

SENATE FINANCE COMMITTEE
March 28, 2019
9:01 a.m.

9:01:32 AM

CALL TO ORDER

Co-Chair Stedman called the Senate Finance Committee meeting to order at 9:01 a.m.

MEMBERS PRESENT

Senator Natasha von Imhof, Co-Chair
Senator Bert Stedman, Co-Chair
Senator Click Bishop
Senator Lyman Hoffman
Senator Peter Micciche
Senator Donny Olson
Senator Mike Shower
Senator Bill Wielechowski
Senator David Wilson

MEMBERS ABSENT

None

ALSO PRESENT

Senator Cathy Giessel; Brent Goodrum, Deputy Commissioner, Department of Natural Resources; Kris Hess, Deputy Director, Division of Mining, Land and Water, Department of Natural Resources.

PRESENT VIA TELECONFERENCE

Jeff Bruno, Office of Project Management and Permitting, Department of Natural Resources.

SUMMARY

SB 54 ALASKA RAILROAD CORP. LAND TRANSFERS

SB 54 was REPORTED out of committee with a "do pass" recommendation and with one previously published fiscal note: FN 1(CED).

PRESENTATION: DEPARTMENT OF NATURAL RESOURCES:
PERMITTING, LEASES, AND LAND CONVEYANCES.

Co-Chair Stedman discussed housekeeping.

#sb54

SENATE BILL NO. 54

"An Act approving the transfer of certain Alaska Railroad Corporation land; and providing for an effective date."

[9:02:53 AM](#)

Senator Bishop MOVED to report SB 54 out of Committee with individual recommendations and the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

SB 54 was REPORTED out of committee with a "do pass" recommendation and with one previously published fiscal note: FN 1(CED).

^PRESENTATION: DEPARTMENT OF NATURAL RESOURCES: PERMITTING, LEASES, AND LAND CONVEYANCES.

[9:04:11 AM](#)

BRENT GOODRUM, DEPUTY COMMISSIONER, DEPARTMENT OF NATURAL RESOURCES, discussed the presentation "Permitting, Leases and Land Conveyance" (copy on file).

[9:05:19 AM](#)

Mr. Goodrum turned to Slide 2, "Road Map", which listed the order of the topics that would be covered in the presentation:

- I. Historical Backdrop
- II. Where We Are today
- III. Unified Permit Front
- IV. DNR Interagency Coordination
- V. Municipal Entitlement Land Conveyances

[9:05:54 AM](#)

Mr. Goodrum showed slide 3, "ROAD MAP":

I. Historical Backdrop

Mr. Goodrum referenced Slide 4, "Anatomy of a Large-Scale Development Project":

- Most often 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 shorter-term land use permits are necessary for construction
- Material sales need to be timely for development roads
- Water authorizations are critical for development and long-term operation

Mr. Goodrum specified that the timeline for the presentation began in May 2011, when he joined the department and began to work on the permitting backlog. He relayed that these authorization types formed the major muscle movements that enabled large projects to be developed. He shared that most of the authorizations under discussion were primarily focused on general state land. He explained that the state owned and managed 100 million acres of uplands, and 60 million acres of tide and submerged land.

[9:08:38 AM](#)

Mr. Goodrum spoke to Slide 5, "The Challenge: Address Permitting Deficiencies," which showed a bar graph entitled 'Permit Backlog.' In late 2010 and early 2011, following the election of Governor Sean Parnell, there was a "great awakening" in determining that there was an issue within the DNR permitting process. He said that the primary evidence was the ever-growing backlog of authorizations building up within the department. He pointed to the slide and noted that in FY 06 there were 2106 authorizations in backlog, which had increased to 2658 by 2011.

[9:09:41 AM](#)

Senator Wielechowski asked for a definition of "backlog."

Mr. Goodrum stated that a backlog in the context of the slide pertained to all the applications before the department regarding the 5 authorization types: permits, leases, easements, material sale applications, and water authorizations. He furthered that within water rights, there were traditional water rights and instream flow reservations. He concluded that that backlog constituted what was before the department in 2011 that needed to be addressed.

[9:10:51 AM](#)

Mr. Goodrum discussed Slide 6, "2011 Permit Backlog Plan":

- Submitted to the House Finance Subcommittee 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

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Mr. Goodrum looked at Slide 7, "2011 Permit Backlog Plan Strategies":

- Increase the number of fully funded positions (in FY 2011 (26) DMLW positions were required to remain vacant due to funding shortages)
- Conduct comprehensive review of the Division's permitting processes. Find and implement changes that increase permitting efficiencies. Evaluate:
 - o Organizational changes
 - o Statutes, regulations and procedures for improvements
 - o Appeals process
 - o Regulatory relationship between the state, federal and local governments

- o Contracting with private sector
- Drive and leverage the Unified Permit project effort
- 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)

Mr. Goodrum relayed an example of a project that highlighted the backlog problem involving a large telecommunications project in Interior Alaska. He noted that working in the interior meant finite field season in which things could be accomplished. He said that every day that people and equipment sat idle was costly to developers. This project had been a catalyst for Commissioner Sullivan to improve permit turnaround within the division.

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Mr. Goodrum considered Slide 8, "Statewide Permitting Initiative":

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.

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

Mr. Goodrum said that risk and uncertainty were lethal to investment. He stated that the department continued to evaluate each bullet point. He said that evaluations and conversations were ongoing.

[9:14:46 AM](#)

Mr. Goodrum showed Slide 9, "Legislative Assistance":

The Legislature took decisive action to assist in addressing DNR permitting challenges with the long-term goal of reducing permit backlog and preventing backlog from reoccurring:

- 1) People (capacity)
 - 2) Legislative packages
 - 3) Supporting innovative processes
- HB 361 Omnibus Bill - 2012
 - o New material site designation process
 - o Priority changes related to leasing and disposal programs
 - o Solicitation of interest for leases, if no interest directly to negotiated lease
 - HB 274 Land Exchange Bill -2017
 - o 2-year lease extensions

Mr. Goodrum said that HB 361 gave the department the ability to issue a decision one time that delineated where a material site was, and how much material was there. Then, every time there was a subsequent request for material to be extracted, the decision had already been made, which streamlined operations. He said that changes to leases included the opportunity to extend or renew. He stated that the legislature invested in the division by adding the fully funded 26 positions and added 12 positions in 2012 that had been one-time increments. He furthered that in FY 13, those positions were incorporated into the base of the division, as well as adding another \$1 million to reduce the vacancy rate within the division.

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Co-Chair Stedman recounted that in 2011, there were several members that had been on the committee and had worked with DNR to address the significant authorization backlog. He

thought it was notable that the backlog was slowing development in the state. He felt that the history of the issue was important.

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Mr. Goodrum noted that aquatic farm leases were not captured in previous legislation for extension or renewal. He said that future slides would highlight that issue.

[9:20:09 AM](#)

Mr. Goodrum displayed Slide 10, "Road Map":

II. Where We Are Today

[9:20:18 AM](#)

Mr. Goodrum showed Slide 11, "DMLW Active Case File Overview," which showed a pie chart. He explained that there were 77,534 active authorizations, managed by 200 personnel - 400 casefiles per individual employee. He said that the largest portion of the authorizations was the 36,800 in mining claims. He relayed that 11.1 percent, or 8,622 were land sale authorizations; 23.9 percent, or 18,500 were in water rights authorizations; 13.1, or 10,152 were other, and easements comprised 4.4 percent, or 3,400 of the authorizations.

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Mr. Goodrum turned to Slide 12, "DMLW Active Case File Overview," which showed a bar graph of active case files in DMLW Management. He said that the information was the same as on Slide 11, depicted in another way.

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Mr. Goodrum referenced Slide 13, "Current backlog Status," which showed a bar graph. He pointed out the high point in FY 11, when there were 2,658 authorizations in backlog. He said that the backlog numbers dropped quickly due to "low hanging fruit" that was identified and addressed quickly. He said that by 2016 the backlog had been reduced to 938. He added that there were authorizations in the backlog that would take the anticipated time to process; work was being done to refine the capture. He attested that 50 percent of

the number for each year was likely within its normal timeframe anticipated for processing. He stated that part of the backlog calculation had to do with water rights. He explained that traditional water rights were a "first in time, first in right" appropriations date. He furthered that a substantially complete application was date stamped upon being received, no one filing after you could bump your place in line. Not captured within the backlog were temporary water use authorizations, which were issued timely by the division.

[9:26:15 AM](#)

Senator Wielechowski was curious about how long it took to file an authorization. He asked if Mr. Goodrum had data on how long it took to process an application.

Mr. Goodrum had general timelines. Permits and materials sales, within 90 days; leases and easements, 18 months; he said that the department would work to provide actual timelines. He stated that the department lacked the tools to capture the iterative back and forth between applicants and the department concerning additional necessary information. He said that the department did not have enough staff to remind applicants of the lack of requested information that could be holding up the process.

Co-Chair Stedman asked Mr. Goodrum to provide further detail to the committee. He asked about water right authorization for smaller, "mom and pop" operations. He asked when water rights should be filed for small, remote parcels.

[9:28:18 AM](#)

Mr. Goodrum encouraged people to file as soon as possible. He reminded the committee that once there was a substantially complete application, an applicant would have a date-stamped priority. He qualified that larger projects with significant economic potential to the state could be moved to the front of the cue, displacing the smaller, mom and pop authorizations.

Co-Chair Stedman said that most people recognized that a water supply to a remote private cabin was not as significant as some bigger statewide vial interests. He

asked what size water requirement threshold required a date stamp.

Mr. Goodrum believed the threshold was 500 gallons per day.

Senator Bishop clarified that the threshold was 5,000 gallons per day.

Mr. Goodrum encouraged people to converse with the Water Section to determine water needs. If the threshold was below 5,000 gallons per day, an authorization would be unnecessary. He added that to ensure that water rights were protected over time it would be smart to reach out to the Water Section for more information.

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Co-Chair Stedman interpreted that if a family would most likely not use 5,000 gallons per day, filing would not be required.

Mr. Goodrum stated that if a person was below the threshold, a water certificate was not required. He reiterated that people should reach out the Water Section with any questions.

[9:32:44 AM](#)

Senator Bishop clarified that on a water application, use of 5,000 gallons and above would require public comment.

Co-Chair Stedman appreciated the clarification.

Senator Bishop agreed.

[9:33:53 AM](#)

Mr. Goodrum continued to discuss Slide 13, noting that from 2011 to 2018, there had been a 61.8 percent reduction in the backlog. He shared that the number had crept up a bit since FY 15, due to the loss of 13 permanent, full-time positions. He said that the department faced challenges in the area of recruitment and retention of highly skilled professionals. He said that a stable and predictable fiscal plan would help with hiring. He shared that the department needed to educate applicants that the department did not

have the staff available to remind them of the necessary additional information needed to advance authorizations.

[9:35:38 AM](#)

Mr. Goodrum showed Slide 14, "Applications and Issuances":

- Since 2015 DMLW has been trying to catch up with increasing application volumes, with highest % increase in lease applications (162%). Over the same time period number of authorizations issued also increased, with highest increase in lease authorizations (79%).
- Material Sales follow construction industry cycles and have seen 10% decline in application volume.

Mr. Goodrum looked at the four data tables:

- Between years 2011-2013 and 2015-2018, there was a 12 percent increase in in Permits applications received.
- Between years 2011-2013 and 2015-2018, there was a 3 percent decrease in Permits authorizations issued.
- Between years 2011-2013 and 2015-2018, there was a 162 percent increase in Leases applications received.
- Between years 2011-2013 and 2015-2018, there was a 79 percent increase in Leases authorizations issued.
- Between years 2011-2013 and 2015-2018, there was a 37 percent increase in Easements applications received.
- Between years 2011-2013 and 2015-2018, there was an 8 percent increase in Easements authorizations issued.
- Between years 2011-2013 and 2015-2018, there was a 10 percent decrease in Material Sales applications received.

- Between years 2011-2013 and 2015-2018, there was a 2 percent increase in Material Sales authorizations issued.

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Senator Bishop asked about the increase in Leases. He asked if the number was broken out by types of lease. He wondered if the increase was from the mining community converting from claim payments to a Lease option.

Mr. Goodrum did not have the information handy but offered to follow up with the committee.

Co-Chair Stedman asked Mr. Goodrum to consider whether there was any significance to older structures that crossed property lines. He thought it could be a subcomponent to the Lease increases. He was curious about commercial lease structures versus leases that were residential, or non-economic drivers.

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Senator Shower asked whether buyers were still required to file yearly paperwork and how access to technology might limit filing. He wondered if the department had considered a two-year reporting requirement.

Mr. Goodrum stated that the department looked for ways to make it easier for individuals to submit required paperwork. He said that current requirements included annual affidavits for labor. He stated that multi-year authorizations could be issued, up to 5 years, but the department had not looked at mining requirements updated on an extended timeframe. He said that most of DNR's regulatory enforcement dealt with reclamation activities, the provisions of which were in statute, and which was the majority of DNR's enforcement and education process in working with the mining community.

Senator Shower asked if the department were to consider two-year reporting for workload requirements, for both the state and miners, could it be handled by the department or would it require legislative action.

Mr. Goodrum thought that since some requirements were in statute, legislative action would be required.

[9:44:48 AM](#)

Senator Bishop was curious about the 10 percent reduction in Material Sales.

Mr. Goodrum hypothesized that the in previous four years there had been a more constrained budget. He stated that DOT was one of the primary purchasers of material. He thought decreased activity by that department was a factor in the drop in sales.

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Co-Chair Stedman recalled that there was a change, several years ago, that dealt with the requirement for royalty and permit payments for smaller rock pits.

Mr. Goodrum offered to provide the information later.

Co-Chair Stedman recalled that the issue had be dealt with, as the state had subsurface ownership.

[9:46:35 AM](#)

Mr. Goodrum spoke to Slide 15, "Current Land Applications," which showed a pie chart giving a snapshot of land use applications received and completed. He pointed out the 41 percent of the pie chart that represented 257 Easements; 22 percent represented 130 Permits; 18 percent represented 114 Land Leases; 14 percent represented 87 Other Leases; 6 percent represented 38 Land Sales.

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Co-Chair Stedman expressed concern about DNR land sales around the state and waterfront setbacks. He asked about setbacks for valuable waterfront properties. He suggested that as the setback increased from the front, the vale of the waterfront decreased. He noticed that waterfront setbacks were not uniform around the state. He recalled that Southern Southeast Alaska had a 100-foot setback. He thought that the diminished waterfront value would decrease state coffers for land sales. He queried differential setbacks and why the state would have 100-foot setbacks that resulted in diminished land value upon resale. He expressed concern that Easements often lacked definition.

[9:50:11 AM](#)

Mr. Goodrum agreed that there were occasions when the local platting authority had additional desires for setbacks. He said that DNR worked closely with DFG on the matter. He agreed to gather more information on the issue.

Co-Chair Stedman pointed out to the committee that there was a difference between organized and unorganized areas concerning platting authority. He noted that platting authority included a public process for easements, and that the DNR requirements exceeded local platting requirements in any of the communities he represented. He was worried about the value of waterfront property.

[9:51:31 AM](#)

Mr. Goodrum discussed Slide 16, "Aquatic Farming Leases," which showed a line graph entitled "Aquatic Farmsite Lease Applications Received 2010-2019." He thought aquatic farming was an exciting and expanding industry in the state. He recalled that the Walker Administration had created an Alaska Maricultural Taskforce, which had resulted in increased interest and applications.

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Senator Wilson asked for a brief overview of the aquatic farming industry.

Mr. Goodrum stated that the Mariculture Task Force was created in 2016. He stated that the industry included oysters, shellfish, sea cucumbers, kelp, and other things that could be grown in the tidelands and beyond. He said that the desire had been to create an industry that generated revenue of \$100 million by 2040. He spoke of the Maricultural Revolving Loan fund. He explained that the state had over 30,000 miles of coastland. He said that the industry maintained increased growth and interest.

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Mr. Goodrum looked at Slide 17, "Aquatic Farm Leasing Workload":

- All aquatic farm leases are handled by DMLW's Southcentral Regional Land Office in Anchorage (1 full-time adjudicator manages this program statewide)
- Current Adjudication Process
 - 12 to 24 months to go through the DNR leasing process
 - Application received and jointly reviewed with DF&G for completeness (~90 days)
 - 20-day agency notice and review period
 - Preliminary Decision (PD) is written (~30 days)
 - PD 30-day public notice and review period
 - Final Finding and Decision (FFD) written and issued (~30 days)
 - 20-day appeal period
 - Final administrative order and decision goes into effect 31 days after the FFD is issued
 - Decision and proposed lease sent to applicant for execution and requirement for deliverables from lessee
 - Once deliverables (annual lease fee, bonding, and insurance requirements) are met the lease is issued
- DMLW currently working on streamlining this process so that lease adjudication process is 9 to 12 months

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Mr. Goodrum considered Slide 18, "Status of Current Aquatic Farm Lease Applications":

- 36 new applications from 2017 (17), 2018 (16), and 2019 (3) currently in various stages in the adjudication process
 - Average adjudication time is 120 hours, equals 3 work weeks and 2 days per application
 - 2017 Applications Status
 - 8 completed the adjudication process, either issued or lease sent for signature
 - 6 files still in the adjudication process
 - 3 files closed
 - 2018 Application Status
 - 2 files closed per the applicant
 - DNR & DF&G have reviewed the remaining 14 applications for completeness
 - 2019 Application Status

- Application period open from January 1 - April 30
 - 3 applications received thus far, and those applications have been reviewed by DNR & DF&G for completeness
- 23 Renewal applications currently in various stages in the adjudication process
 - o Renewals currently follow same processes as new applications
 - o Average adjudication time is 80 hours, equals 2 weeks and a day per application

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Co-Chair Stedman understood that the scale of the acreage related to the permitting was substantially increasing. He thought aquatic farming was an up and coming industry.

Mr. Goodrum believed some of the increase in the scale had to do with the addition of kelp farms, which ran hundreds of acres. He agreed to provide further information on changing acreage sizes.

[9:58:16 AM](#)

Senator Wilson asked who handled the adjudication process and what were the average costs of the leases.

Mr. Goodrum stated that there was one singular manager for the maricultural industry, located in Anchorage. He deferred the question of cost to Kris Hess from the Division of Mining, Land, and Water.

KRIS HESS, DEPUTY DIRECTOR, DIVISION OF MINING, LAND AND WATER, DEPARTMENT OF NATURAL RESOURCES, shared that the application fees for aquatic farm leases were dependent on acreage. The application fee for a site that was one acre, or less, was \$600; a site greater than 1 acre, but no more than 3 acres, the fee was \$1,200. She said that if the application was going to be greater than 3 acres, the fee would be \$2,000. She related that there was a fee schedule for annual fees on the department's website. A lease site that was up to 30 acres in size had an annual rental fee of \$450 for the first acre, \$125 for each additional acre. She reminded the committee that the fee schedule was available online. She offered to provide the numbers in writing.

[10:02:37 AM](#)

Senator Micciche wondered whether the department was working in conjunction with Department of Commerce, Community and Economic Development (DCCED) on highlighting for the public the industry's potential.

[10:04:10 AM](#)

Co-Chair von Imhof thought that the department should work in conjunction with DCCED to determine who was applying for the loans, how the applications were progressing, and whether there was a backlog. She queried the degree in which the department was working with DCCED concerning the loans for the industry.

Mr. Goodrum stated he would ensure that going forward that the departments communicated with each other concerning maricultural loan applications.

[10:05:32 AM](#)

Senator Wilson asked whether another agency could help with the backlog.

Mr. Goodrum stated that the authority to process the authorizations resided within DNR. He was sure the department could handle the workload.

[10:06:21 AM](#)

Senator Wielechowski asked whether DF&G had expressed opposition over the expansion of aquatic farms. He wondered about impacts to Alaska Native stock.

Co-Chair Stedman thought that the question could be better answered in a resource committee meeting.

[10:07:09 AM](#)

Mr. Goodrum showed Slide 19, "Road Map":

III. Unified Permit Effort

Mr. Goodrum displayed Slide 20, "Unified Permit Goals and Timeline":

- Shorten and make consistent cycle times for authorizations

- Build internal systems that directly support DNR productivity
- Better internal and external transparency into process

Mr. Goodrum looked at the flow chart on the slide, which detailed the department's progress from FY 2002 through FY 2021. He noted that the electronic case file system had helped with electronic scanning of historical documents, which provided a better understanding of previously issued authorizations and created better consistency between the Northern, South Central, and Southeast regions. He said the system had added to the defensibility of the department's decisions.

[10:10:07 AM](#)

Co-Chair Stedman recalled that the committee had been shocked at the backlog of authorizations; and the impact on the ability to run a resource state.

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Senator Shower understood that part of the problem had been differenced between the regions in the area of consistency across the state. He asked how much progress the division had made, and wondered about the coordination between DNR and DF&G. He asked whether the department reached out to DF&G before approving applications.

Mr. Goodrum estimated that on a scale of zero to 100, the backlog was approximately 78.5 percent updated. He said that communication between regional offices had improved greatly. He stated that coordination between departments would be highlighted in future slides.

[10:12:35 AM](#)

Mr. Goodrum showed Slide 21, "Unified Permit Systems Needed To Meet Goals":

- Understand that change is hard
- Make work visible
- Rely on good data and research
- Enable business users to fully participate

Mr. Goodrum spoke to the Venn diagram on the slide, which addressed: reporting, content management, and business process management. He relayed that the department currently used Dot Net, which was a Microsoft Office produce that allowed greater coordination. He spoke of the suite of capabilities available to adjudicators and managers to meet goals.

[10:14:07 AM](#)

Mr. Goodrum turned to Slide 22, "Realized Value of UP Project":

Unified Permit Project:
Less Rework
Less Variation
Improved Visibility
Fewer Errors
Fewer Systems
Smoother Handoffs

[10:14:50 AM](#)

Mr. Goodrum referenced Slide 23, "Road Map":

IV. DNR Interagency coordination

Mr. Goodrum referenced Senator Shower's question about coordination with other agencies. He shared that the Office of Project Management and Permitting provided support to coordinate activities between departments.

[10:15:26 AM](#)

JEFF BRUNO, OFFICE OF PROJECT MANAGEMENT AND PERMITTING, DEPARTMENT OF NATURAL RESOURCES (via teleconference), addressed Slide 24, " Office of Project Management & Permitting":

Mission: Coordinates multi-agency regulatory reviews and authorizations, while collaboratively engaging federal agencies on land use planning and policy initiatives to maintain and enhance the state's economy, quality of life, and maximize the value of Alaska's vast natural resources.

- **The Office of Project Management & Permitting (OPMP)** supports private industry, regulators, and the general public by implementing one-stop shop, multi-agency permit coordination to secure consistent, defensible, transparent, and timely permit decisions.

- This model is unique to Alaska and offers a level of assurance to companies investing in Alaska that permit reviews are robust and transparent.

Mr. Bruno discussed the function of the Office of Project Management and Permitting (OPMP). He said that the program was voluntary; project proponents signed into the model and agreed to reimburse state agencies for all services rendered on a project. In exchange for reimbursement, the proponent received a more transparent, robust, and heavily coordinated project. He said that OPMP efficiently coordinated projects by using established relationships, communication protocols with state agencies, and coordination with federal agencies. He shared that each project was assigned a project coordinator responsible for setting up timelines and permitting schedules, coordinating the state's involvement on federal reviews and authorizations, identifying which data gaps had the longest lead time, and establishing regularly scheduled meetings for project overviews and permit specific meetings when appropriate. The project coordinator tracked information between the applicant and the agencies to consistently meet project timelines and schedules.

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Mr. Bruno spoke to Slide 25, "Agency Coordination":

- Key coordinated agencies include but not limited to:
 - **State:** Department Environmental Conservation, Department of Fish and Game, Department of Natural Resources, Department of Transportation and Public Facilities, Department of Health and Social Services
 - **Federal:** Bureau of Land Management, Environmental Protection Agency, US Army Corps of Engineers, US Fish and Wildlife Service
- Coordinated federal review, State permitting, and regulatory compliance for major projects including:

- o **Oil & Gas:** Nanushuk Project, Greater Moose's Tooth, Willow Master Development Plan, Liberty, Alaska Stand Alone Pipeline, AKLNG, and Point Thomson

- o **Mining:** Donlin Gold, Pebble, Red Dog, Anarraaq-Aktiguruq, Fort Knox, Greens Creek, Kensington, Pogo, Palmer Project, Nixon Fork, Livengood, and the Ambler Mining District Industrial Access Project

Mr. Bruno shared that the OPMP model had proven effective regardless of project type or size. He said that the coordinated effort freed up adjudicators, and those that issue permits to spend more time writing permits. He furthered that the program offered more consistent communication between all involved parties, reduction in duplicated efforts, better information sharing, and a more transparent process. Ultimately, permit and authorization decisions were made in a more efficient a timely manner.

[10:20:24 AM](#)

Senator Wilson about the average timeline for large oil and gas and mining projects.

Co-Chair Stedman asked for the current and historical timeline.

Mr. Bruno estimated that currently and oil and gas project could take 5 to 6 years to work through the process. He said that mining projects can take longer, 10 to 15 years for some.

Co-Chair Stedman understood that the OPMP program had been successful.

Mr. Bruno answered in the affirmative.

[10:21:48 AM](#)

Senator Shower hypothesized that those with more money to spend would experience and expedited process under OPMP.

Co-Chair Stedman asked for Mr. Goodrum to expand on why the program was created.

Mr. Goodrum stated that some of the most important projects to the state dealt with the production of oil and gas or

mining. Ventures of the sort were complicated and involved multiple agencies as well as state, federal and local governments. He believed that such projects required the coordination offered by the program. He reminded the committee that the program was voluntary, and the service was available to all. He thought that the service provided by the program was critical to the state.

[10:24:59 AM](#)

Senator Shower thought the way the program was presented seemed to indicate that the process would be expedited if money were paid. He expressed concern that it could be considered a two-tiered system.

Co-Chair Stedman recalled that similar concerns had been expressed when the system had been first implemented. He said that the legislature had examined the backlog and budgetary constraints and had worked to develop a balance to smooth out the permit process. He said that attention was consistently paid to parity and that resource extraction permits were not bound up in bureaucratic "mumbo jumbo."

[10:26:54 AM](#)

Senator Bishop commented that DNR did an excellent job for small miners. He offered to speak to Senator Shower off the record.

[10:27:18 AM](#)

Mr. Goodrum showed Slide 26, "Road Map":

V. Municipal Entitlement Land Conveyances

Mr. Goodrum advanced to slide 27, "Municipal Entitlement Land Conveyances":

- There are two ways for a municipality (city or borough) to receive land entitlement provided in statute:
 - o A calculation of eligible state land within the municipal boundary under AS 29.65.030; or

- o Based on an amount established by the Legislature in AS 29.65.010.

Mr. Goodrum stated that at the inception of a municipality or borough, the state works with the newly created government entity to convey vacant, unappropriated, unreserved land so that the local government can create an economic base. Newly formed Municipalities and boroughs receive land entitlement in two ways: under statute or legislative designation.

[10:28:46 AM](#)

Mr. Goodrum considered Slide 28, "Municipal Entitlement Determinations":

- Historically, calculation of entitlement is based on 10% of vacant, unappropriated, unreserved (VUU) general grant state land within the municipal boundary.
- Statute was amended in 1978, when eleven existing boroughs were listed at AS 29.65.010(a), with entitlement acreage amounts that were previously established based on the 10% VUU formula.
- North Slope Borough was added to the list because the entitlement previously granted to the borough was forfeited, so the Legislature reestablished it at AS 29.65.010(a)(12).
- Boroughs subsequently added to the list at AS 29.65.010 are located in Southeast Alaska, where available state land is limited compared to other areas of the state, so these communities sought a legislative remedy to enlarge their entitlements beyond the 10% VUU granted to all other boroughs.
- 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.

Co-Chair Stedman asked how to speed up municipal entitlement determinations.

Mr. Goodrum stated that the municipal and borough entitlements were a challenge to expedite. He said that the best way to expedite the process would include clear communication between the state and the municipality or borough. He shared that there were 3 personnel that worked this particular issue.

Co-Chair Stedman had heard feedback that the process had been slow.

Mr. Goodrum encouraged local governments to work closely with the Municipal Entitlement Section within the Division of Land and Water. He said that questions could be brought to DNR for resolution.

[10:31:32 AM](#)

Senator Shower thought the DF&G Division of Habitat was proposed to be eliminated.

Mr. Goodrum replied that he was not aware of the issue.

[10:32:23 AM](#)

Mr. Goodrum showed Slide 29, "Questions."

Senator Micciche worried about the impression that the project management capabilities of the department were more readily available based on wealth. He asked for information about the types of companies that used both the expedited and un-expedited services.

Co-Chair Stedman asked for Mr. Goodrum to provide information to the committee on how often the expedited versus un-expedited services were used. He disagreed that the presentation had given an impression either way.

Mr. Goodrum agreed to provide the information later.

Co-Chair Stedman hoped that that the backlog issue would continue to improve.

Co-Chair Stedman discussed housekeeping.

ADJOURNMENT
10:36:40 AM

The meeting was adjourned at 10:36 a.m.