DMTC Acquisition

UA Mining and Petroleum Training Services 08/25/14

The University of Alaska was founded on a rich history of responding to the mining industry in academics, research and workforce development. UA, through the Mining and Petroleum Training Services (MAPTS) supports that strong tradition of working closely with the major producers and small operators in the mining industry through technical, health and safety training throughout Alaska. UA/MAPTS is considering acquiring the Delta Mine Training Center’s assets (DMTC) as an opportunity to continue that rich tradition.

The acquisition of the DMTC assets located south of Delta Junction, Alaska will position MAPTS to provide both underground and surface mine training at a single site, or in conjunction and in partnership with other education or training institutions, through the most comprehensive program available anywhere in the world. Recent upgrades to the federally required Mine Safety and Health Administration training programs, collaborative partnerships with colleges from the Yukon Territory and British Columbia referred to as WEST Mines, and strengthening relationships with the Alaska Miners Association, Council of Alaskan Producers, and Alaskan-based mining companies support the further development of UA’s capabilities to provide mine training for Alaska.

HISTORY

Established in 1997 to support the workforce development for interior mining activities including the Pogo mine, DMTC, an educational non-profit 501c3 corporation, is located approximately 130 miles south of Fairbanks on the Trans Alaskan highway. Just south of the Gerstle River Bridge, this 100 acre site is leased from the Alaska Department of Natural Resources and provides a unique remote location with road access for world class underground and surface mine training. The facilities located on site include: 10-person camp, classrooms (both above and underground), cooking and laundry facilities, maintenance shop, and heavy equipment for training and facility maintenance.

CURRENT STATE of TECHNICAL MINE TRAINING in ALASKA

UA is well poised to take advantage of the opportunities available with total access to the Delta Mine Training facility. Through the Consolidated Alaska Mine Initiative (CAMI), university representatives have been working closely to align programs and funding opportunities with additional guidance and support from the Alaska Miners Association Human Resources Workforce Development committee.

MAPTS is currently working in close association with the University of Alaska Southeast Mine Training Center (UAS MTC) to provide technical assistance and instruction to students and employees at the UAS Juneau Marine Technical Center location. In addition to the classroom at the technical center, UAS MTC has invested over $1,000,000 in a mine training simulator to provide entry-level and experienced miner training for producing area mines and has garnered attention as a destination for companies outside of the region as well. UAS MTC is primarily focused on underground mining skills, leaving a skills training gap for other mining techniques across the state. Most of the technical skills training for mining is occurring at mine sites rather than in controlled education environments. This is challenging for employers as it can impact safety, production and profitability.

DMTC has a long term site lease and an established footprint that provides for both underground and surface training available. The opportunity to provide a comprehensive offering of programs and technical skills training at a single site also allows for progressive equipment operations and skills training to occur prior to the working within the confines of an underground work environment; this infrastructure compliments MAPTS capability to support competency-based learning and hands-on experience prior to actual underground work conditions.
MAPTS has developed a global reputation for providing high quality and industry-standards meeting curriculum to students preparing for employment in the United States, Canada, Russia and Central America.

ACQUISITION STRATEGIES

MAPTS is coordinating due diligence activities that will facilitate the final decision on adding DMTC to the University of Alaska as a permanent asset or continuing under contractual leasing of their facilities. UA Statewide units involved to provide expert analysis and recommendations from their respective areas include: general counsel, finance, risk management, facilities and land management, academic affairs and MAPTS. Each unit has identified critical and other important information, research and data that should be assessed and evaluated to provide for a comprehensive understanding of the opportunities and challenges that this acquisition will bring to UA. A written report drafted and distributed to executive leadership prior to an anticipated final decision in early December.

The estimated cost of the acquisition of the DMTC assets is $1.4M. Funding for the completing the transaction would be from MAPTS current carry-forward resources, revenue generated by training programs, and an internal loan paid back in three years after the asset transaction. Financial projections currently do not anticipate the need for additional state general fund dollars to support programs due to the acquisition of DMTC.

Some other identified items to be evaluated include:

- Environmental - permits, risks and impact studies
- Financial - valuations of equipment, buildings and business plan
- Facilities and Land - transfer of titles and leases
- Legal - transfer of property, agreements in place, liabilities
- AA/MAPTS - appropriateness of facility, business plan and mission

CURRENT STATUS of MAPTS ACTIVITIES

MAPTS has secured a contract for underground mine training services to be provided to the Yukon College, Centre for Northern Innovation in Mining including expanding the DMTC camp from 10 to 24 persons and year-round use of their two on-site state-of-the-art underground mine equipment simulators.

MAPTS/Academic Affairs/Workforce Programs secured a letter of assurance from the UA Statewide Finance Dept. for $400,000 for support if identified conditions, due diligence activities and recommendations warrant the transaction, and the business plan is approved.

MAPTS is assembling documentation from due diligence team to draft a preliminary report.

MAPTS has developed short-term lease agreement with DMTC that stabilizes the operational costs during the due diligence process and implementation phase of this project.

MAPTS is marketing training programs to operating mines including Pogo, Kensington, Green’s Creek, Donlin Creek, and Ft. Knox to expand revenue and training opportunities within Alaska.

MAPTS is continuing to strengthen relationships with the Department of Labor and Workforce Development and Alaskan legislators who support mining and resource development.

MAPTS is reviewing opportunities, has applied for, and is receiving grants from federal and state agencies and within UA that support the delivery of mine training.