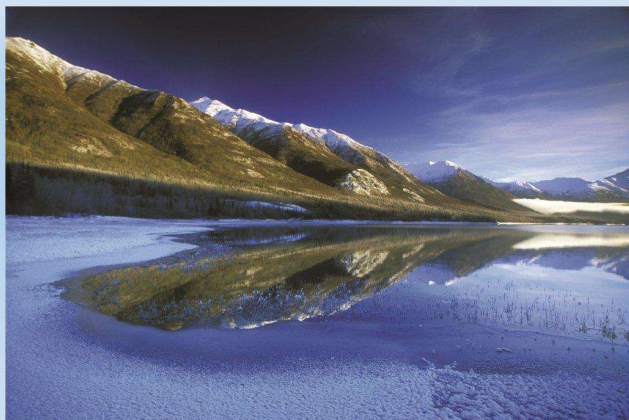




Department of Natural Resources Division of Mining, Land & Water

House Natural Resources Sub Finance Committee

Present by Cheri Lowenstein, Administrative Services Director
and Marty Parsons, Director, Division of Mining, Land and Water
March 12, 2021



FY2022 GOVERNOR BUDGET CHANGES

	FY2021 Management Plan	FY2022 Governor	Difference FY2021 to FY2022	% Difference Between FY21 and FY22
UGF	\$ 4,738.5	\$ 4,217.8	\$ (520.7)	-11.0%
DGF	\$ 19,043.8	\$ 19,671.6	\$ 627.8	3.3%
Other	\$ 3,153.1	\$ 3,164.2	\$ 11.1	0.4%
Federal	\$ 1,297.2	\$ 1,302.4	\$ 5.2	0.4%
TOTAL	\$ 28,232.6	\$ 28,356.0	\$ 123.4	0.4%

Mining, Land & Water

Fund change from UGF (-\$545.0) to Program Receipts (DGF) (\$545.0)

- Total program receipt revenue available to spend in current year (FY2021) is \$19,043.8
 - Of that total, \$13,140.0 were considered in the fund change and are receipts related to material sales, mining claims and leases, permits and other receipt driven revenues
 - Other receipts in the total available to spend that are not considered in the fund change are Land Disposal Income fund (\$5,541.0); Shore Fisheries Development Lease Program (\$361.9)
- In FY2020 the Program Receipt Revenue collected was \$15,516.6
- In FY2021 MLW is authorized to spend \$13,140.0
- In FY2021 MLW budget includes \$4,738.5 UGF
- Aligns the services with the revenues generated

DIVISION OF MINING, LAND & WATER - MISSION STATEMENT -

Provide for the appropriate use and management of Alaska's state-owned land and water, aiming toward maximum use consistent with the public interest



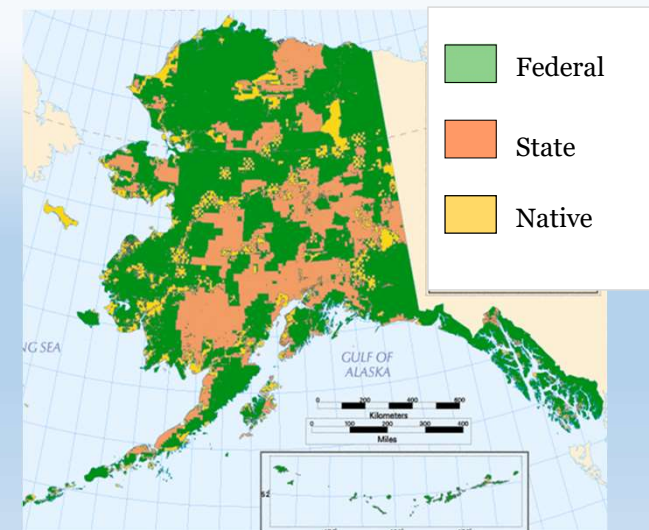
WHAT WE MANAGE

- STATE OF ALASKA LAND BASE & OWNERSHIP -



Multiple Use Management of State Lands

- The Division of Mining, Land and Water (DMLW) manages all DNR managed state land except for trust and parks property to make them available on a sustained-yield basis for a variety of beneficial uses (AS 38.04.015)
- The division's responsibilities range from land acquisition and land-use planning to land sales, permitting, and stewardship
- DMLW manages over 100 million acres of uplands, including non-petroleum minerals in these lands and 65 million acres of tidelands, shorelands, and submerged lands, including some 34,000 miles of coastline
- In addition, we have jurisdiction over all of the State's water resources, equaling about 40% of the entire nation's stock of fresh water



ASSISTING LOCAL ECONOMIES THROUGH AUTHORIZATIONS

- DMLW currently has over 49,000 issued authorizations to develop, support and enhance local economies and support a variety of industries, including emerging industries
- DMLW authorizations help to create new job opportunities in mining, hunting, fishing, guide-outfitter, aquatic farming, and other industries that depend on state land to operate
- Creation of subdivisions, sale of state lands, and issuance of Municipal Entitlements create a tax base for cities and boroughs



HOW WE MANAGE STATE LAND

TYPES OF AUTHORIZATIONS

- **Permits**

- Land Use Permits
- Commercial Recreational Permits

- **Leases**

- Upland Leases
- Tideland Leases
- Shore Fish Leases
- Aquatic Farm Leases

- **Easements**

- Road Right-of-Ways
- Access Trails
- Utilities
 - Electric
 - Telephone
 - Fiber Optic

- **Material Sales**

- Designation of Material Sites
- Material Sale Contracts

- **Water**

- Water Right Certificates
- Temporary Water Use Authorizations
- Reservation of Water

- **Mining**

- APMAs
- Millsite leases
- Miscellaneous Land Use Permits (Mining)
- Upland and Offshore Mineral Lease

DMLW AUTHORIZES USES OF STATE LAND FOR MINING, LAND & WATER



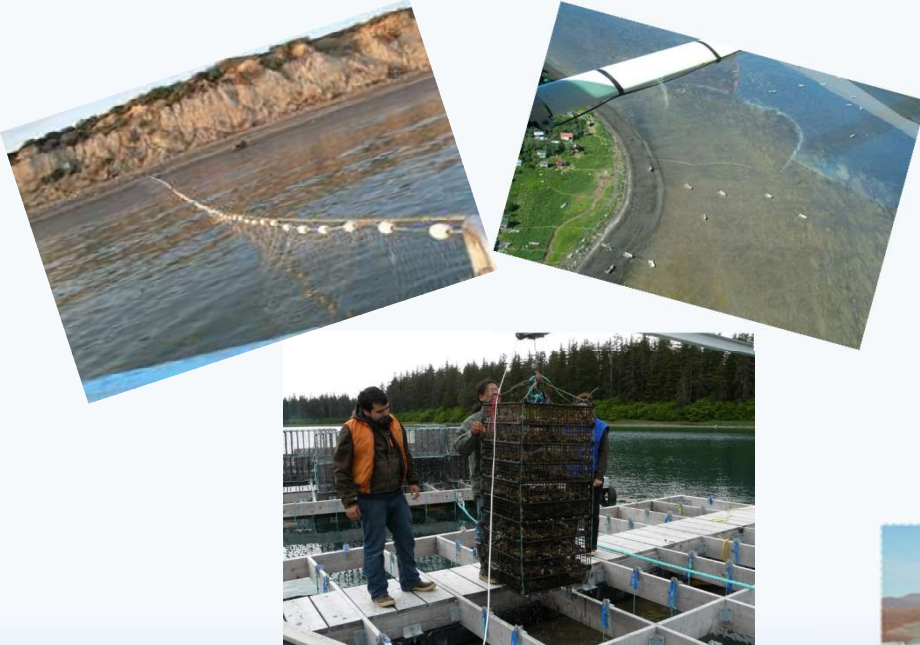
- Gravel sales for road construction and private development
- Ice roads and support facilities for oil and gas development



- Mining claims, coal and mineral leases, access, and plans of operation for mineral development
- Log-transfer sites, access, and support camps for timber development



DMLW AUTHORIZES USES OF STATE LAND FOR MINING, LAND & WATER



- Lodge sites and access for the tourism industry
- Lease set-net sites for commercial fishing and mariculture sites for the shellfish farming industry

- Access for public and private entities across state lands and waters, including roads, power and telephone lines
- Water rights and water use



DMLW RESPONSIBILITIES INCLUDE ACQUIRING & DEFENDING STATE LAND TITLE



- Acquire and secure clear title to land from the federal government and other sources (e.g. EVOS acquisitions)
- Issue clear title documents to the private sector, municipalities, and other government entities to which the state conveys lands
- Defend all state land title issues, including RS2477 easements, other easements, and navigable waters.
- Maintain clear title to all state lands (land stewardship)
- Maintain administrative records of all state land ownership

DMLW RESPONSIBILITIES INCLUDE OFFERING STATE LAND TO ALASKANS

- Auction or lottery sales of surveyed lots
- Over-the-Counter (OTC) land sales
- Remote recreational cabin staking sites (stake it yourself)
- Public and charitable use conveyances
- Preference rights



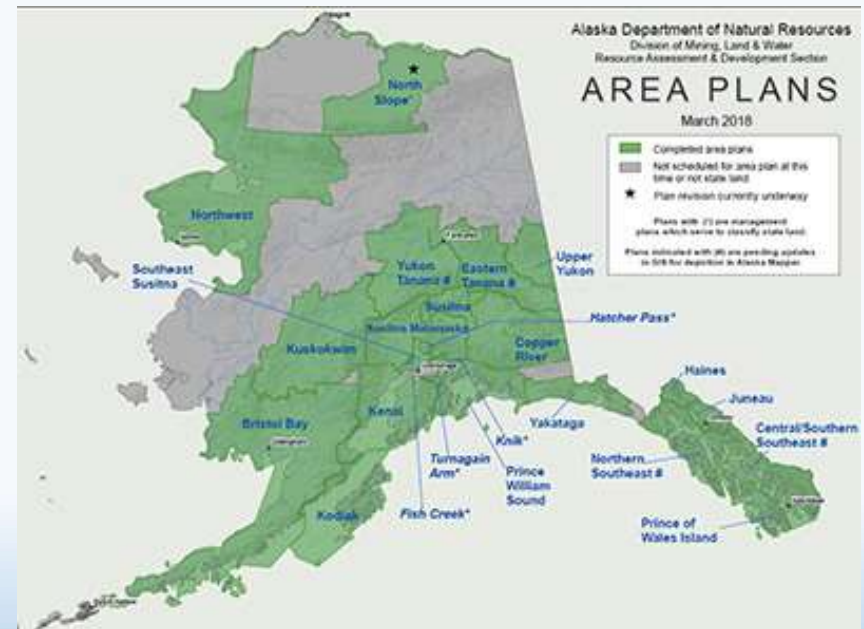
DMLW RESPONSIBILITIES INCLUDE CONVEYANCES OF MUNICIPAL ENTITLEMENTS

- There are two ways for a municipality (city or borough) to receive land entitlement provided in statute:
 - Based on an amount established by the Legislature in AS 29.65.010(a);
 - A calculation of eligible state land within the municipal boundary under AS 29.65.030, which is based upon 10% of vacant, unappropriated, unreserved (VUU) general grant state land located within the municipal boundary
- For newly incorporated municipalities under AS 29.65.030, DMLW has two years and six months from date of incorporation to determine entitlement
 - Only cities may request expedited determination within six months of incorporation



DMLW RESPONSIBILITIES INCLUDE

- Reclaiming abandoned mine land that is a public health or safety hazard



- Developing land use plans to guide the use, development, and disposal of state lands

DMLW AUTHORIZATIONS

SUPPORT RESOURCE DEVELOPMENT

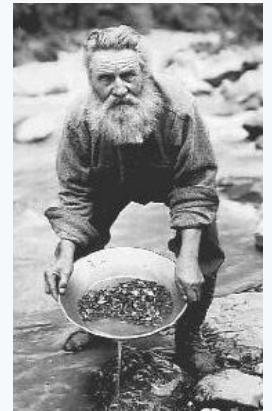
- . The division is a state revenue generator, producing \$30.7 million in FY2020 from leases, land sales, mineral royalties, and other payments while costing \$4.2 million in unrestricted general funds
- . In CY2019, the mining industry supported 4,700 full-time-equivalent jobs, spent over \$135 million on exploration and \$170 million on development, and paid \$183 million to state and local governments, not including sales tax
- . Gravel sales support development across the state and are a major source of the designated funds that support DMLW providing over \$3,300.0 in revenue in FY2019
- . In 2020 we sold 36 parcels (260 acres) for a sale bid amount of \$1,300,984

DMLW AUTHORIZATIONS SUPPORT RESOURCE DEVELOPMENT

- . Conveyed 6,299 acres out of state ownership in FY2020
- . DMLW's work to adjudicate water rights and temporary water authorizations generated over \$274.0 in revenue in FY2019
- . Holders of state mining locations are also required to pay an annual three percent (3%) production royalty on all revenues received from minerals produced on state land from a state mining claim or mining lease

DMLW AUTHORIZATIONS FOR MINERAL DEVELOPMENT

- Authorization of surface activities for 38,000+ mining claims for mineral exploration and development such as:
 - Temporary water use permits, water right certifications and reservations
 - Cross country travel on state land
 - Material sales contracts for gravel supplies
 - General leasing of state lands in support of developing Alaska's resources
 - Miscellaneous Land Use Permits for surface uses, exploration, and mining, including suction dredging in the Nome Public Mining Areas
 - Plans of Operations on certain upland and offshore mining leases, as well as approving Reclamation Plans pursuant to AS 27.19.040



DMLW AUTHORIZATIONS FOR AQUATIC FARM LEASES

- One of the fastest growing area of interest requiring DMLW authorization involves aquatic farming
- Aquatic farming has seen explosive growth since the inception of the 2016 Mariculture Task Force
- Dependent upon the crop, aquatic farms may extend over hundreds of acres
- Aquatic farms require both a DMLW and ADF&G authorization

DMLW AUTHORIZATIONS FOR AQUATIC FARM LEASES

- DMLW is making great progress on aquatic farm applications now that we have two additional staff dedicated to adjudication of those leases
- You will see a breakdown of where the applications are in the adjudication process
 - Active adjudications means the application is in the decision process stage, that includes public and agency notice
 - Waiting on deliverables means a final decision has been issued and now we are waiting on the applicant to sign the lease, pay the fees, provide a performance guarantee and insurance so we can issue the lease
- Overall, we have cut the processing time down by almost a third of what it used to take to complete the decision process

DMLW AUTHORIZATIONS FOR AQUATIC FARM LEASES

- Total New Applications Pending: **33**
 - Application Received: **1**
 - All applications in this status are waiting on information from the applicant
 - Additional Information Requested: **13**
 - Application Complete: **0**
 - Active Adjudication: **14**
 - Waiting on Deliverables: **3**
 - All applications in this status are waiting on deliverables from the applicant
 - Appeal: **2**

DMLW AUTHORIZATIONS FOR AQUATIC FARM LEASES

- Total Renewal Applications Pending: **14**
 - Application Received: **0**
 - All applications in this status are waiting on information from the applicant
 - Additional Information Requested: **5**
 - Application Complete: **1**
 - Active Adjudication: **5**
 - Waiting on Deliverables: **3**
 - All applications in this status are waiting on deliverables from the applicant

PROCESS IMPROVEMENT EFFORTS

- DMLW is constantly working to reduce the time necessary to issue authorizations
- In 2020 completed initial phase of reorganization of DMLW to better concentrate like workloads in specific sections within the Division
- Implementation of intent-based leadership
- Project management training for staff

PROCESS IMPROVEMENT EFFORTS

- The purpose of reorganization was to streamline and standardize processes statewide, provide clarity to the public and industry, and reduce the timeline from application submittal through completeness review and ultimately to issuance
- Removed responsibilities from adjudicators that detract from processing authorizations that put Alaska state owned lands to work
- Consolidated all types of land conveyances into one section that works statewide
- Permits issued within 30 days of receipt of complete application, with Notice to the Public

PROCESS IMPROVEMENT EFFORTS

- Initiating divisional realignment to change land use authorizations to mimic a functional structure and still maintaining a regional organization
- Seeking better ways to educate and provide clarity to the public by:
 - Creation and updating websites for DMLW programs to ensure they are user friendly
 - Developing an online application portal
 - Determination of adequacy and completion of application within 5 business days of receipt
 - Closure of applications with non-responsive applicants

CONCLUSION

Thank you, any questions?

