But you own the land . . . don't you?

Across the nation, property owners are battling to protect their rights.

In South Carolina: David Lucas paid $900,000 for two beach front lots. He planned to build private homes, but the state quickly passed an ordinance outlawing all development on the beaches. Mr. Lucas sued. He had to take his property rights battle all the way to the U.S. Supreme Court, which ruled that, if he could not make reasonable use of his land, he must be reimbursed.

In Oregon: A couple purchased 40 acres of scrub forest after being assured by the county planning commission that they could build their retirement home on the land. Then the county changed its zoning laws, and told them they could not build because the construction did not relate to development of forest resources. Their property rights case now is in the Ninth Circuit Court of Appeals.

In California: A couple purchased a beach front lot, where they wanted to build a two-story home similar to others nearby. The California Coastal Commission said they could build—if they gave the state one-third of their property for a park. The couple sued. They also had to go the judicial distance. The U.S. Supreme Court called the Coastal Commission's demand "extortion."

And in Alaska: A gold miner whose claims are within Denali National Park was working a placer deposit according to sound environmental principles. The National Park Service shut him down, telling him he couldn't mine if his operation caused any surface disturbance. His property rights case now is in Federal District Court . . .

As environmental regulations proliferate at all levels of government, property rights are being compromised with increasing frequency. Preservation of cherished property rights requires constant vigilance and involvement by advocacy groups. And action by us, the individual property owners.

Tongass reforms, environmental mandates take toll on Sitka pulp mill

APC mill to close September 30, hundreds to lose jobs

Major changes in a federal logging contract, coupled the removal of two-thirds of the commercial forest in the Tongass National Forest from logging, have forced the Alaska Pulp Corporation to announce the indefinite suspension of its Sitka pulp mill operations.

Four-hundred employees with an annual payroll of $18.9 million will lose their jobs when the mill closes September 30. A permanent closure would ultimately lead to the loss of hundreds of additional jobs and an indirect payroll of $11.3 million.

While a weak world pulp market is a contributing factor in the mill's upcoming closure, the worst damage has come from changes in the company's 50-year logging contract that have made a difficult situation "completely unworkable," said Frank Roppel, Alaska Pulp executive vice president. He said the company will seek relief through a recently-filed lawsuit against the Forest Service and will explore additional uses for the Sitka mill site.

The company's contract with the Forest Service allowed for the purchase of 5 billion board feet of timber through the year 2011. But since the contract was signed in 1957, Congress has moved to set aside most of the commercial forest from logging.

In the 1980s, a major lobbying effort by state and national environmental groups led to the passage of the 1990 Tongass Reform Act, which removed even more prime areas from the timber base and led to major changes in the harvest contract. Those changes substantially increased the price of wood and decreased the overall quantity and quality of logs available to the company.

Moreover, operating costs at the mill have increased over the years with stricter permit requirements. Since 1968, the company has spent over $100 million installing air and water pollution controls. It now spends over $12 million per year (Continued to page 4).
Wilderness to cover Windy Craggy

British Columbia’s decision to create a 2.5 million-acre wilderness park on top of a world-class, $8.5 billion copper and gold deposit in the remote wilderness of northern British Columbia has left miners funny-mad and environmentalists jumping for joy. “We came to the conclusion that the preservation of wilderness and the preservation of mining activities could not co-exist,” said Premier Michael Harcourt in announcing the creation of the massive wilderness park directly over the Windy Craggy copper deposit north of Haines, Alaska. Harcourt was forced to make a political choice between envi-

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tronmentalists and miners, who battled for years over whether the area should be preserved or a fraction used for the development of the copper mine at Windy Craggy.
The park’s declaration kills the proposed $550 million Windy Craggy project. Claim holder Geddes Re- sources of Vancouver has said it will demand compensation of “several hun-
dred million dollars” from the province — many times what the province is expected to offer. Geddes has spent some $50 million on exploration and says the after-tax value of its proposed mine would range from $110 million to $200 million.
Windy Craggy became a lightning rod for environmentalists, who even-
tually attracted the support of Vice Presi-
dent Al Gore. The Vice President praised British Columbia for setting aside the region as a park, which U.S. officials hope to merge with two national parks in Alaska to create a 21 million-acre pro-
tected wilderness, the world’s largest. The area, about the size of Ireland, is largely inaccessible to humans and would be off limits to all development. It is popular with river runners who pay thousands of dollars to raft the Tatshenshini and Alsek rivers.

Environmentalists claim Windy Craggy’s demise is one of the greatest conservation victories since the pas-
sage of the Alaska Lands Act in 1980. However, newspaper columnist Terence Corcoran warned that the decision to create the huge wilderness preserve is yet another example of “mail-order pro-
fessional environmentalists seizing the public agenda on economic develop-
ment.”
Today, no government dares lift a finger in favor of a new mine or resource project lest one of these interest groups

State to sue feds... (Continued from page 6)

royalties from federal lands, but over the years the federal government has restricted oil and gas development on many of those
lands, Hickel said. The state desires compen-
sation for the natural resources that have been locked up, he said.

What’s unique about Alaska is the pattern of land ownership,” Hickel said.

“...there was a guarantee that we would use the land more efficiently.”

A litte less than two-thirds of Alaska is owned by the federal government. The state’s economy is almost entirely based on
resource development, and over the years increasing amounts of land have been put off limits to development, locking up key
resources and limiting what the state can do.

(Continued from page 3)
Federal refuge plan would add more Wilderness here

The Resource Development Council is opposing a federal proposal to expand Wilderness zones inside Alaska's national wildlife refuges. In comments filed with the U.S. Fish and Wildlife Service, RDC President Jim Cloud warned that "increasing Wilderness areas in Alaska would be a crippling attack on its land base and would create bureaucratic redundancy which is not needed or wanted, given the high level of protection already granted by federal laws and regulations." At issue is a document called, "Refuges 2003: A Plan for the Future of the National Wildlife Refuge System." The draft proposal is a blueprint on how America's wilderness was managed in the 21st Century.

RDC opposes the Proposed Alternative which would add 29 million acres of Wilderness to the national wildlife refuge and discourage public recreation inside the units. Most of the Wilderness additions would come from Alaska, a state which already accounts for 50% of all Wilderness designations in the national refuge system. Overall, Alaska accounts for 62% of all federal Wilderness, a heavy burden for one state to carry.

RDC also explained that existing and proposed Wilderness designations in Alaska adversely impair access, recreation, camping, fishing and hunting, as well as most other human activities. When lands are withdrawn from multiple use and closed to development, economic opportunities are not only lost in the minerals, timber and energy industries, but also in the construction of roads and facilities which attract visitors and support new visitor opportunities.

RDC also objected to any action which would de-emphasize public recreation in the national wildlife refuges. The proposed alternative would continue a trend toward restricting recreational opportunities and access in Alaska refuges.

"Since so much of Alaska is inaccessible because of geographical barriers and the lack of infrastructure, the last thing the state needs are federal conservation units with policies discouraging public recreation," RDC said in its comments.

"What Alaska does need are facilities and policies which allow greater public use and enjoyment of its remote refuges and parks. Access to and from the refuges, along with new facilities for recreation and tourism, will be needed if America is to be visited and enjoyed by potential users, other than refuge employees and their friends."

In its comments, RDC pointed out that the draft environmental impact statement, as written, is deceptive in that it masks the true extent of proposed Wilderness additions by assuming a base acreage which provides for even more Wilderness additions by Congressional actions which have not yet occurred.

New group wants more Wilderness

Although Alaska already carries the burden of supporting two-thirds of the nation's designated Wilderness zones, 90 percent of its refuge lands and 70 percent of all park lands, a new national environmental group has formed to lobby Congress exclusively on expanding Wilderness designations in the 48th state.

The first priority of the new Alaska Wilderness League will be to convince Congress to designate the Coastal Plain of the Arctic National Wildlife Refuge as Wilderness. The League is likely to be unopposed in Alaska where a clear majority of residents favor responsible oil development on the Coastal Plain, America's most promising oil and gas frontier.

The organization's chairman is former Rep. Bob Mrazek, a New York Democrat who led battles in the House to reform management of the Tongass National Forest and to turn ANWR's Coastal Plain into Wilderness. The results of Mrazek's efforts have been felt in Southeast Alaska where the Alaska Pulp Corporation recently announced the September 30 closing of its Sitka pulp mill. Tongass reforms are largely to blame for the closure and the subsequent loss of hundreds of jobs.

"We're not just a bunch of Outdoorers trying to lock up Alaska," Mrazek said in a prepared statement. "We're interested in seeing Alaska move toward a sustainable economy."

Alaska Senator Ted Stevens sniffed at the idea that Mrazek would be behind any environmental initiatives promoting economic diversity for the state. Stevens noted that Mrazek and the environmental community have fought the mismanagement and oil development in Alaska.

"What would they like us to diversify into?" Stevens asked. "Maybe we could raise red and black opera."

With "Friends" like these, who needs enemies?

Under pressure from eastern special interests who claim to be "friends of Alaska," the U.S. Forest Service has unilaterally decided to cease seeking long-term harvest contracts leading to the closure of the Alaska Pulp Company's mill in Sitka, putting over 400 people out of work this fall. Accounting for 25% of Sitka's employment base, the forest products industry reduction will likely effect 50% of Sitka's economy with ramifications throughout Southeast Alaska. With a rather large multiplier effect on the economy, the APC closure could result in a $40 million to $50 million economic impact in southeast and $8 to $10 million less federal income taxes paid to Uncle Sam. With "friends" like these back East, who needs enemies?

In 1960, U.S. Secretary of Interior Gifford Pinchot withdrew all coal deposits in the Bering River Coal Fields under pressure from eastern special interests who claimed to be "friends of Alaska." The move forced Cordova residents and businesses to import coal from British Columbia rather than use the vast coal resources located nearby. By May 4, 1911, 300 frustrated Cordova residents held the infamous "Cordova Coal party," hauling several tons of British Columbia coal into the Cordova harbor. Eighty-two years ago, Alaskans fought to stop mining, logging and oil development in Alaska. And the trade deficit will only grow larger as America imports the products it no longer produces at home.

With so much interference on Alaskans' right of self-determination, we are not hard to understand the frustration of the Bostokians at the Boston Tea Party or Cordova residents at the Cordova Coal Party.

Our friends have been with us since the beginning, fighting over the land. The faces and names have changed, but the battles are still the same.

Come join the fight.

Gay . . . . . (Continued from page 2)

to see for yourself what we are up against.

On a positive note, in August the AWC will be touring Congressional and Administration staff around the state wetlands. Look for us in Sitka, Juneau, Anchorage, Palmer, Bethel, Ketchikan, Petersburg, Fairbanks, Nome, Barrow and Prudhoe Bay.

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Pulp mill to close, Sitka ponder its future

(Continued from page 1)

annually to meet environmental mandates.

To comply with a newly-proposed permit requirement, the company would have to spend an additional $104 million initially and triple its annual environmental expenses. These costs cannot be passed on to the consumer, the company has said.

State officials have recently voiced concern that burdensome federal red tape could lead to the demise of both the Sitka and Ketchikan pulp mills, sending the Southeast Alaska economy into a tailspin.

In response to news of the mill's closure, Governor Walker said, "This is the painful result of the policies of an uncaring federal government, policies that are calculated to, sooner or later, put an industry out of business."

A permanent shut-down of the APC mill would be "devastating," warned Sitka Mayor Dan Keck. The seasonal nature of Sitka's tourism and fishing industries could not make up for the year-round loss of high-paying jobs, said Keck, a member of the RDC Board of Directors.

When the cruise boats stop coming and the town loses the millworkers, whose salaries average about $45,000 a year, "it's going to be pretty tough during the winter," said Keck.

Alaska Pulp accounts for nearly 2,000 direct and indirect jobs in Alaska and pumps tens of millions of dollars into the economy each year. The company spends over $6 million annually in local wages, other wages paid to the families of employees, and services.

APC also accounts for nearly a quarter of Sitka's water revenues and 20 percent of its property tax base. As a result, the mill's closure eventually could mean an end to Sitka's low property tax rate.

"The social costs of the mill's closure, including unemployment benefits and the loss in tax revenues, have yet to be calculated," noted APC spokesman Rollo Pool.

"I just bought a house last year and I'm probably going to have to walk into the bank and give them the keys," said millworker Chris Skoog. "That's the only thing I can think of. The house won't sell now. Property values just went through the basement."

With strong and escalating prices for lumber, APC will continue operating a second facility at Wrangell which produces lumber. The Wrangell sawmill employs 235 people. Company logging operations will employ up to 500 more people during the peak season.

But a permanent closure of the Sitka mill could result in a restructuring of logging operations in the northern Tongass because Alaska Pulp's long-term contract is linked to an operating pulp mill.

"A pulp mill was a definite requirement for the contract," said Wayne Nicolls, a Forest Service spokesman. Nicolls said the contract allows for temporary closure of the mill, but if it remains closed, then the Forest Service may seek to terminate the contract.

APC's Roppel would not speculate on what it would take to re-open the mill, saying "It's clear that it will take some time to resolve our differences with the Forest Service or to find some additional use for the property. Given the situation, we felt it would be more fair to our employees to offer an enhanced and comprehensive severance program, rather than to put them in a state of long-term uncertainty and financial jeopardy---in the hope that more work would be available at our facility any time soon."

The Ketchikan mill, Southeast Alaska's largest private employer, resumed operations in June after a six-week shut down. The mill will likely have to shut down again next month and might stay closed until October, said Martin Pihl, the company's president and general manager.

"This is obviously a very sad day in the history of Southeast Alaska," said Senator Ted Stevens. "They are the ones who should tell the 400 workers who lost their jobs why they can no longer support their families."

Congressman Don Young vented his anger at majority Democrats.

"In their effort to appease the East Coast environmental elitists who have decided to tell the rest of the nation how to live their lives, the Democrats in Congress who pushed for strict restrictions on timber development have thrown hundreds of people out of work and destroyed Southeast Alaska's second largest employer," Young said.

APC: USFS improperly changed provisions of contract

(Continued from page 1)

unilaterally changed the administration of the long-term contract by raising prices and by reducing the time for harvesting offered timber. The Forest Service additionally interpreted the act in a way that substantially reduces APC's timber volume through the remaining 18 years of the timber harvest contract.

APC also claims the Forest Service used the act to wipe out an economic activity for our part of Alaska for more than three decades," Roppel added.

Some of the challenged changes to APC's contract are:

- **Comparative Pricing:** APC must pay the average price of other timber purchasers if those prices are higher than those calculated under the long-term timber contract. Other timber buyers may purchase logs only occasionally, have no continuing purchase obligation and can speculate on future market conditions.

- **Utility Grade Logs:** For the first 30 years of the company's contract with the federal government, the volume promised and delivered was measured in sawlog volumes. Any additional utility logs (which are generally only usable for manufacturing pulp) were purchased at included in the total volume. Now the Forest Service says utility logs must be included in the total volume, effectively reducing the Forest Service's obligation to provide timber to APC.

- **Mid-Market Assessment:** This is a question of whether or not there should be a market-value test before APC is required to accept and purchase timber from the Forest Service. The APC contract called for such a test, but the Forest Service deleted this requirement, relying on an interpretation of the Reform Act. Roppel noted that the first offerings since the Tongass Reform Act was passed have failed this test and that future offerings now being developed will fail, too.

"It's not in anyone's best interest to let these improper changes destroy a successful working relationship that has been providing jobs and year-around economic activity for our part of Alaska for more than three decades," Roppel added.

While a weak world pulp market is a contributing factor in the mill's closure, company officials says the worst damage has come from changes in a 50-year logging contract that have made a difficult situation unworkable. Above, pulp bales are loaded on a ship.