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

Permit Backlog

<table>
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<tr>
<th>FY06</th>
<th>FY07</th>
<th>FY08</th>
<th>FY09</th>
<th>FY10</th>
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<td>2106</td>
<td>2371</td>
<td>2377</td>
<td>2521</td>
<td>2538</td>
<td>2658</td>
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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
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
II. Where we are.
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

<table>
<thead>
<tr>
<th>Year</th>
<th>DMLW Backlog</th>
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<tbody>
<tr>
<td>FY06</td>
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<tr>
<td>FY07</td>
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<td>FY11</td>
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<tr>
<td>FY12</td>
<td>1823</td>
</tr>
<tr>
<td>End CY12</td>
<td>1643</td>
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FY06 FY07 FY08 FY09 FY10 FY11 FY12 End CY12
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

<table>
<thead>
<tr>
<th>Authorization Type</th>
<th>End FY11</th>
<th>End CY12</th>
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<tbody>
<tr>
<td>Permits</td>
<td>330</td>
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</tr>
<tr>
<td>Leases</td>
<td>304</td>
<td>159</td>
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<tr>
<td>Easements</td>
<td>653</td>
<td>449</td>
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<tr>
<td>Material Sales</td>
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<td>50</td>
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<td>Water Rights</td>
<td>828</td>
<td>520</td>
</tr>
<tr>
<td>Water Reservations</td>
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<td>338</td>
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</table>
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
III. Where we are headed.
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

- **Proessses**
  - 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
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
UNIFIED PERMIT: UP AND RUNNING
UNIFIED PERMIT: UP AND RUNNING
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?