

RESOURCE DEVELOPMENT COUNCIL

Growing Alaska Through Responsible Resource Development

2019 ANNUAL REPORT



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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.

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Oil and Gas



Industry Fact

Oil production generated \$2.4 billion in revenue for the State in FY 2018, approximately 80 percent of unrestricted General Fund revenues.

Overview

Alaska's North Slope has produced more than 17 billion barrels of oil since the discovery of the Prudhoe Bay oil field. Oil production has been the engine of economic growth in Alaska. It has funded up to 90 percent of the state's unrestricted General Fund revenues in most years and has accounted for over \$180 billion in total revenue since statehood. Even at today's oil prices, oil production generated \$2.4 billion in revenue for the State in FY 2018, approximately 80 percent of unrestricted General Fund revenues.

North Slope production averaged 518,400 barrels per day in 2018, up from 508,446 barrels per day in 2015, but a decline of 1.5% from 2017. North Slope production is projected to average 511,500 barrels per day in FY 2019 and 529,000 barrels per day in FY 2020. In 2019, the oil industry is expected to generate \$2.64 billion in state revenue, \$2.136 billion in Unrestricted General Fund revenue and \$503.3 million in restricted revenue.

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. In other words, without oil, Alaska's economy would be half its size. The industry accounts for more than 110,000 direct and indirect jobs. When the industry prospers, so does Alaska's economy.

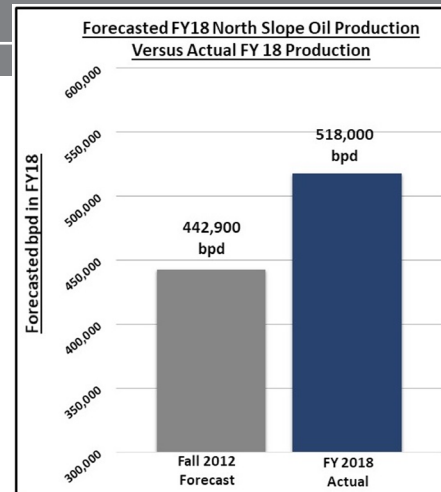
There is an estimated 40 to 50 billion barrels of oil remaining to be developed onshore and offshore northern Alaska. The majority of this remaining resource is in federal areas. However, on state lands there are encouraging recent discoveries with the potential of five billion barrels of oil.

In federal areas, there are an estimated 45 billion barrels of oil, including 27 billion barrels offshore, 8.8 billion barrels in the National Petroleum Reserve-Alaska, and 10 billion barrels in the non-Wilderness portion of the coastal plain of the Arctic National Wildlife Refuge.



RDC's Efforts

- Submitted comments expressing support for Alternative 5 in the Final Environmental Impact Statement for the Nanushuk Project.
- Submitted comments and testified in Washington D.C. and Anchorage on the draft environmental impact statement for oil and gas lease sales in the Arctic National Wildlife Refuge.
- Commented on the development of a new Integrated Activity Plan for the National Petroleum Reserve-Alaska.



Source: Fall 2012 & Fall 2018 Revenue Sources Books, Department of Revenue

Public policy matters: Increased investment equals increased production.

- Supported permitting for the AK LNG Project.
- Submitted comments supporting lease sales in the Beaufort Sea.
- Expressed support for the development of the Willow prospect within NPR-A.
- Published Action Alerts and submitted comments on a wide range of other oil and gas issues.
- Featured updates in the *Resource Review* newsletter and hosted public forums with presentations from oil industry executives.

Mining



Industry Fact

In 2018, the export value from Alaska mining production was \$1.8 billion.

Overview

Mining has been a cornerstone of Alaska's economy and is a growing force economically, providing jobs for thousands of Alaskans and millions of dollars of personal income. Many roads, docks and other infrastructure throughout Alaska were originally constructed to serve the mining industry. Major communities like Fairbanks, Juneau, and Nome were founded on mining activity.

Today, a rejuvenated mining industry brings a broad range of benefits to Alaska, offering some of the highest paying jobs in both urban and rural Alaska, as well as generating significant local government tax payments and royalties to Native corporations for activity on their land.

Alaska's mining industry produces zinc, lead, copper, gold, silver, coal, as well as construction minerals such as gravel. Six large operating mines provided 2,400 full-time jobs of the nearly 4,500 mining industry jobs in Alaska in 2018. Direct and indirect jobs totaled 9,200, paying \$715 million in payroll. These jobs are mostly year-round for residents of nearly 60 communities throughout Alaska, half of which are found in rural Alaska.

Mines help support local economies with mining companies serving as the largest taxpayers in the City and Borough of Juneau,

the Fairbanks North Star Borough, and the Northwest Arctic Borough, and important tax-payers in rural communities like Denali Borough and the City of Nome.

The industry spent \$135 million on exploration in 2018. Driving interest is demand for metals, primarily from countries like China, Japan, and India. Development spending in 2018 was \$170 million and the export value from Alaska production was \$1.8 billion.



RDC's Efforts

- Submitted comments on the Draft Environmental Impact Statement for the Pebble project.
- Submitted comments on Draft Anti-degradation Implementation regulations.
- Submitted comments on the Environmental Protection Agency's and U.S. Army Corps of Engineers proposed rule to redefine the "Waters of the United States."
- Submitted comments and defended due-process for the proposed Ambler Mining District Industrial Road Access Project.



- Supported proposed changes to the Kuskokwim Area Land Plan and Donlin Gold Land Use Authorizations.
- Spearheaded a coalition letter seeking a ruling from the General Accounting Office (GAO) on whether Bulletin 38, "Guidelines for Evaluating and Documenting Traditional Cultural Properties," is a rule as defined by the Congressional Review Act (CRA).
- Featured mining issues and projects in the *Resource Review* newsletter and hosted public forums with presentations from mining industry executives across the state.

Forestry

A logger wearing a red hard hat and a red and black plaid shirt is seen from the back, standing in a forest. In the foreground, there is a large, freshly cut tree stump. To the left, a large tree trunk is covered in moss. In the background, a dense forest of evergreen trees stretches across a hillside under a clear blue sky. A crane or logging equipment is visible in the distance on the right.

Industry Fact

For each acre of the Tongass set aside for timber harvest, there are 10 acres designated as Wilderness and another 14 acres managed for uses other than logging.

Overview

In Alaska, there are two distinct forest types. The coastal rainforest begins in southern Southeast Alaska and extends through Prince William Sound, and down the Kenai Peninsula to Afognak and Kodiak Islands. The two largest national forests in the United States – the Tongass and the Chugach – are in this region. The boreal forest covers much of Interior and Southcentral Alaska.

The forest products industry provides hundreds of jobs and contributes millions of dollars to Alaska's economy. Furthermore, each direct timber job creates at least three indirect jobs.

The federal government manages 51 percent of the commercial timber lands in Alaska. The state, university, and local governments account for 25 percent; Native corporations, 24 percent; and other private landowners, 0.4 percent. Most of the commercial timber harvest is in the coastal zone, primarily on federal and Native corporation land.

For each acre of the Tongass that is scheduled for timber harvest, there are 10 acres of land designated by Congress as Wilderness that will never be logged and

another 14 acres that are managed for recreation, wildlife habitat and uses other than logging.

In recent years, the federal harvest in the Tongass has averaged 35 million board feet (mmbf), a fraction of the sustainable harvest of 520 million board feet reached in the 1980s and early 1990s. A 2008 land management plan amendment reduced the annual harvest cap to 267 mmbf. A 2016 amendment capped the annual harvest at 46 mmbf with a 15-year schedule to reduce the old-growth portion to five mmbf.

In 2018, more than 100 million board feet of timber was harvested in Alaska – the majority from Native corporation lands.



RDC's Efforts

- Spearheaded a broad coalition letter representing 32 communities in Southeast Alaska along with the timber, mining, and renewable energy businesses throughout the region requesting a Total Exemption for the Tongass National Forest from the 2001 Roadless Rule.
- Submitted comments on the Chugach



National Forest Land and Resource Management Plan Revision and the Draft Environmental Impact Statement (DEIS).

- Supported a proposed land exchange between the Alaska Mental Health Trust Authority and the U.S. Forest Service.
- Submitted comments and testified in support of timber sales in Southeast Alaska.
- Featured forestry issues and projects in the *Resource Review* newsletter.
- Published background paper on the forestry industry at akrdc.org.

Fishing

Industry Fact

Seafood is Alaska's largest foreign export. Total 2018 harvest accounted for more than 61 percent of total U.S. seafood harvests.

Overview

The fisheries of Alaska are recognized as some of the best-managed fisheries in the world, providing tens of thousands of seasonal and full-time jobs and a vital, long term economic engine for Alaska communities and the state.

Alaska is the only state to have coastlines on three different seas: the Arctic Ocean, the Pacific Ocean and the Bering Sea. Over half of the nation's commercially harvested fish come from Alaska, nearly four times more than the next largest seafood producing state. Eight of Alaska's ports consistently rate in the top 30 U.S. ports in terms of volume or value of seafood delivered. The City of Unalaska – Port of Dutch Harbor has ranked as the top port in the nation for 28 years in terms of seafood pounds harvested.

Fishing is the core economy for much of coastal Alaska where fish harvesting and processing often provide the only significant opportunities for private sector employment and where fisheries support sector businesses provide property and sales tax as the largest source of local government revenues.

Approximately 36,800 people worked in the seafood industry in 2018. There were nearly 25,000 processor workers in Alaska – 7,400 Alaskans and 17,450 non-resident. The industry contributes more than \$250 million in taxes and fees to the State, municipalities and a wide



spectrum of state and federal agencies. More than 9,000 vessels are home-ported in Alaska and deliver fish to 87 shoreside processing plants.

Total 2018 harvest accounted for more than 61 percent of total U.S. seafood harvests, including nearly six billion pounds of seafood worth \$2 billion. Pollock accounted for 57 percent of the volume caught and 22 percent of the value. Salmon ranked second in volume at 14 percent and was top in Alaska seafood value at 34 percent. Cod ranked third and accounted for 11 percent of the value while halibut, sablefish, and crab each accounted for one percent of the total volume and 12 percent of the value.

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. Sport fishing remains an important recreational activity and economic driver to Alaska.



RDC's Efforts

- Partnered with business organizations to encourage congressional oversight on National Ocean Policy.
- Published background paper on the fishing industry at akrdc.org.
- Presented annual industry update at RDC's Alaska Resources Conference.

Tourism



Industry Fact

Alaska's visitor volume is soaring with yet another record expected this year.

Overview

Alaska is truly different and unique. It has more mountains, glaciers, and wildlife than just about anywhere else in the world. Alaska is an ever-popular destination with more people than ever visiting the 49th state. Visitation records have been set year-after-year with an estimated 2,026,300 visitors traveling to Alaska between May and September 2018.

More than half of all visitors coming to Alaska arrive by cruise ship. In 2018, 1,169,000 traveled by cruise ship, 760,100 were air visitors, and 97,200 were high/ferry visitors.

There are 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. Visitors benefit a multitude of Alaskans in different ways.

More than 2.26 million visitors are expected to travel to Alaska in 2019, spending money on tours as well as public land permits, campgrounds, hotel stays, rental cars, food, airline tickets, gifts, equipment and more.

Summer 2018 visitor volume represented an increase of five percent from summer 2017. Most of the increase is attributed to the cruise market, which grew by 7 percent (79,300 visitors). The air market increased by one

percent (9,600 visitors), while the highway/ferry market increased by 13 percent (11,100 visitors). In terms of market share, cruise passengers increased their percentage from 57 to 58 percent of all visitors.

More than \$126 million in state revenues and \$88 million in municipal revenues are generated by Alaska's visitor industry through a variety of taxes and other fees, helping to fund services benefitting residents and communities.

More than \$1.4 billion in payroll was created by tourism business employment, for an economic impact of \$4.5 billion in 2018.

One in ten jobs in Alaska is in the tourism industry, creating an important part of Alaska's employment picture.

Approximately \$2.2 billion of visitor spending helps support large and small tourism businesses.



RDC's Efforts

- Advocated for a positive business environment for Alaska tourism.
- Supported equitable environmental laws for the tourism industry.



- Supported increased access and infrastructure for tourism across the state.
- Engaged in tourism promotion to increase awareness of environmentally-sound practices, such as wastewater treatment systems and recycling management.
- 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 continue their active engagement in Juneau each session, testifying and providing written comments on a number of bills. In addition, staff submitted policy positions, and multiple letters regarding the fiscal situation and other specific legislation.

- Support HB 138 – coalition letter on HB 138, National Resource Water Nomination/Designation
- Support SB 80 – a bill to address the ballot measure process
- Support SB 51 – Establishing a process for Tier 3 water body designations
- Support SJR 7 – Support implementation of oil and gas leasing program in 1002 Area of ANWR
- AlaskaBusinessReportCard.com
- RDC Policy Positions letter to Legislators

RDC urged Governor Michael J. Dunleavy and legislators to achieve a long-term fiscal plan, limit spending to a sustainable level and implement a meaningful limit to spending. RDC also advocated for tax policy and regulatory stability that enhances the State of Alaska's competitiveness for all industries to attract new investment and grow the economy.



Other issues

Supported the efforts of Stand for Alaska – Vote No on 1 • Waters of the U.S. Rule
Wetlands compensatory mitigation • AK LNG Project
National Ocean Policy • Coastal and Marine Spatial Planning
Health Impact Assessments • Multi-sector General Permits
Anti-degradation regulations • Arctic Infrastructure
National Forest System land management • Resource Conservation Rule

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



Events



Annual Membership Luncheon June 2018

The 43rd Annual Membership Luncheon included a legislative proclamation commemorating the 50th anniversary of the Prudhoe Bay discovery. Keynote speaker Susan Dio, Chairman and President of BP America, Inc. spoke to "Embracing the Energy Transition and Alaska's Resources."



Alaska Resources Conference November 2018

The 39th Annual Conference, attended by approximately 800 people, featured 30 speakers from across Alaska's resource sectors. The Governor, 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 2019

RDC board members and staff traveled to Juneau and met with Governor Dunleavy, legislators, and administration officials to discuss issues affecting RDC members. The meetings and a freshman legislative dinner were well attended and focused on the need for a long-term fiscal plan. At left is Eric Fjelstad, RDC President, and House Speaker Bryce Edgmon.



Women in Resources – March 2019

RDC's 15th Annual Women in Resources Reception, hosted by the women board members of RDC, was held in Juneau on March 28th. The event brought dozens of women executives from across Alaska's resource industries to meet with women legislators, women leaders in the Dunleavy administration. While the reception is generally informal, the RDC board members highlighted RDC's priorities this year, given the state's fiscal issues.

Breakfast Meetings – September to May

Breakfast forums feature current events and topics, including project updates, legislative presentations, industry updates, and more. Visit akrdc.org for the fall schedule. Visit akrdc.org for the fall schedule.