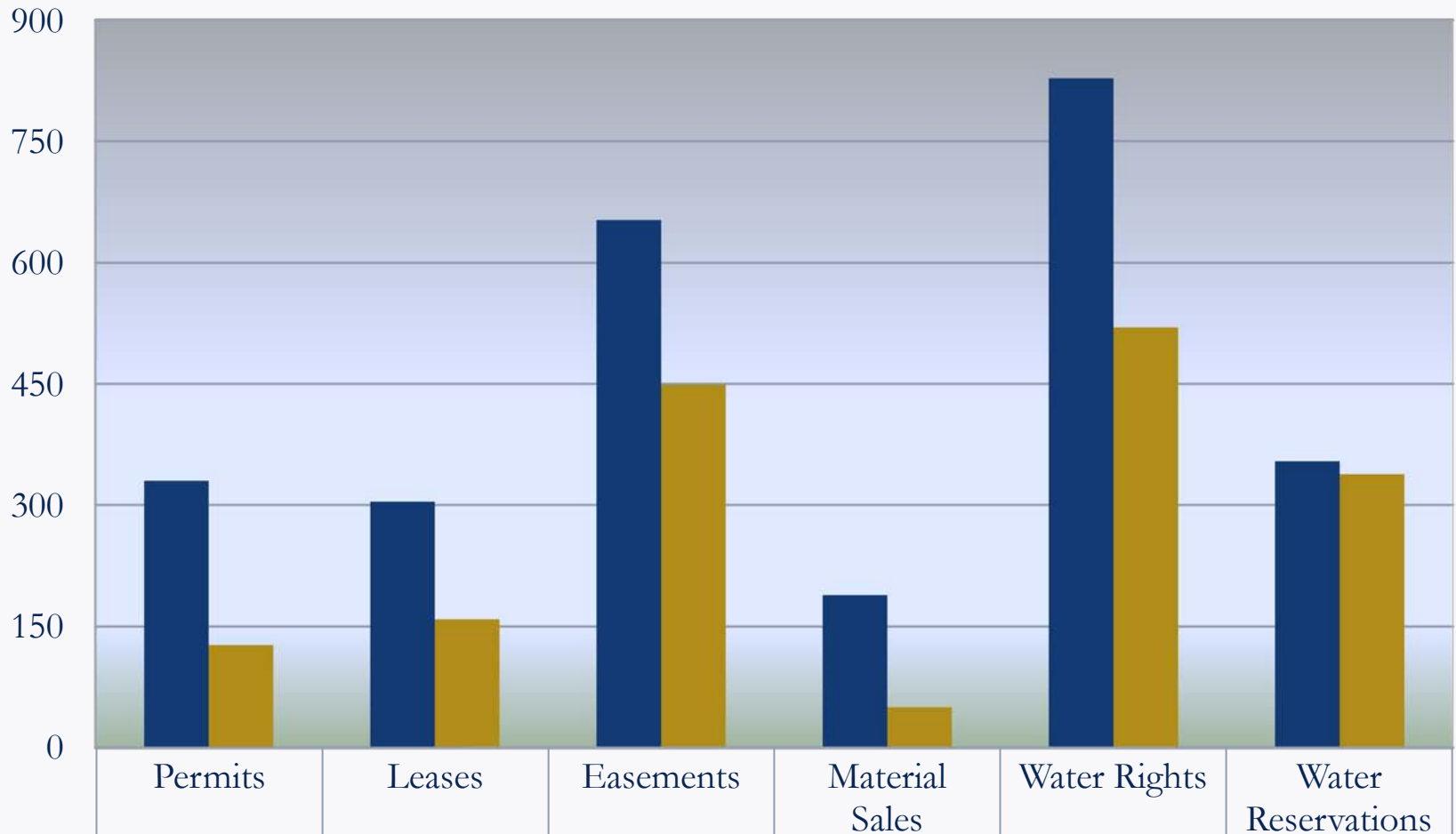


ANATOMY OF A LARGE SCALE DEVELOPMENT PROJECT

- Most have statewide or strong regional impact with regards to infrastructure, economic growth and opportunities
- Generally require long term *leases* or dedicated legal access such as *easements* in order to obtain project financing
- Often short term land use *permits* are necessary for construction
- *Material sales* need to be timely for development
- *Water authorizations* are critical for development and long term operation



PERMIT BACKLOG BY AUTHORIZATION TYPE



■ End FY11	330	304	653	189	828	354
■ End CY12	127	159	449	50	520	338

STATEWIDE PERMITTING REFORM

- 2013 LEGISLATURE -

2013 Proposed Statutory Changes – HB 77 & SB 26

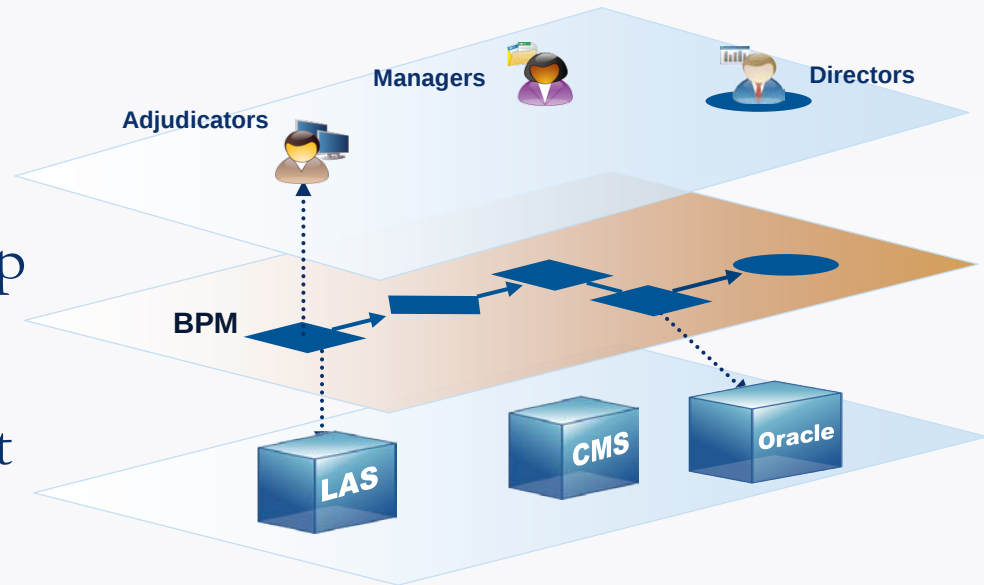
- Building on the success of 2012, the Division of Mining, Land and Water has identified additional statutory changes that would help streamline permitting requirements for the public to use and enjoy Alaska's land and resources
- Governor Parnell has introduced HB 77, which would reform and streamline procedures for obtaining, issuing, and appealing permits, leases, best interest findings, and other DNR authorizations. It would also clarify DNR's authority to establish general permits for certain activities on state land.



“The permitting functions of State government necessarily balance protecting the environment with utilization to provide the economic means for Alaskans to sustain themselves. This legislation encourages responsible development of our State land and water resources. An efficient permitting process with clear rules contributes to Alaskan economic growth and creates more Alaskan business opportunities.” - Governor Parnell, HB 77 Transmittal Letter

IBM QUICK WIN PROJECT

- Installed the Business Process Management (BPM) Software
- Utilized Blue Works Live to map out business processes
- Conducted a Quick Win Project for Land Use Permits (LUP)
- Perfected core process functions in BPM with LUP
- Developing capabilities and expertise of both business and IT staff within the BPM system
- Achieved “Go Live” milestone with LUP
- Expanding to Water Rights, Easements, Leases and Material Sales



AGENDA

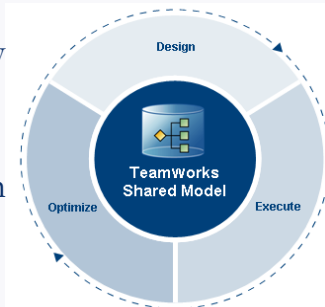
III. Where we are headed.

BPM IS ABOUT VALUE, NOT TECHNOLOGY

BPM Defined: An integrated approach to aligning the key activities of an organization into processes you can consistently measure to optimize value to your organization and its end customers.

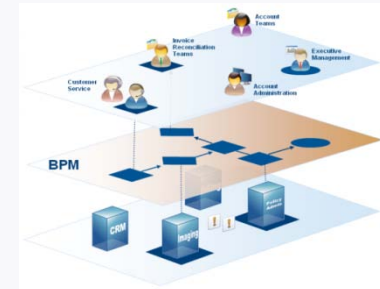
Integrated

- Technology + methodology
- Compresses cycle time for process lifecycle
- Enabled by BPMS platform



Processes

- Align people and tasks to valuable outcomes
- End-to-end vs. silo
- Cross-functional



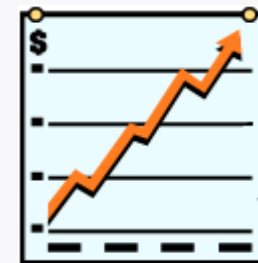
Measure

- High visibility into performance of process and people
- Metrics that are meaningful to the business
- Quantify impact of process improvements



Optimize

- Enhance process to maximize business value
- Identify and remove bottlenecks
- Eliminate non-value-add activities



REALIZED VALUE

**Why
Implement
BPM?**



Less Rework

Less Variation

Improved Visibility

Fewer Errors

Fewer Systems

Smoother Handoffs

“This process will allow me to spend less time pushing paper and more time managing land.” Cliff Larson, MLW Permitting Manager, SCRO

ADDITIONAL REALIZED VALUE

**Other
Reasons**



Provides Staff Guidance

Move to Electronic Case File

Allows Teamwork on one file

**Helps Managers better
assess and assign files**

**Better Analysis for
Improvement**

**Speeds Programming and
Implementation**

BETTER TRANSPARENCY



- Better reporting on key measurables that evaluate increase in business value
- Better granularity of process to evaluate bottlenecks and alternative approaches
- Better accountability of cycle times, efficiency, and predictability
- Eventually better transparency to the public to track their applications

IBM Land Use Permit | LAS 1200- JEWETT, RON

Land Use Permit

Application Submission | Adjudication | Issuance | Administration

Adjudicator

Start → Manual Start New Case → Draft Decision → Send Documents → Verify Deliverables → Execute Permit → Permittance Issuance → Permittance Reminder → Reissue Permittance → Permittance Expiration → End

Manager

Manual Start New Case → Assign Case File → Draft Decision → Finalize Decision → Execute Permit → Permittance Issuance → Permittance Reminder → Reissue Permittance → Permittance Expiration → End

System

New Case → Setup LAS Casefile → Split → Listen for Messages → Draft Instance → Track Case Closure → Case Closed

Adjudicator (Admin)

Listen for Messages → Reload → Review Note → Process Information → Process Field Inspection Report → End Request Information

Task Status Legend:

- Overdue (Red)
- On Track (Blue)
- At Risk (Yellow)

Task List for all and All processes:

Status	M#	Task Name
Overdue	387500	Draft Decision: LAS 27626 New, Candice
Overdue	387505	Draft Decision: LAS 27624 WWT, Alexander
Overdue	387715	Reissue Permittance: LAS 26927 Reat, Unlabeled
Overdue	387727	Execute Permittance: LAS 24545 Reat, Unlabeled
On Track	387633	Assign Case File: ADL, 223226
On Track	387647	Draft Decision: LAS 27626 Reat, Unlabeled

[illegible]

UNIFIED PERMIT: UP AND RUNNING

 **State of Alaska** myAlaska My Government Resident Bus

 **Alaska Department of Natural Resources Intranet**

Natural Resources > Content Management System

[Search](#) | [Checkin](#) | [My Workflow Assignments](#) | [My CheckOut Content](#) | [My Subscriptions](#) | [Logout](#)

SEARCH RESULTS Found 3 items

Filter by Category: [Content Type:CaseAndProject](#) [Security Group:DMLW_only](#)

Search Form --> Search Results

ID	Title
DNR_015300	Agency Notice LAS 1884: CLEARY SUMMIT IN
DNR_015289	Land Use Permit
DNR_015288	First Request For Information Jan 8, 2013

 **THE STATE of ALASKA**
GOVERNOR SEAN PARNELL

Department of Natural Resources
Division of Mining Land & Water
«dnrResponsibleOffice»
«dnrResponsibleOffice_street»
«dnrResponsibleOffice_city» Alaska «dnrResponsibleOffice_zip»
Main: «dnrResponsibleOffice_phone»
Fax: «dnrResponsibleOffice_fax»

«signedDecisionDate»

RE: «fileType» «fileNumber» - «customerDisplayName»

To Interested and Affected Parties:

I have completed my review of the Adjudication Summary dated «signedDecisionDate» for «fileType» «fileNumber».

It is the decision of this office to take the action as described therein.

Draft Decision: LAS 1515 Roland, Angela Due: March

[Privacy](#)

LAS 1515: CLEARY SUMMIT INVESTORS, LLC

Draft Decision

Send Notice

1 _____ 2 _____ 3 _____
Statutory Authority Agency Notices Public Notices

1 _____ 2 _____ 3 _____ 4 _____
Select Recipients Write Notice Attach Files Send Notice

Attach Files

Recipients: Shaishnikoff, Ryan; Quarberg, Don; Reed, Paul; Start Date: Thu Feb 07, 2013
Comment Period (days): 30 End Date: **Sat Mar 09, 2013**

Subject: Public Notice LAS 1515: CLEARY SUMMIT INVESTORS, LLC

Narrative: Please review the attached documents by Sat Mar 09, 2013. Activity Description: (Test) The description of the activity goes here.

Documents

Title/Name	File Name/URL	Revision	Revision Date	Last Modified By
Public Notice LAS 1515: CLEARY SUMMIT I	Public Notice LAS 1515: CLEARY SUMMIT I.docx	1	Feb 7, 2013 4:55 PM	Roland, Angela G (DNR)

[Add Document](#)

[Generate Notice](#) [Check Documents into CMS](#)

[Back](#) [Exit](#)

Alaska DNR Case Abstract

File Type: LAS File Number: 28748 [Printable Case File Abstract](#)

See Township, Range, Section and Acreage?
* Yes ☐ No ☐

[New Search](#)

[AS Menu](#) | [Case Summary](#) | [Case Detail](#) | [Land Abstract](#)

File: LAS 28748 [Map](#) [Search for Status Plat Updates](#) As of 02/11/2013

Customer: 000055148 ALASKA DEPT OF FISH & GAME, SPORT FISH DIVISION - REGION 1
PO BOX 110024
JUNEAU AK 998110024

Case Type: 571 DMLW PERMIT DNR Unit: 200 LAND MANAGEMENT
File Location: SEDOLD SEDO LAND SECTION
Case Status: 09 APPLICATION RECEIVED Status Date: 10/09/2012
Total Acres: 1.000 Date Initiated: 10/09/2012
Office of Primary Responsibility: LSE LAND-SOUTHEAST REG
Last Transaction Date: 01/30/2013 Case Subtype: 7712 TIDELANDS
Last Transaction: PN PUBLIC NOTICE SENT
Meridian: C Township: 058S Range: 079E Section: 36 Section Acres: 1 [Search Plats](#)

Case Actions

10-09-2012 APPLICATION RECEIVED
STATUS 09 09 APPLICATION RECEIVED
CHINOOK NET PEN PROJECT TO REAR & RELEASE CHINOOK SALMON SMOLTS INTO
WATERS OF FREDERICK SOUND NEAR CITY CREEK WATERSHED AREA/PETERSBURG.

12-05-2012 LAND WITHIN SECTION (S) CHANGED
NEW TOTAL AC 1
THIS IS A 40 X 40 NET PEN

01-28-2013 AGENCY REVIEW SENT
AGENCY REVIEW INITIATED; COMMENTS DUE 02/27/2013.

01-30-2013 PUBLIC NOTICE SENT
COMMENTS DUE: 03-01-2013
PUBLIC NOTICE INITIATED ON 01-30-2013; COMMENTS DUE 03-01-2013

WHAT IS THE BENEFIT TO THE DEPARTMENT/STATE?

- Measurable business value for return on investment
 - Staff time saved due to efficiency
 - Backlog reduction
 - Improved quality and consistency of authorizations
 - Improved process visibility to drive continued process improvement
 - Improved industry and citizen relationship
- Improved consistency across divisions who are using the same authorities to issue the same types of authorizations
- Improved cross-divisional communication and transparency where several divisions are managing aspects of use of the same state owned land
- Potential growth of use by other departments with the opportunity to coordinate statewide permitting activities

TRANSFORMATIONAL EXPERIENCE



- Change is necessary...user buy in is also needed
- Collaboration
- Working relationship of IT / Business
- Enabled implementation of electronic case file
- Organizational structure / capabilities / skill sets
- Administering the process / stewardship of the authorization and providing a better customer service

BLAZING NEW TRAILS



- Accessibility 24/7
- Field presence
- Consistency
- Transparency
- Agility
- Certainty



THE END RESULT: IMPROVED PERMITTING EXPERIENCE



Governor Parnell (with signed
Legislative package)

QUESTIONS?

