Alaska DNR Submerged Lands Management

Western States Land Commissioners Association Annual Conference

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Division of Mining, Land & Water
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Alaska DNR-DMLW Mission Statement:

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

Alaska DNR State-owned Lands

Over 100 Million Acres of Uplands and 65 Million Acres of Tide and Submerged Lands, including some 34,000 miles of coastline

Alaska’s Constitutional Mandate

Policy Statement for Natural Resources

Article VIII, Section 1 of the Alaska Constitution states:

> “It is the policy of the State to encourage the settlement of its land and the development of its resources by making them available for maximum use consistent with the public interest.”

NOTE: All types of submerged land authorizations are going to be subject to the Public Trust Doctrine.

Types of Submerged Land Authorizations

- Aquatic Farm and Hatchery Site Leases
- Shore Fish Leases
- Tideland Leases
  - Competitive
  - Non-competitive for upland owners
- Tideland Permits
  - Mooring Buoys
  - Log Transfer Facilities
  - Floathomes, Float Camps, Floating Lodges, Floating Recreational Facilities

Leases and Fees

AS 38.05.075 - Leasing procedures. The lease compensation method shall be designed to maximize the return on the lease to the state and shall be a form of compensation set out in AS 38.05.073(m).

AS 38.05.073(m). The compensation to be paid to the state for a lease issued under this section may include, in the discretion of the commissioner,

1) a percentage of the annual gross receipts as reported to the United States Internal Revenue Service;
2) a guaranteed annual minimum rent or a percentage of gross receipts, whichever is greater;
3) the fair market rental value;

(AS 38.05.073(m) – continued)

4) a fixed annual rent that is not less than the fair market rental value of the land;
5) a fee for each user;
6) other compensation acceptable to the commissioner, or
7) a combination of the above.

AS 38.05.105 - Periodic Rent Adjustments. The lease compensation is subject to adjustment by DNR at the beginning of the 6th year of a lease term and every 5th year thereafter.

Alaska DNR Aquatic Farm Leases

An Aquatic Farm Lease is a limited exclusive interest or priority right to use State-owned tide and submerged land for the purpose of operating a commercial shellfish or sea plant farm.

Shellfish and Aquatic Plants Cultured in Alaska

- Pacific Oyster*
- Blue Mussel*
- Littleneck Clam
- Geoduck Clam
- Green Sea Urchin
- Pink-Hinged Scallop
- Pink Scallop
- Red Sea Urchin
- Purple Sea Urchin
- Sea Cucumber

Sugar Kelp
Bull Kelp
Ribbon Kelp
Nori
Red Ribbon
Sea Lettuce
Three Ribbed Kelp

*Mainly raise Pacific oysters, blue mussels, and sugar kelp

Aquatic Farm Lease Fees

AS 38.05.083(c) - Aquatic Farming and Hatchery Site Leases. A site may be leased under this section for not less than the appraised fair market value of the lease. The value of the lease shall be reappraised every five years.

How are aquatic farm lease fees calculated?

Aquatic farm lease fees are based on periodic review of submerged land lease rates, tideland/submerged land value ratios (as a percentage of adjacent uplands), and tidewater sales. When the market indicates that the value of waterfront property is increasing, the fees in the schedule change accordingly. Every two years the appraisal unit comes out with a current fee report.

Aquatic Farmsites – Report No. 2522-10

This schedule will be used as basis for annual rent in leasing tide, submerged, and shore land suitable for aquatic farmsites under AS 38.05.083.

The annual lease fees for aquatic farmsites are:

Tide and/or submerged land for an aquatic farm site:

- $450 per acre for the first acre of portion thereof, and
- $125 per acre for each additional acre or portion thereof;

Associated housing facilities for the aquatic farm site:

- $875 for the first acre of tide or submerged land or portion thereof, and
- $125 per acre for each additional acre or portion thereof;

"Can I figure out what my annual DNR fee will be before I apply for a lease?"

YES. IT ALL DEPENDS ON THE SIZE OF YOUR FARM…

AND THE FACILITIES YOU BUILD.

No Care-taker Facility, In a Bond Co-op

(Based on a 2-acre site)

Non-Refundable Application Fee:	$ 100
Public Notice (In 2011 for 16 apps the total cost per person was $89.00)	$ 200 +/-
Security Bond (Reduces Bond by-$1,250)	$1,250
Annual Lease Fee (No Facility)	$ 450
Plus $125 for the second acre +	$ 125
Total 1st year cost:	**$2,125.00**

* Add $1200 if not in a bond co-op

With Care-taker Facility, In a Bond Co-op

(Based on a 2-acre site)

Non-Refundable Application Fee:	$ 100
Public Notice (May be more or less)	$ 200 +/-
Security Bond (Reduces Bond by $1250)	$ 1,250
Annual Lease Fee (1ST ACRE W/FACILITY)	$ 875
Plus $125 for the second acre	+ $ 125
Total 1st year cost:	**$ 2,550.00**

* Add $1200 if not in a bond co-op

“What are the total DNR fees through year five? What are we talking about?”

The Total Fees Through Year 5

2-Acre Site, No Care-Taker Facilities, In a Bond Co-op

Year 1 Start-up Cost (-$1250)	$ 2,125
Annual Lease Fee Year 2	$ 575
Annual Lease Fee Year 3	$ 575
Annual Lease Fee Year 4	$ 575
Annual Lease Fee Year 5	$ 575

Total Cost through Year 5 = **$ 4,425**

* Add $1250 if not in co-op

The Total Fees Through Year 5

2-Acre Site, Care-Taker Facilities, In a Bond Co-op

➢ Year 1 Start-up Cost	$ 2,550
➢ Annual Lease Fee Year 2	$ 1,000
➢ Annual Lease Fee Year 3	$ 1,000
➢ Annual Lease Fee Year 4	$ 1,000
➢ Annual Lease Fee Year 5	$ 1,000

Total Cost through Year 5 = **$ 6,550**

* Add $1250 if not in a co-op

Current Authorized Acquatic Farm Leases*

- Total of 59 aquatic farm leases

- Range in acres:
  - 1 acre to 28.6 acres
- Average farm size:
  - 4.6 acres
- Total statewide authorized acreage
  - 273 acres
- Distribution of aquatic farms in Alaska regions:
  - Southeast: 67%,
  - Southcentral: 30%,
  - Kodiak Island Area: 3%

*End of 2016

2017 Applications for Aquatic Farm Leases
Size and Locations

- Range in Acres:
  - 1-333 acres
- Average farm size
  - 63 acres
- Total statewide proposed acreage:
  - 822 acres
- Percentage of proposed aquatic farms and acreage in Alaska Regions:
  - Southeast: 31%, 667 acres (oysters and kelp)
  - Southcentral: 31%, 55 acres (oysters)
  - Kodiak Island Area: 38%, 100 acres (kelp)

Aquatic Farm Sales from 2016 Annual Report

- Overall sales in 2016 (compared to 2015):
  - Pacific oysters: $978,617 (+$179,884 or +23%)
  - Mussels: $20,948 (-$49,852 or -70%)
  - Geoduck: $226,603 (Zero sales in 2015)
  - Hatchery and Nursery (Pacific oysters): $231,469 (-$35,300 or -13%)
  - Overall sales: $1,210,086 (+$144,684 or +14%)

- Percentage of sales in Southeast:
  - 55%
- Percentage of sales in Southcentral:
  - 45%

Alaska DNR Shore Fish Leases

A Shore Fish Lease is a limited exclusive interest or first priority right to use a leased site, and to exclude other fishermen only when the lessee is physically present and fishing.

Authority for Shore Fish Leases

AS 38.05.082(b) – The Director may lease tide and submerged lands for the purpose of fisheries development that includes the utilization of shore gill nets or set nets for the taking of salmon.

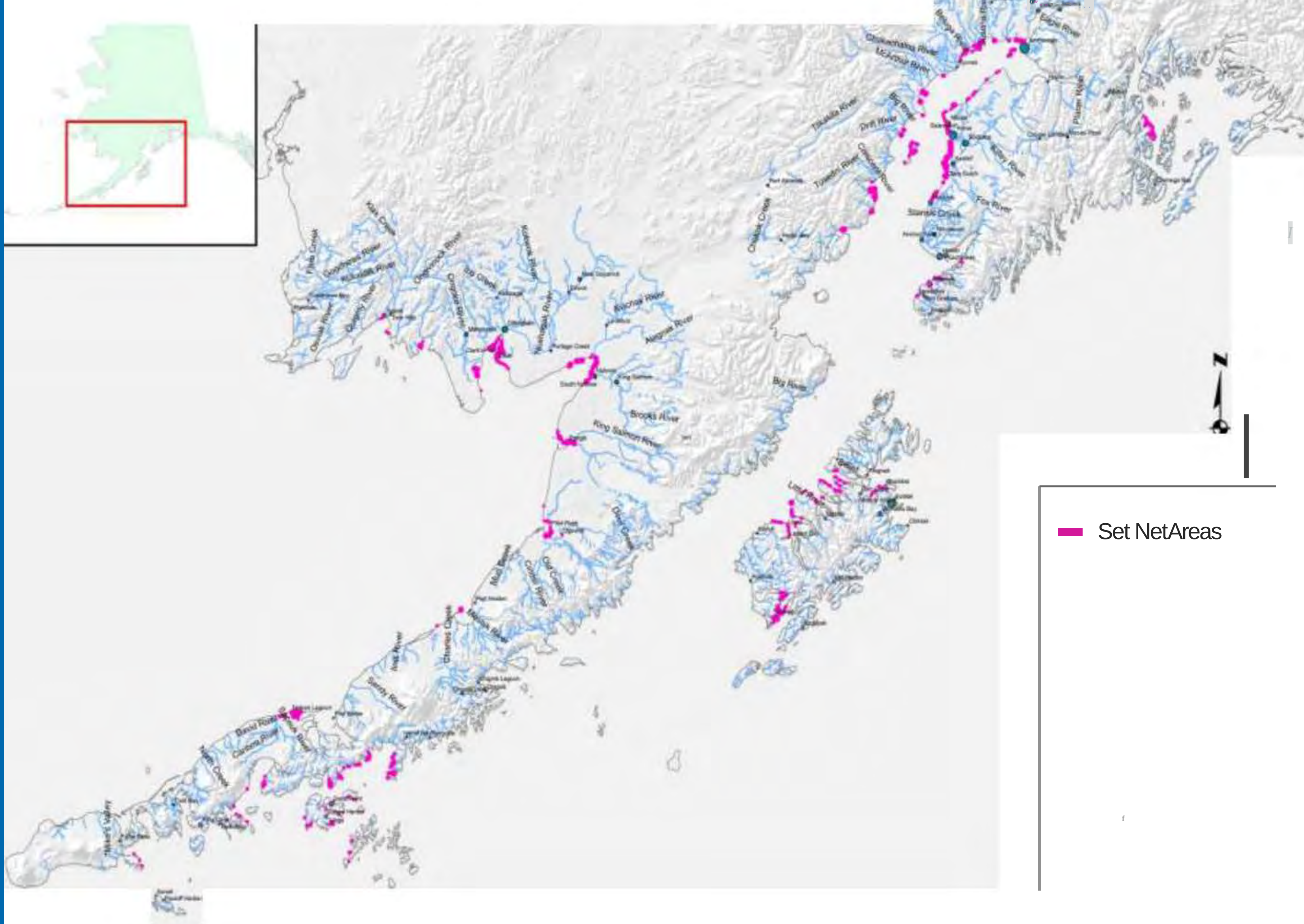
History of Shore Fish Leases

- Created in 1964.
- Initiated to resolve user conflicts.
- In 1975 ADF&G adopted the Limited Entry Permit (LEP) system.
- There are approximately 2,120 Limited Entry Salmon Set Net Permits within leasable areas.
  - Approximately 4,343 Limited Entry Set Net Permits statewide.
- A valid LEP is required to commercial set net fish for salmon.
- Participation in the DNR Shore Fishery Leasing Program is not mandatory.
- There are advantages to having a DNR lease.

Status of the Shore Fish Leasing Program

- 3 staff manage the Shore Fishery Leasing Program.
- Of the **2,120** LEP's in leasable areas, DNR administers approximately **1,091** active leases.
- Shorefish leases are located in Bristol Bay, Cook Inlet, Prince William Sound, Kodiak, and the Alaska Peninsula.
- Of the approximately **1,040** LEP's in Bristol Bay, there are approximately **587** active DNR leases.
- Per regulation the maximum number of sites allowed per lease is that number established under ADF&G regulations for each permit (except in Cook Inlet).
- In Bristol Bay DNR can issue a lease for either one 50 fathom net, two 25 fathom nets, or a single 25 fathom net per individual lease.

Shore Fish Leasing Areas



Benefits of a Shore Fishery Lease

- A lease gives an individual a first right of priority to personally fish the lease site.
- Provides an individual commercial fisherman a level of protection/right for a fishing area.
- A lease provides a valid and existing right.
- Provides land managers with current contact information for public notice purposes.

Shore Fish Lease Application Process

- Stake the site(s) between May 2 and October 15.
- File an application within 30 days of staking the site and between June 1 and October 15.
- Applications are sent out for Agency and Public Notice.
- Have a Shore Fishery Diagram prepared by a licensed surveyor.
- Lease Issuance of up to 10 years.

Qualifications to Obtain a Shore Fish Lease

- An individual can obtain a DNR set net lease by a new application, assignment or amendment.
- YOU MUST:
- Hold a valid Permanent LEP for commercial set net fishing in the area you wish to lease.
- U.S. Citizen.
- 18 years or older or have a Trustee.
- Stake the site(s).
- Submit a completed application.
- Diagram drafted by licensed surveyor.
- Pay all applicable fees.

How Much Does It Cost for a Shore Fish Lease?

- Application Fee $300
- Diagram $1000 +/-

  (cost varies by surveyor)
- Diagram Review Fee $450
- Lease Annual Rent $300 per year

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- Assignment Fee $250
- Amendment Fee $200
- Extension Fee $250

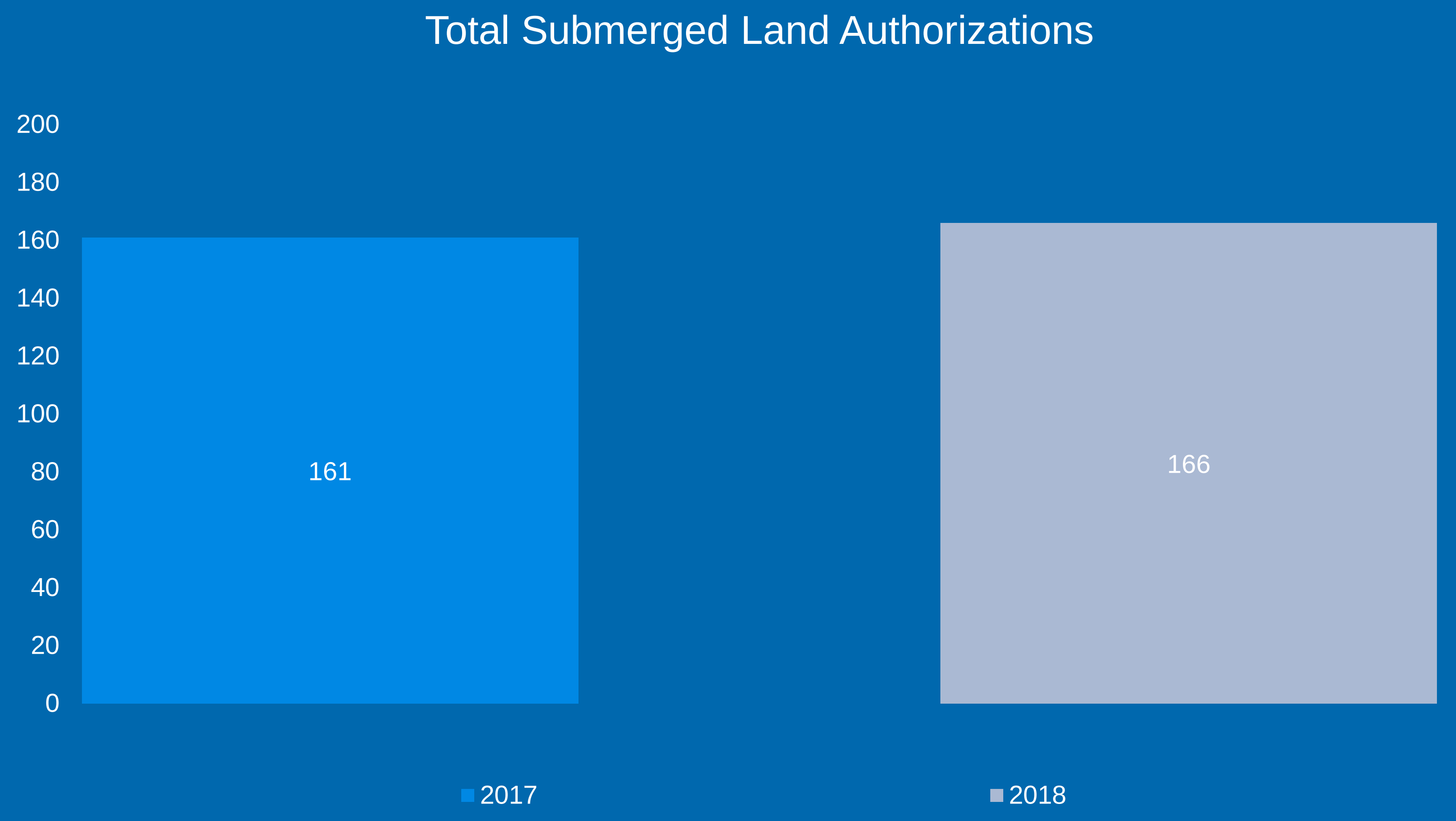
Kasilof River Mooring Buoys

- Commercial use of mooring buoys within the lower Kasilof River is regulated in time and space by the U.S. Army Corps of Engineers (USACE) and is limited to approximately 121 buoy locations.
- Buoy locations are separated by 165 feet in the lower river and 135 feet in the upper river as a result of navigational restrictions imposed by the United States Coast Guard.
- Individuals or businesses can apply to the USACE and receive a General Permit to secure one of the limited buoys locations.

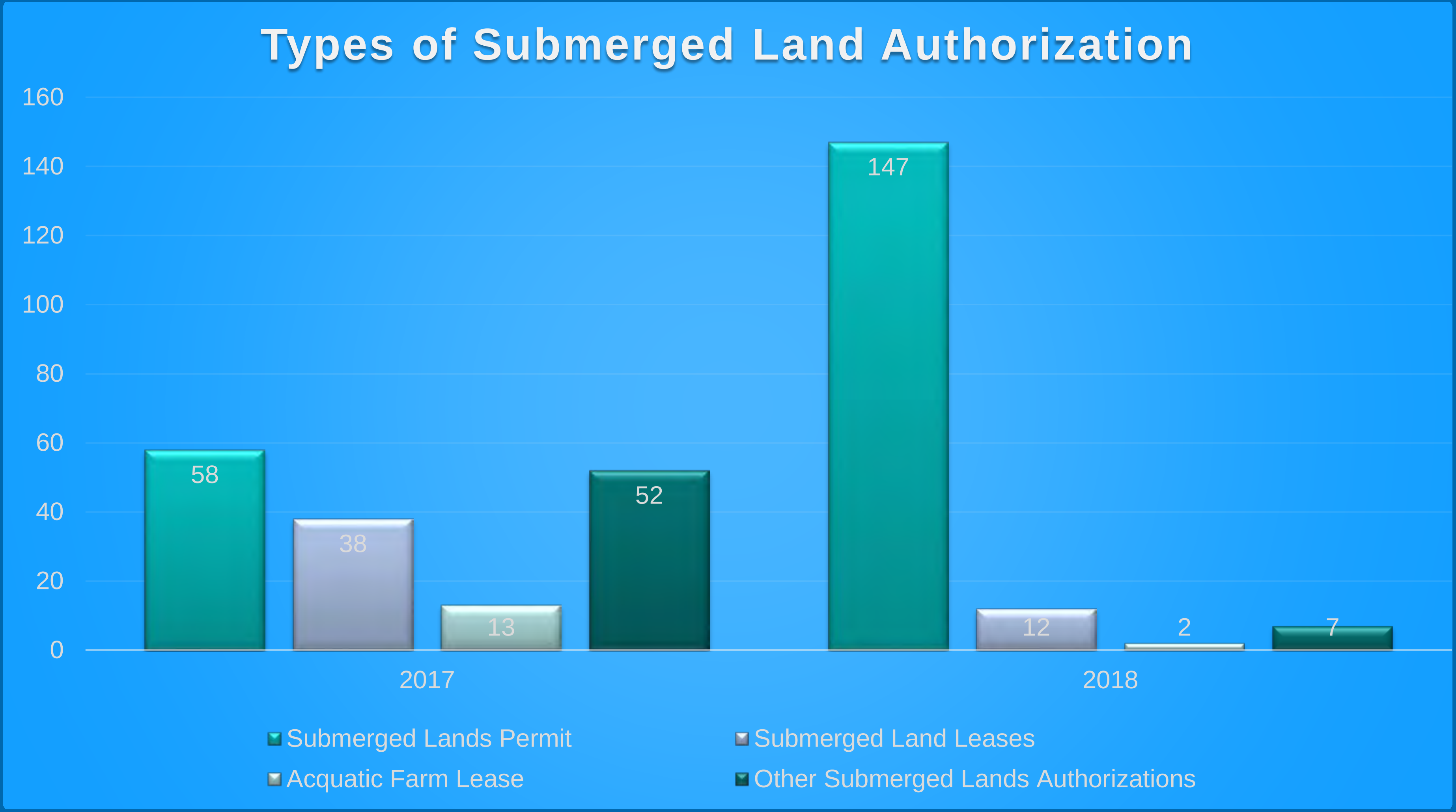
Cost For Kasilof River Mooring Buoy

- Permits are issued for 5 years
- $250.00 application fee
- $300.00 annual fee

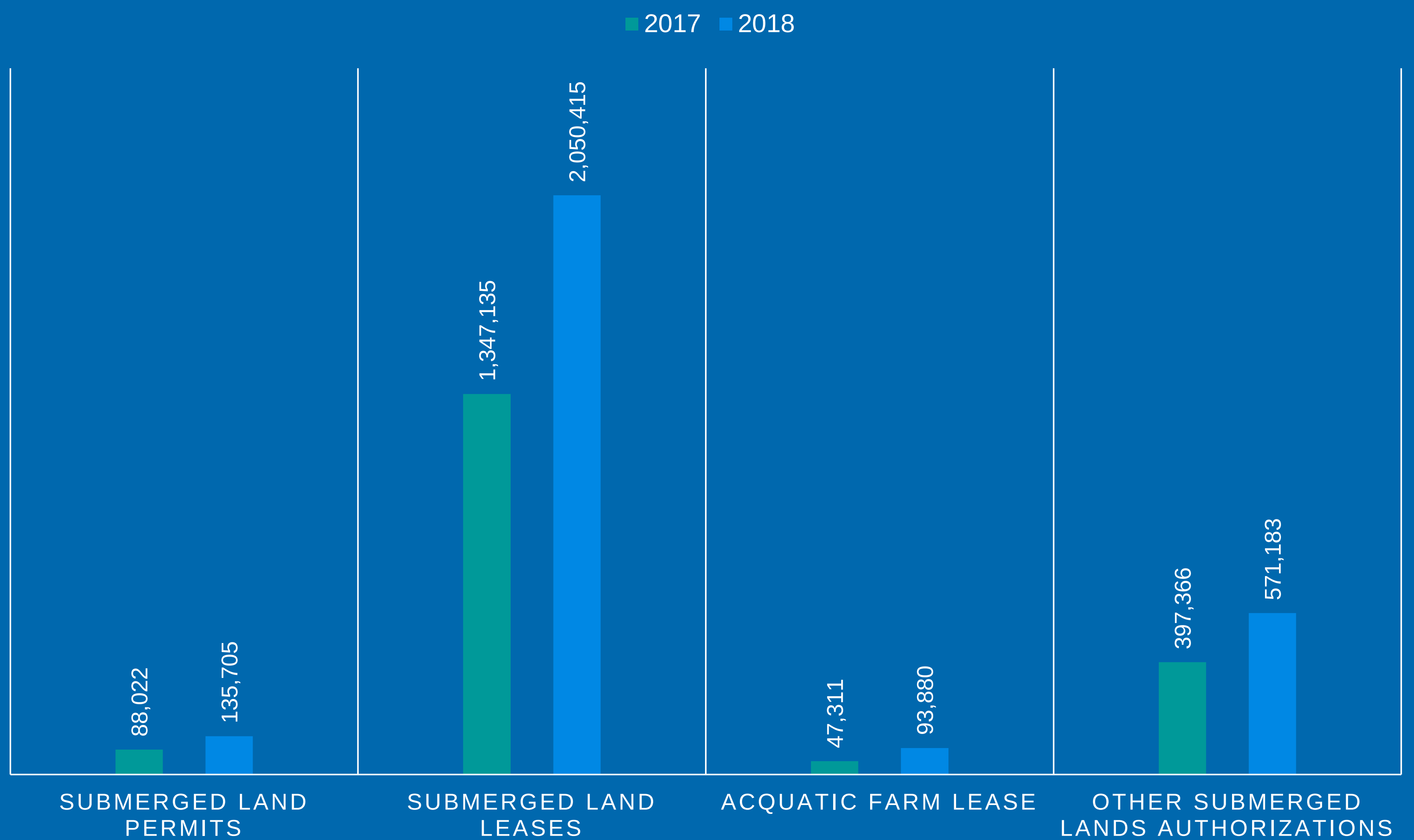
Alaska DNR
Submerged Lands Authorizations



Alaska DNR
Submerged Lands Authorizations



Alaska DNR
Submerged Lands Revenues

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