



*Resource Development Council for Alaska, Inc.
2014 Annual Report*

Growing Alaska
through responsible resource development

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About RDC

RDC is a statewide association comprised of individuals and companies from Alaska's oil and gas, mining, forestry, tourism and fisheries industries. RDC's membership includes Alaska Native Corporations, local communities, organized labor, and industry support firms. RDC's purpose is to encourage a strong, diversified private sector in Alaska and expand the state's economic base through the responsible development of our natural resources.

RDC Staff



From left to right: Rick Rogers, Executive Director, Kati Capozzi, Membership Director, Carl Portman, Deputy Director, and Marleanna Hall, Projects Coordinator.

Resource Development Council

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A photograph of an oil and gas worker in a blue hard hat and safety glasses, wearing a dark blue work jacket and orange gloves, operating a red piece of machinery on an oil rig. The worker is looking to the right. In the background, there are various pipes, valves, and equipment. Another worker in a blue hard hat is partially visible in the foreground on the right. The scene is brightly lit, likely by overhead lights on the rig.

Oil and Gas

Industry Fact

The oil industry accounts for one-third of Alaska jobs and about one-half of the overall economy when the spending of state revenues from oil production is considered.

Overview

Alaska runs on oil.

Oil and gas revenues provide 92 percent of the state's unrestricted general funds and one-third of all Alaska's wage and salary jobs. Approximately 110,000 jobs are tied to the oil and gas industry. Oil and gas activity in Alaska generated \$6 billion in both private and public payroll in 2013. Moreover, for each primary company direct job, 20 jobs are generated in Alaska's public and private sectors.

While high oil prices have poured billions of dollars into the state treasury, they have also disguised plummeting production levels. Since 2007, North Slope production has fallen almost 31 percent and the Trans-Alaska Pipeline is now running at two-thirds empty. Of the 14 oil producing states, every state but Alaska has increased production in recent years. Alaska has fallen from second to fourth in U.S. oil production.

With an estimated 50 billion barrels of conventional oil remaining to be developed on the North Slope and offshore areas of the Alaska Arctic, it's not for a lack of resource that production has fallen. Under the previous tax system (ACES), the government tax bite was so high that Alaska was unable to compete with other oil provinces for production-adding investment.

However, the recently-enacted More Alaska Production Act is now drawing billions of dollars in new investment back to Alaska. There has been a resurgence in industry activity on the North Slope, leading to hundreds of new jobs, as well as a 30% increase in the drilling of new wells, which means more long-term production and revenue for the state and the Permanent Fund. The industry is now poised to stem the annual 6% decline in North Slope production, but it will take time for major new production to come on line.

RDC's Efforts

- Held public forums, published editorials and launched other advocacy efforts opposing Ballot Measure One – repeal of oil production tax reform.
- Offered comments on the Five-year plan for the OCS Leasing Program.
- Commented on the environmental impact statement on the Effects of Oil and Gas Activities in the Arctic Ocean.
- Submitted comments on the SEIS for OCS Lease Sale 193.

- Testified in support of Greater Mooses Tooth Unit 1 Project in NPR-A.
- Submitted comments on Draft Environmental Assessment for proposed 3-D seismic in Cook Inlet.
- Advocated for the Shadura oil and gas project in the Kenai National Wildlife Refuge.
- Supported the Keystone XL Pipeline.
- Published Action Alerts and submitted comments on a wide range of other oil and gas issues.
- Featured updates on issues and projects in *Resource Review* newsletter and hosted public forums with presentations from oil industry executives across the state.
- Published background paper on the oil and gas industry at akrdc.org.



Mining

Industry Fact

An estimated \$630 million was a result of direct and indirect payroll in 2013, employing 9,100 people.



Overview

Mining in Alaska provides thousands of jobs and pays millions of dollars in communities throughout the state, often in communities where few other opportunities exist.

Money spent on development, such as mine construction and other capital investment, was \$250 million, down from the previous year, with exploration expenditures estimated to have been \$180 million.

There are six large producing mines in Alaska, and eight more in either the exploration or permitting phase, as well as thousands of smaller operations throughout Alaska.

In 2013, Alaska's mining industry provided \$144 million in payments to Alaska Native corporations, benefiting all Alaska Native corporations, an increase from 2012.

Approximately 300 Alaska placer mines produced 100,000 ounces of gold in 2013. In addition to Alaska's active precious-metals mining industry, there were more than 120 active rock quarries, and sand and gravel operations throughout the state producing \$70 million in materials.

Mining in Alaska produces zinc, lead, gold, platinum, silver, coal, and construction

materials such as sand and gravel. Alaska also contains many Rare Earth Elements.

Mining works for Alaska, and has, for over 125 years.



RDC's Efforts

- Supported critical minerals access and legislation, as well as access for mineral exploration and development in the Bering Sea – Western Interior, Central Yukon, and Eastern Interior Resource Management Plans and the Gates of the Arctic and Lake Clark Land Protection Plans.
- Supported coal exploration and permits at Wishbone Hill, Hoseanna and Emma creeks, and Healy Valley.
- Commented on Multi-Sector General Permits, the Draft Antidegradation

Implementation Regulations Plan, and the Connectivity of Streams and Wetlands to Downstream Waters.

- Advocated for a fair process for the Pebble Project, including discouraging the EPA from continuing the premature Bristol Bay Assessment.
- Filed an amicus brief with the U.S. Supreme Court encouraging it to revisit the EPA's retroactive veto of a permit for a coal mine in West Virginia.
- Featured mining issues and projects in *Resource Review* newsletter and hosted public forums with presentations from mining industry executives across the state.
- Published background paper on the mining industry at akrdc.org.





Industry Fact

In 2013, 36 million board feet of timber was harvested from the Tongass, even though the forest plan allows for an annual sustainable harvest of up to 267 million board feet.

Forestry

Overview

The forest industry in Southeast Alaska continues to struggle due to a lack of timber supply coming from the Tongass National Forest and Native corporation land. The U.S. Forest Service is shifting its timber management priorities from old-growth harvests to restoration and second-growth management. However, most of the second growth is immature and it will be decades before sufficient quantities are available to allow industry to retool, except on a limited basis.

Although the Tongass and Chugach national forests were established as working forests with multiple use mandates, both are managed more like national parks today, despite an annual sustainable harvest level of 520 million board feet (mmbf) set for the Tongass under the Alaska National Interest Lands Conservation Act. Over the past 20 years, federal policies and management practices have failed to provide sufficient timber supply for Southeast Alaska's forest industry.

Several decades ago the forest industry was a cornerstone of the Alaska economy. In 1990, 473 mmbf of timber was harvested from the Tongass, but in recent years the annual cut fell to 21 mmbf. In 1990, there were 4,000 jobs in the industry and its support sector. Today

there are less than 1,000. Approximately 94 percent of the Tongass remains closed to timber harvesting and no commercial harvests are taking place in the Chugach.

In 2013, harvest activity in the Tongass almost doubled to 36 mmbf, but was well under the forest plan's allowable annual cut of 267 mmbf. Timber harvests on Native corporation and Mental Health Trust lands in Alaska reached approximately 110 mmbf last year. On state lands, some 9.5 mmbf of timber was harvested statewide as a result of 50 timber sales from Southeast Alaska to the Interior.

In 2014, the State of Alaska timber sale program will focus on meeting the increasing demand for timber sales in Southcentral and Interior Alaska while maintaining timber sale activity in southern Southeast to help offset uncertain federal timber supply.

RDC's Efforts

- Offered comments on the Chugach National Forest Plan Revision.
- Submitted extensive comments on the 2008 Tongass National Forest Five-Year Review.



- Joined other organizations in filing a lawsuit challenging the new Forest Planning Rule.
- Offered comments supporting the Sealaska lands bill.
- Commented on the Forest Planning Rule.
- Testified in support of the proposed Susitna Valley State Forest.
- Submitted scoping comments on the Southeast State Forest Management Plan.
- Featured forestry issues and projects in *Resource Review* newsletter and hosted public forums with presentations from executives across the state.
- Published background paper on the forestry industry at akrdc.org.

Fishing

A fisherman wearing a grey hoodie, orange overalls, and a black cap is seen from the side, pointing towards the horizon. He is on a boat, and a fishing rig with a yellow rope and a metal structure is visible in the background. The ocean is dark blue with some whitecaps, and the sky is overcast.

Alaska Constitution:

Article VIII Section 4. Sustained Yield

Fish, forests, wildlife, grasslands, and all other replenishable resources belonging to the State shall be utilized, developed, and maintained on the sustained yield principle, subject to preferences among beneficial uses.

Industry Fact

Alaska is the top U.S. seafood producer, producing 5.5 billion pounds in 2012, or 56 percent of total U.S. commercial fisheries production.

Overview

Concurrent with the State constitutional mandate to develop and sustainably harvest its seafood resources, Alaska remains a global model of excellence in fisheries management. Alaska's fisheries have been strictly regulated and closely monitored through the North Pacific Fishery Management Council, comprised of federal fisheries administrators, state fisheries agency personnel, and knowledgeable private citizens. Based on sound scientific research and analysis, the management practice proactively ensures the sustainability of fish resources and associated ecosystems for the benefit of future, as well as current generations.

Alaska's seafood portfolio primarily includes salmon, halibut, pollock, cod, herring, crab, and several other varieties of shellfish and ground-fish. The 'Alaska Seafood Brand' of being wild, sustainable, and of the highest quality distinguishes itself in the national and global markets, and ranks as the second most commonly specified brand on U.S. menus.

The seafood industry brought in over \$130 million in revenue for state and local governments in 2012 and employment has steadily risen, providing a combined 60,000 seasonal and full-time jobs. Between 2003 and 2012, total harvest value (ex-vessel) of Alaska seafood has increased 79 percent, largely accounting for the increased employment numbers.

Sportfishing in Alaska is a \$1.4 billion industry, directly and indirectly providing approximately 16,000 jobs statewide, \$545 million in income, and \$125 million in state and local taxes.

In 2013, 453,778 fishing licenses were sold in Alaska, generating \$17.2 million in net sales overall. Forty-one percent of the fishing license purchases were by residents and 59 percent were by non-residents.



RDC's Efforts

- Partnered with business organizations across the state and nationally to encourage congressional oversight on federal implementation of National Ocean Policy.

- Supported the delisting of the eastern distinct population segment of the Steller sea lion, resulting in the removal from the list of threatened species under the Endangered Species Act.
- Monitored and attended hearings on the Magnuson-Stevens Reauthorization Act.
- Commented on a petition to list the Iliamna Lake Seal as threatened or endangered under the Endangered Species Act.
- Participated in North Pacific Fishery Management Council meetings.
- Participated in numerous forums on issues facing Alaska fisheries in the Pacific Northwest.
- Featured fishing issues and projects in *Resource Review* newsletter and hosted public forums with presentations from executives across the state.
- Published background paper on the fishing industry at akrdc.org.

Industry Fact **Alaska's tourism industry invests heavily in the state, spending hundreds of millions of dollars on capital expenditures, construction, operating equipment, marketing, and contributions to non-profit organizations.**

Tourism



Overview

Alaska is different than any other destination in the world. Each day there is something new to see, from glaciers and wildlife, to mountains and coastlines. Alaska continues to be a popular destination for visitors.

RDC, along with other visitor organizations, continues to work to create a positive business environment in Alaska for the cruise and tourism industries. New regulatory and tax changes are helping reverse the decline in the number of visitors Alaska sees each year.

While the number of visitors is still only slightly rising, tourism businesses continue to be hopeful the latest policy changes will further reverse the decline seen in 2008.

Approximately 1.96 million people visited Alaska in the year ending September 2013.



About 87% of these visitors traveled during summer, and of all visitors, 51% arrived by cruise ship, 45% by air, and the remainder by highway or ferry.

Tourism continues to be a large private sector employer in Alaska, supporting approximately 39,000 direct and indirect jobs. Tourism is a renewable resource with many opportunities yet to be discovered.

The tourism industry is made of several different components: cruise lines, air service, and highway/ferry traffic to Alaska. There are also thousands of businesses that depend on the passengers coming to Alaska to take their tours, dine in their restaurants, and stay in their guest rooms.

RDC's Efforts

- Remained engaged with AlaskaACT and promoted its mission to advocate for a positive business environment for Alaska tourism.
- Commented on the National Marine Fisheries Service Advanced Notice of Proposed Rulemaking for the Alaska harbor seal.



- Educated Alaskans on and intervened against EPA's Emission Control Area, impacting transportation and tourism across Alaska.
- Supported equitable environmental laws for the tourism industry.
- Engaged in tourism promotion to increase awareness of environmentally sound practices, such as wastewater treatment systems and recycling management.
- Supported increased access and infrastructure for tourism across the state.
- Featured tourism articles on issues and news in the *Resource Review* newsletter, and hosted public forums featuring tourism presentations by executives around the state.
- Published background paper on the tourism industry at akrdc.org.

- **View action alerts and comment letters**
- **Access industry overviews**
- **Be in the know on RDC events**
- **Watch presentations**
- **View corporate and individual members**
- **View RDC board and staff**
- **Read RDC newsletters back to 1978**
- **Look over RDC policy positions**
- **See RDC's involvement in legislative issues**

All this, and more at akrdc.org



The RDC board and staff continues its active engagement in Juneau each session, testifying and providing written comments on a number of bills.

- Testified in support of SB 138 - Relating to a natural gas pipeline
- Testified in support of CS HB 77 - Relating to Land Disposals/Exchanges; Water Reservations
- Testified in support of HB 47 - Injunctive Security: Industrial Operations
- Testified in support of CS SB 28/HB 79 - Susitna State Forest
- Supported CS SB 99 - An act relating to AIDEA
- Supported SJR 5/HJR 26 - Offshore development revenue sharing
- Supported SCR 16 - Requesting a study for a coal plant and energy grid
- Testified in support of SJR 15 - Relating to Federal land designations
- Testified in support of SJR 16 - Relating to Federal funding of NGOs
- Supported Alaska Laborers Training School – Workforce development
- Alaska Business Report Card – Visit alaskabusinessreportcard.com



Other issues

- Oil tax reform • Vote No on 1
- ESA listings and critical habitat designations • National Ocean Policy
- Coastal and Marine Spatial Planning • Health Impact Assessments
- Izembek Land Exchange • State fiscal plan • Wood bison
- Connectivity of Streams and Wetlands to Downstream Waters • Multi-sector General Permits
- Antidegradation Implementation Regulations • State Long-term Energy Plan
- Arctic Policy Commission Preliminary Report • Susitna-Watana

Visit akrdc.org for updates on these and other important issues

Events

Annual Meeting – June 2013

The 38th Annual Meeting featured guest speakers David Holt, President, Consumer Energy Alliance, and Janet Weiss, President, BP Exploration (Alaska), Inc. This event was sponsored by over 130 Alaska companies supporting RDC's efforts to responsibly develop Alaska's resources.



Community Outreach Trip – August 2013

Some 30 RDC board members, staff, and guests travelled to Whittier, Cordova, and Valdez. The group toured local facilities in Cordova, followed by a community leader dinner and presentation by Cordova Electric. The group travelled by the Alaska Marine Highway System, arriving in Valdez to tour the Solomon Gulch Fish Hatchery and visit the Tsaina Lodge, followed by a community dinner. Participants received a private tour of the Alyeska Pipeline Company Marine Terminal concluding with a Coast Guard operations tour.



Alaska Resources Conference – November 2013

The 34th Annual Conference attended by nearly 1,000 people featured 35 speakers. Legislators, state and federal agency officials, industry representatives and students attended two days of panel sessions, a multi-industry trade show, and a VIP reception open to all attendees.

Legislative Fly-in to Juneau – January 2014

RDC board members and staff traveled to Juneau and met with the Governor, legislators, and administration to discuss issues affecting RDC members. The two-days of meetings and legislative reception were well attended by policy makers and others.

Women in Resources – February 2014

Women RDC board members and staff hosted the tenth annual reception in Juneau. Nearly 70 women legislators, administration officials, business leaders, and policy makers attended.



Special Receptions – March and April 2014

RDC co-hosted the Energy Council Alaska reception in Washington, D.C., and held a member appreciation reception in Fairbanks.

Breakfast Meetings – September-May

Breakfast forums on the first and third Thursday of the month feature current events, resource development project updates, legislative presentations, and more.





RESOURCE DEVELOPMENT COUNCIL

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Oil and gas



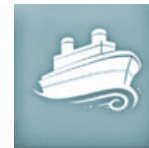
Mining



Fishing



Forestry



Tourism