

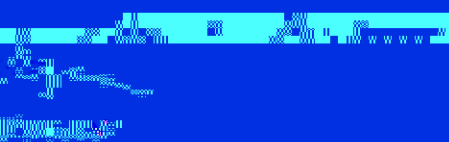
University of Alaska System

Land Management Strategic Plan

2017 to 2027

Anchororage, Alaska 99508-2428

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Executive Summary

The primary purpose of the Strategic Plan is to outline the University of Alaska Facilities and Land Management Office's (FLMO) responsibilities and identify future actions to help achieve the overall University system goals.

The plan identifies seven asset classes (land; forest resources; oil, gas, and minerals; fisheries; wildlife; water; and cultural resources).



The University of Alaska: Land Grant Institution

UA Mission, Values, and Goals

The mission of the University of Alaska system is to inspire learning, and to advance and disseminate knowledge through teaching, research, and public service, emphasizing the North and its diverse peoples.

UA Values

Unity in promoting communication and collaboration.

Accountability to our students, faculty, staff, alumni, and the diverse peoples of Alaska.

Leadership for Alaska's people and institutions.

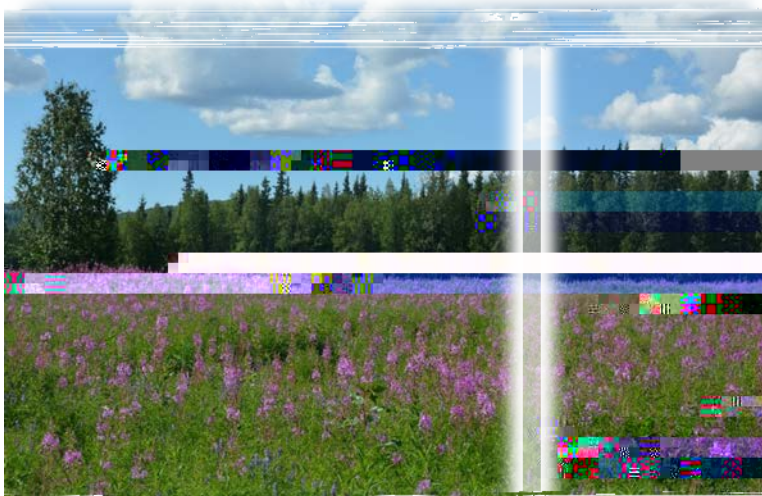
Responsibility comes with this flexibility. FLMO must accurately assess the social, economic, and environmental consequences associated with development of its land grant assets to ensure that the University's value of stewardship is fulfilled. Good stewardship is further reinforced through the University's public notice requirements and working with adjacent landowners. UA FLMO must be accountable to the U2.2(e)6ITj -6.4(i)-3.73g91.960.6(t)-6(y)-4.5im-4.5(m)-6.3(ui8833.9()-3.3(nQh37 TD c)9(e)-a





Mountain Point Lighthouse Subdivision, Petersburg, Alaska

Unfortunately, as lot sales decline from sale contracts, interest revenue due to the reduction in land sale contracts is declining substantially (from \$600,000 annually to \$175,000).



Bunnell Park Subdivision, Fairbanks, Alaska

In the past, the University has sold or leased a few parcels of land for agricultural uses. In the last two years, interest is once again being shown in land suitable for crop farming or animal raising. The University's strategy is to lease this type of land long term, if possible. During FY16, the University was successful in obtaining full title including subsurface estate for lands previously granted only for agricultural rights. This improved the options for highest and best use of those parcels over time. The FLMO is also pursuing the subsurface rights on other parcels transferred without those rights to the University via previous state settlements.

The receipt of a grant of additional land will be sought in FY17. Historically, the sale of land raised almost \$98 million for the Fund. However, without receipt of additional land, this magnitude of revenue will not be possible, as evidenced by the average annual sale proceeds since 2011, which have reduced from \$4M

to \$1.5M. The University will continue its practice of retaining subsurface estate for any lands sold, as well as shifting focus to long-term leases rather than outright sales.

FOREST RESOURCES

A large proportion of UA FLMOs historic gross revenues have been derived from the sale of timber. Management of forest resources, particularly timber harvesting, focuses on long-term sustainability whether in southeast, southcentral, or interior Alaska. Cooperative management agreements and coordinated joint sales with other agencies will continue to be utilized in order to improve marketability revenue, access, and lower contract administration costs.

Survey Creek, Edna Bay, Kosciusko Island, Alaska

South Mitkof, Mitkof Island, Alaska

Firewood permits were initiated as a measure to make a renewable energy resource available to rural households and manage trespass violations on lands throughout Alaska. This strategy will continue and may expand in some areas if there is interest on the more accessible parcels.

Forests are a renewable resource and when managed sustainably can provide annual revenue for generations and local jobs. With the federal government driving the switch from old growth to young growth harvest, UA FLMO is positioning the University to jointly manage its forestry resources with other agencies. This will enable less costly management, a more predictable timber source for small local companies needing material, and an additional revenue source for the University. Achieving this goal depends heavily upon completing the land grant agreement. To this end, UA is seeking up to 250,000 acres of timbered lands that could potentially generate up to \$2 to \$7 million yearly. Timber revenue is of course dependent on the market, companies being available to harvest, access, volume, species, and age.

Some parcels, once harvested, may provide increased value for tourist facilities and recreation.

OIL, GAS, COAL, AND COAL-BEING METHANE

Facilities and Land Management



where the University has a few parcels of

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payment terms, the potential for risks associated with mineral mining activities may not be commensurate with potential returns. Evaluation of specific opportunities and related challenges are required.

Peat Pit Site, Fairbanks, Alaska

Broad Pass Material Site jointly managed with Ahtna Corp

The University's ownership pattern of lands with high gravel potential does not dominate in any particular area of the state. Large construction projects such as the Gas Pipeline, Knik Arm Bridge, and other major civil projects could increase the demand for gravel, although many potential suppliers exist in some areas. FLMO has increased material sales over the past six years from an average of about \$50,000 annually to just under \$250,000. Significant increases in material revenues are anticipated within the next five years. The University has entered into joint management agreements in southern Alaska to reduce administrative cost of managing material sales contracts.

REAL PROPERTY

For purposes of this document, real property assets include surface estate plus a material investment (physical improvements such as a building) intended to add value to raw land. Raw land was covered previously and listed under the asset class of land and related strategy. Currently the University owns fewer than a dozen income-generating real properties (example: Braga Office Center with commercial office leases), some of which provide leasing revenue to support campus programs (example: Orca Building in Seward).

Commercial Permit

Commercial Lease



The Alaska Department of Natural Resources has applied to the Corps of Engineers for authorization of wetlands banking and is working on a fee process to aid developers. The University is welcome to join their efforts, earning



Five Year Specific Strategies

Land and Real Property Asset Class Of the several types of asset class, development opportunities, land and real property sales and leases have the greatest revenue potential and have been the most stable over time. A shrinking pool of developable and marketable grant land limits sale and lease opportunities in the future. The economy, competing developments, and regulatory requirements can significantly affect total return. How can revenues from the (current and future) land inventory be increased?

1. Increase the University's overall land inventory and natural resources.

- e. Monitor Campus Master Plans and assist in the development of Campus Land Acquisition Plans identify adjacent property needed for University purposes and remain aware of campus planning and program changes.
 - f. Build public and private partnerships to develop property Continue to invite private participation. Interact with developers to help identify barriers to participation and work to remove any constraints.
3. Diversify marketing approaches.



In addition to strategies for the asset class, FLMO must manage work planning and staff allocation to maximize revenue opportunity. This requires efforts to lessen the staffing time and resources spent on non-revenue producing activities associated with campus educational properties, while still being responsive to campus needs and other important support activities.

- a. Continue to develop an annual Work Plan and Budget for revenue and non-revenue activity. Carefully budget, monitor, and manage the allocation of resources to revenue and non-revenue tasks. Produce management reports throughout the budget year for senior managers to indicate revenues and expenses to date.
- b. Make process efficiency improvements. Evaluate all non-revenue activities to determine what can be simplified, eliminated, or re-assigned.
- c. Continue to collect reimbursement from campuses for all land transactions related to capital projects, as well as for services provided for sales or leasing of campus property assets, thereby reducing the amount of non-revenue activity required by UA campuses.
- d. In the FLMO Annual Financial Report, record allocation of resources to non-revenue producing activities, including: transaction assistance offered to campus facilities managers for governmental agency permits, educational permit requests from the faculty, mitigation assessment from the University's legal department, and proper management of educational properties and lands with deferred or long-term revenue generating investment potential.

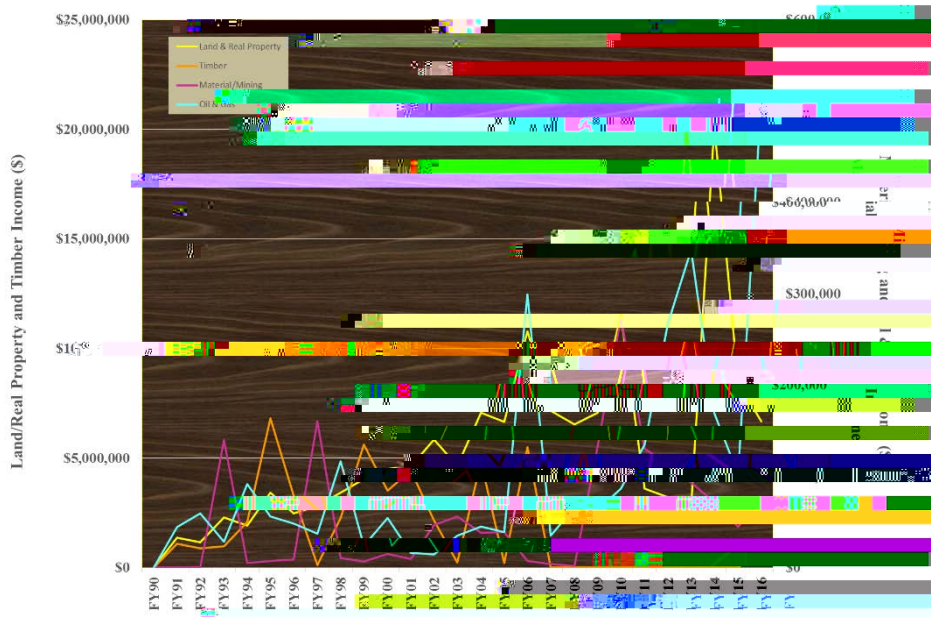
Appendix A: UA Resources and Revenue Projections

This section reviews the historical gross revenues and projected future revenue expectations from management of the lands and resources entrusted to the University. FLMO historically defined the asset classes under its management within four resource types. For this plan, three new asset classes have been identified (items 5-7 below), that do not have historical revenue data yet. These new additions bring FLMO asset classes to a total of seven. These asset classes better define and characterize UA assets for planning potential revenue opportunities that may occur in the long term.

1. Land
2. Forest Resources
3. Oil, Gas, Coal and Coal Methane
4. Mining and Materials
5. Real Property (previously considered part of land asset class)
6. Renewable Energy
7. Mitigation Marketing

Conditions for each of the new asset resource types have been assessed where there is specific data and information available for the UA existing properties. External conditions, circumstances, and data are not controlled by FLMO and these specific asset class qualities can have the capacity to be constraints or opportunities.

Historical Current Revenues FY90 - FY16



Impacts to Projected Revenue GENERAL

External Conditions

- „ The Alaska Department of Labor projects the population of Alaska will continue slow growth (0% annually from 2014 - 2042) and will also continue to age as fewer elderly leave the state. The state is still dependent on government and oil support, with little diversification in revenue sources in the last 25 years.
- „ The Alaska Native population is anticipated to grow 81% between now and 2042 as life expectancy increases and infant mortality decreases. New residential and health services development to support this growth is likely.
- „ The fastest growing segment of the state’s population is the cohort over the age of 65, which is expected to increase from 65,000 to 120,000 by 2042 and may result in an increasing demand for senior housing options.
- „ The number of working age adults (18-64) in the state is expected to increase only 14 % by 2042, which is significantly lower than in the previous three decades. This age group is most likely to purchase land for home construction, recreational use, or business development.
- „ The youngest age cohort is projected to grow 27% by 2042 ensuring the working age cohort remains stable.
- „ While the average annual household income in 2016 ranked fifth in the nation, the cost of living also remains high, ranking fourth in the nation. Alaskans have a higher household income

however, real per capita income is forecast to continue to decline the unemployment rate is forecast to be higher than the national average. In 2016, Alaska's unemployment rate was 6.8%, highest in the nation

- „ The severe reduction in state capital investment (no longer offset by increases in federal spending) the current recession likely to last until Alaska's revenues are diversified, and other financial concerns could negatively influence the likelihood of new infrastructure to support expanded development in any asset class.

Impacts to Projected Revenue LAND

External Conditions

- „ There is increased competition for land sales from other land trusts, boroughs, native corporations and state and federal agencies.
- „ Kenai and Mat

Impacts to Projected Reversal – MINING AND MATERIALS (primarily gravel)

External Conditions, Materials

- „ Population density influences the demand for public works and private construction projects that typically require aggregate (gravel) materials. Population density also influences the incidence rate of conflicting land uses that can affect the development of such resource sites.
- „ The state’s historical glacial activities have left an ample supply of local sources of sand and gravel materials in most areas. The exception is the Yukon-Kuskokwim Delta area, where materials must be brought in by barge from the Alaska Peninsula, the Seward Peninsula, Southcentral Alaska, or even Seattle, depending on the type of material required.
- „ There are many sources of aggregate (gravel) available in Alaska from DOT&PF, regional and

Appendix B: University Land Grant Chart by State



