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ADDRESS CORRECTION
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Resource Review

Despite amendments, wetlands time bomb may explode at any moment

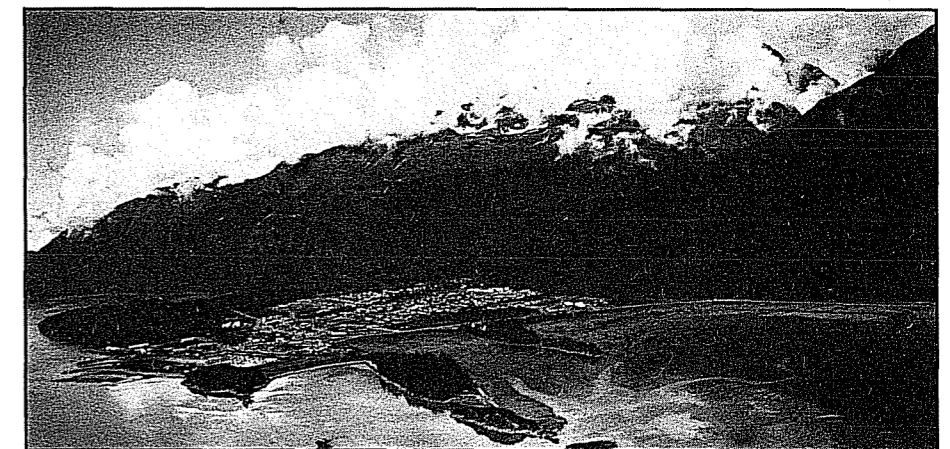
Major impact of federal Memorandum is still to come

By
Roger Herrera
RDC Executive Committee Member

When a proposed Memorandum of Understanding between the Army Corps of Engineers and the Environmental Protection Agency was quietly published in the Federal Register in November 1989, nobody realized that the future survival of the State of Alaska was being challenged. It is probably fair to point out that even the authors of the document had little appreciation of the damage it could do to Alaska. However, it didn't take Alaskans too long to recognize the nature of the time-bomb which had been triggered and was ticking.

In short order, thousands of letters of concern flooded the Office of the President in Washington, D.C. A few weeks later, a law suit, joined by the State of Alaska, the oil industry, municipalities and cities, native corporations and others, was filed against the offending document. The Alaska congressional delegation negotiated and debated with the two agencies to amend the memorandum and give it needed flexibility. Yet, despite all these countermeasures, the time-bomb is still ticking. Furthermore, it could explode at any time.

All this drama has to do with wetlands, which in most people's minds are rather



Wetlands account for some 74 percent of Alaska's non-mountainous area. Many Alaska communities are built in wetlands or on narrow strips of flat land between mountains and the sea, and any expansion is impossible without developing some wetlands. Pictured above, Valdez is surrounded by mountains and coastal wetlands.

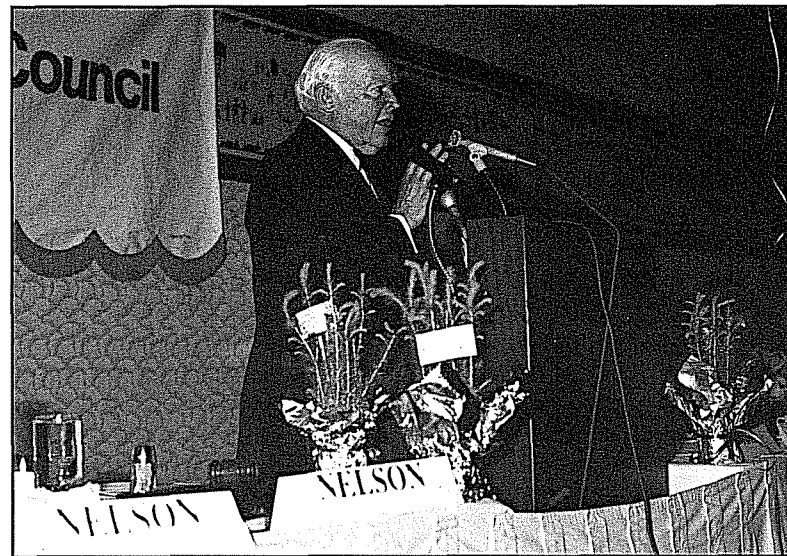
benign, pleasant things associated with ducks and water birds. Potter Marsh comes to mind in Anchorage, a place to be visited with the kids and a pair of binoculars on the weekend. Surprisingly, in Alaska most houses are built on wetlands or lands now defined as wetlands, and so are offices and airports and docks. The definition is a strange one and lots of perfectly dry land in Alaska is administered as wetland.

The Memorandum of Agreement (MOA) is now in effect and already

Alaskans are beginning to recognize its impact. One of the first actions of the Corps of Engineers, using the controversial terms of the MOA, was
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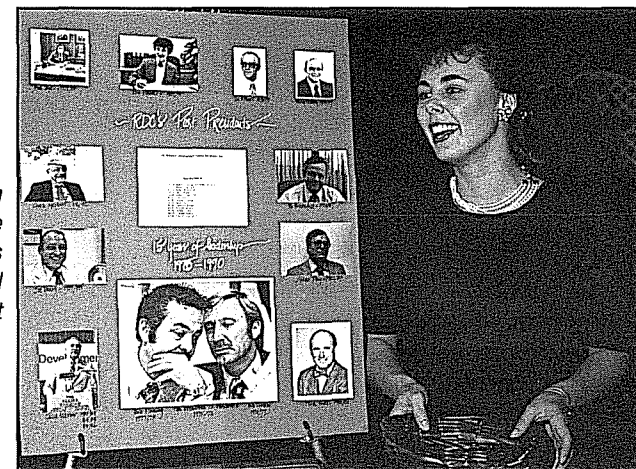
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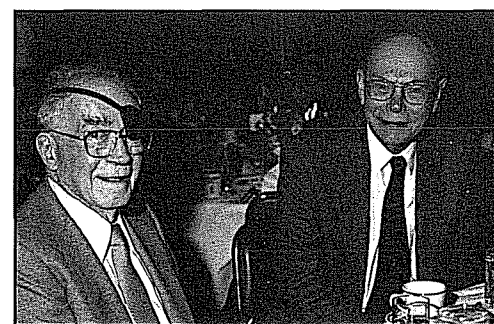
RDC's 15th Anniversary



Ethel H. "Pete" Nelson, RDC's immediate past president, joins newly-elected President William E. Schneider and Executive Director Becky Gay at the 15th anniversary banquet in Anchorage May 31.



Alaska Wetlands Coalition coordinator Michele Hendrickson brings attention to a pictorial featuring RDC's past presidents.



Nearly 300 people, including past president Chuck Herbert and long-time member George Schmidt, attended the anniversary banquet.

Pete Nelson presents Becky Gay with a certificate recognizing the executive director's outstanding service to RDC.

The Resource Development Council (RDC) is Alaska's largest privately funded nonprofit economic development organization working to develop Alaska's natural resources in an orderly manner and to create a broad-based, diversified economy while protecting and enhancing the environment.

Executive Committee Officers

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 Vice President Curtis Foster
 Vice President John Rense

Secretary Lin Garrison
 Treasurer Larry Laughman
 Past President Pete Nelson

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Writer & Editor
 Carl Portman



Remind Congress who produces GNP

By
 Paula Easley
 Director of Economic Development &
 Planning
 Municipality of Anchorage

At the beginning of each Congressional session our nation's leaders should have to take a little test. First question: (1) The GNP is produced: (a) Inside the Beltway, (b) Outside the Beltway, or (c) In Taiwan. (Check one).
 Second question: What is the GNP? If they pass the test then they must evaluate every piece of legislation for its positive or negative impacts to the GNP. When a costly measure is proposed affecting people outside the Beltway, the sponsors will publish an **Economic Impact Statement (EIS)**. Voters can then decide whether they want to pay 50 cents a year for, say, tying yellow ribbons 'round the old growth trees.

For starters, we need to know the

economic impacts of prohibiting timber harvests in Northern Spotted Owl territory on jobs and the entire range of wood products consumed by the U.S. population. Above all, we need a worst case analysis done on the increased costs of home ownership, and protection from threat of Congressional action until the cumulative economic impacts have been fully assessed.

Here's a good one: HR3383, the Park Service Boundary Expansion Bill. Here Congress mandates studying the boundaries of existing national parks to see if larger "ecosystems" are needed. Of course, the studies will say they are. Another conclusion to expect is that the new acreage, taken primarily from Forest Service and BLM lands, would be managed by — you guessed it — the Park Service.

However, if the economic impact statement fails to measure the costs of eliminating industrial operations "threatening" the parks, John Q. Public gets to

take the bill's sponsors to court based on the EIS's inadequacy.

Think how enlightening such EIS's could be on the following:

— Creating a new wetlands every time an existing one is affected by development.

— Proposals dealing with "regional haze" regulations; granting expanded veto powers to the EPA, and establishing "multi-state land planning commissions."

— Proposals that would redesignate all Class II conservation system units as Class I for air quality purposes. Not just parks and wilderness, but primitive areas, national monuments, preserves, recreation areas, wild and scenic rivers, refuges and even "national lakeshores and seashores."

The eco-lobby has everything going for it in this first year of the "Environmental Decade." There's no use to kid yourselves. These folks want Alaska — without us in it.

Without balance, America will lose in both arenas

by John Merrick

What do wetlands and the Alaska Forest Practices Act have in common? They are both current problem issues that in their solution threaten to take away many private property rights in the name of the greater public good or interest. But what that greater public interest is, to a large degree, depends on who is defining it, and for what underlying reasons. They are also issues that illustrate the larger national problem of the need for balance between environmental issues and a sound economy.

On the federal level, the wetlands issue is an excellent example of environmental activists manipulating a legal system - essentially building upon one activist judge's decision - to a result that goes far beyond anything Congress could have conceived. That body of wetlands legal precedent and regulation, an overbroad wetlands classification system, and a prohibition of any consideration of the benefits of a proposed action relative to the value of the wetlands affected, have led to some extremely broad interpretations of what are "waters of the United States" and of the public interests therein. Many of these decisions have

pushed to the limit the "public interest" against the taking of private property without compensation. On the state level, so too does the proposed new Forest Practices Act threaten to take private property rights without compensation through its mandatory fixed-width timber set-asides along anadromous fish streams and their tributaries.

It is indeed ironic that at the very time most of Eastern Europe has, after 40 years of hands-on experience with socialism and its attendant environmental degradation, voted overwhelmingly against it, that we in the United States dabble ever deeper toward it through such artifices as the environmental movement. While unquestionably a majority of environmentalists are sincere, there is a real danger that led by the extremist element among them, they will succeed in shutting down major portions of our economy through surrogates such as an endangered spotted owl, a desert tortoise, or a small darter or through additional well-meaning, but ill-conceived legislation. As some West Europeans, in contemplating the antics of their environmentalist greens, have observed, "the green trees have red roots."

In Eastern Europe, as well as the "Third World," it is quite clear that day to day survival is the first consideration of a hungry and impoverished people, and that other considerations such as a concern for the environment are strictly secondary. It appears that an entire generation of Americans has grown up to take their inherited high standard of living for granted without the historical realization that it was achieved mainly through freedom of opportunity and hard work, and how fragile it is. The sanctity of private property rights and freedom of opportunity are essential ingredients to maintain that society and its economy.

We in the West, and specifically the United States, have the luxury of placing environmental objectives at the top of the list because we are successful and prosperous. Let us not forget, however, that only through continued success and prosperity can we afford to make stringent environmental concessions. Herein lies the "catch" i.e., "the question of balance." Without such balance, we will surely lose in both arenas.

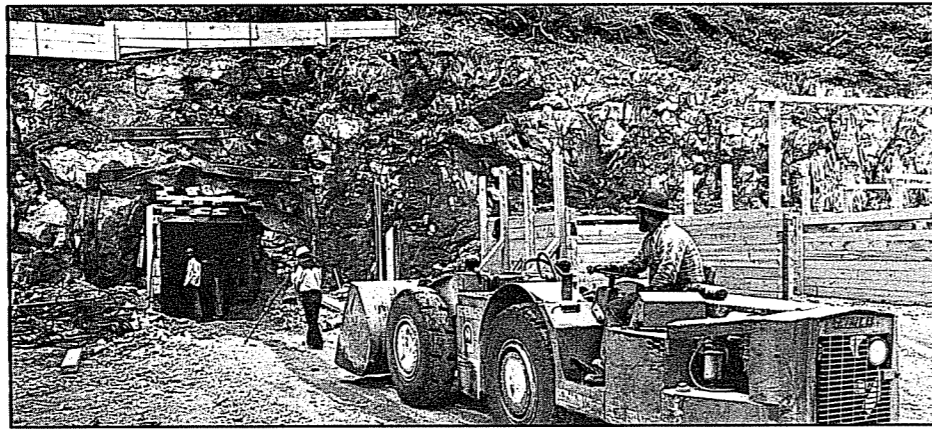
John Merrick is manager of Lands and Resources for Koniag, Inc.

EPA's actions raise RDC's concern

The Resource Development Council has expressed alarm to Alaska's congressional delegation over the Environmental Protection Agency's "heavy-handed attitude" toward air and water quality issues affecting Alaska projects.

In a letter to Senator Frank Murkowski, RDC President Bill Schneider suggested that some EPA employees might be pursuing personal agendas rather than following federal regulations and policies set forth by President George Bush. Schneider charged that in some cases EPA has ignored the results of the collection and analysis of vast quantities of scientific data, as well as vast public comment. He said this is a trend that RDC views with great concern.

A case in point cited by RDC is EPA's reversal of an earlier decision to allow mill tailings from the proposed Quartz Hill Molybdenum project near Ketchikan to be placed in Wilson Arm.



EPA had issued a draft discharge permit to U.S. Borax for disposal of tailings into Wilson Arm from its proposed Quartz Hill mine. EPA now intends to deny the application. After evaluating the full range of issues, including fisheries values, protection of wilderness and the economic viability of the mine, the U.S. Forest Service found that Wilson Arm best met the criteria for tailings disposal over another site in Boca de Quadra.

By now proposing to deny the discharge permit, EPA appears willing to ignore the results of about \$40 million of environmental studies which support the conclusions reached by the previous Administrator who approved the disposal plan.

"This situation seems to exemplify an attitude emanating from EPA in Alaska and in Washington," Schneider said. The recent position of the agency on wetlands and its refusal to allow public comment in the formulation of the Memorandum of Agreement with

the Corps of Engineers, its demands to the Corps of Engineers regarding an Endicott causeway retrofit decision, and its negative approach to the City and Borough of Juneau's land management plan were other cases cited by the RDC.

"Managed appropriately, EPA fulfills a most important function," Schneider said. "However, it should be formally challenged regarding its latest actions and approach to policy implementation," Schneider continued. "We will all be losers if the new trend continues."

RDC opposes Wild and Scenic Rivers proposal

The Resource Development Council has submitted comments to the Bureau of Land Management opposing any further federal land withdrawals in Alaska, including the BLM interdisciplinary team's proposal to add 13 water bodies into the National Wild and Scenic Rivers System.

In its comments on the issue, RDC noted that much of Alaska has already been withdrawn into conservation system units and is managed to high standards to protect and preserve the environment. Lands and rivers with outstanding scenic, recreational, geological, cultural and historical value are already withdrawn into these units.

The new withdrawals may well embrace valuable resources or access to resources needed by Alaska to develop its flourishing industries to support itself and its people. RDC stressed that much more study is necessary to adequately assess the resource potential of mineral provinces that would be restricted from access and development by the Wild and Scenic River designations.

Many of the rivers considered eligible by BLM for the "Wild" designation are accessible via highway or winter trail.

Landing strips and cabins are also found along some of the rivers. These factors are in conflict with BLM's criteria for the special designation.

In addition, the rivers proposed for the "Wild" classification lack a truly defined unique or outstanding remarkable value that would qualify them for the special designation. According to the Wild and Scenic River Act, a river must have one "outstanding remarkable" value to be eligible for classification. Many of the proposed rivers are listed as having scenic views of the surrounding mountains, but this alone should not be considered an outstanding value since most rivers in Alaska have impressive views of surrounding mountains and afford wildlife viewing, fishing and floatboarding opportunities.

Twenty-five rivers in Alaska have already been designated as Wild and Scenic Rivers. Many more rivers within Alaska's vast conservation system units are in effect being managed as Wild and Scenic Rivers. Other rivers throughout the state are managed to very high standards under a multitude of regulations to protect the environment.



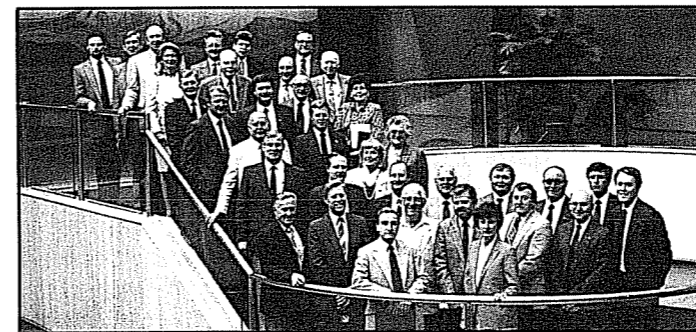
Thoughts from the President

by
William E. Schneider

First the good news

As I assumed the RDC presidency in its sixteenth year, I see smiles where there were frowns a year ago. They are welcome smiles.

At this year's successful RDC Annual Meeting, members were generally upbeat about their business and our economy. The evening banquet was "alive" with several hundred attendees enjoying each other's company and the evening's festivities.



Members of RDC's newly-elected board who were present at the Annual Meeting May 31 gather on the steps of the Sheraton Hotel.

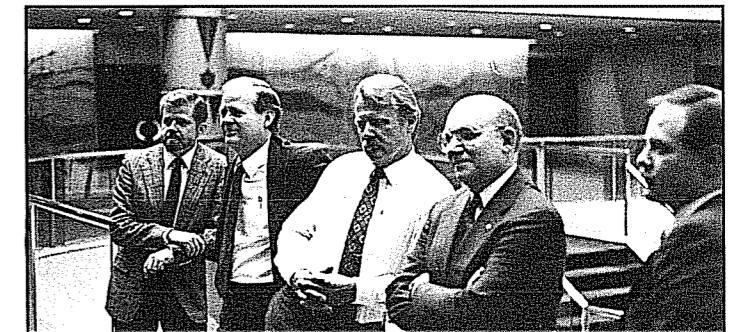
Despite the optimism of the Annual Meeting, I cannot help but be concerned about some recent events and their impact on Alaska's economy. EPA policy reversals, the "no net loss" of wetland policies, increased mining regulations and logging bans will no doubt shake the foundation of Alaska's economy.

The 90s have been dubbed the "Decade of the Environment." And that is or can be a positive label. But far too many people equate environment with no growth.

The environmental lobby has put a "negative spin" on the very back-bone of our Alaska economy. The oil, mining and timber industries have been "spun" with negative connotations. The green lobby would like us all to believe that development, in any sense, is intrinsically evil.

It's an interesting approach that the preservationists have taken, but I must admit they have been, to a large extent, successful. In the Lower 48 and Alaska, many people fail to see the connection between the final product that improves their lives and the raw material from which it comes.

It's our job to make that connection or Alaska's future is surely in doubt.



Newly-elected President William E. Schneider, Treasurer Larry Laughman and Executive Committee members Uwe Gross, Shelby Stastny and Steve Rehnberg enjoy a short break at the meeting.

RDC elects new officers and board

William E. Schneider, Vice President and General Manager of Anchorage Sand and Gravel, has been named President of the Resource Development Council for Alaska, Inc., succeeding Ethel H. "Pete" Nelson.

A long-time board member of RDC, Schneider served as Executive Director and Chief Executive Officer of Associated General Contractors (AGC) from 1985 to 1989. Prior to joining AGC in 1981 as Director of Safety and Training, he worked in the construction field for 12 years.

Schneider was elected to a one-year term as President of RDC at the organization's Annual Meeting in Anchorage May 31. Other new officers include First Vice President Curtis Foster, Manager of Materials, Purchasing and Contracts for Arco Alaska, Inc., and Second Vice President John Rense, who serves as Vice President for Resources at NANA Development Corporation. Lin Garrison, Contracts Manager for the Municipality of Anchorage, was elected Secretary. Larry Laughman, a Senior Manager with KPMG Peat Marwick, was reelected as Treasurer.

The Council's new Executive Committee, which meets weekly in Anchorage to set policy and determine general direction and action, is comprised of Anchorage residents Rex Bishopp, John Forceskie, Curtis Foster, Mano Frey, Lin Garrison, Uwe Gross, Joe Henri, Roger Herrera, Larry Laughman, John Miller, Pete Nelson, John Rense, Bill Schneider, Shelby Stastny and Dave Stock. Other members include Dan Keck (Sitka), Steve Rehnberg (Cordova), Mayor Jerome Selby (Kodiak), Bill Thomas (Juneau), Lyle Von Barga (Valdez), and Dr. Bill Wood (Fairbanks).

New appointments to the statewide RDC board of directors include Anchorage residents Mark Begich, Jerry Booth, Rich Carson, Don Follows, Roger Herrera, Lowell Humphrey, Randy Kowalke, Pete Leathard, Chuck Meacham, Sr., John Norman, Dave Parish, Elizabeth Rensch Dirks, George Schmidt, Henry Springer and John Swanson. Other new appointments include Bill Bivin (Bethel), and Mayor Lynn Chrystal (Valdez).

Emerging wetlands policy presents Alaska with tough problem

Wetlands policy could block future economic growth throughout Alaska

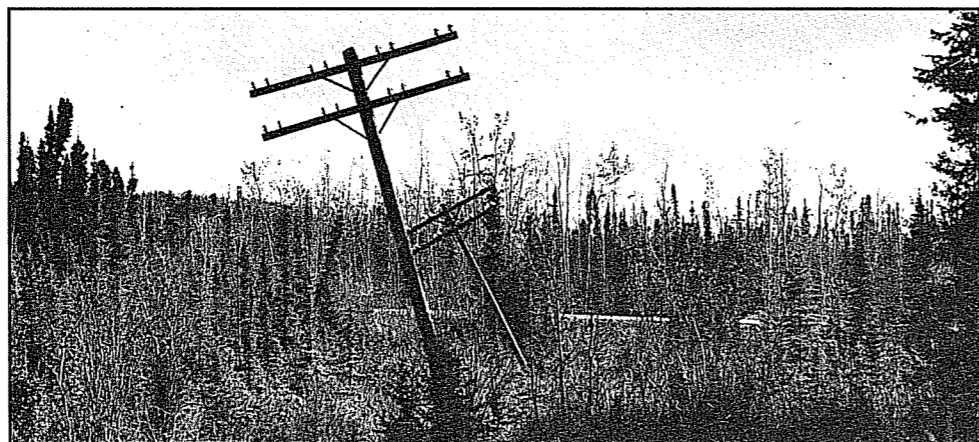
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to propose a new Abbreviated Processing Procedure (APP) for routine, non-controversial activities related to oil and gas development on the North Slope. Such an APP has been in existence since 1983 and has worked well. The new one has been universally condemned by the North Slope operators as unnecessarily complex, too costly and too time-consuming without any redeeming environmental benefits. In other words, bureaucracy for its own sake, justified by the MOA. The end result is likely to be a refusal by permittees to use the abbreviated process to the detriment of themselves and the Corps of Engineers.

The major impact of the MOA on Alaska is still to come. It will have two fundamental effects.

The first one will make it very difficult and often impossible to obtain a permit for any development on wetlands. At the same time the cost of such development will be considerably higher than in the past because of the requirement for compensatory mitigation for the wetlands used.

The fact that the wetlands may be private land owned by a property taxpaying individual is probably immaterial as is the fact that the wetlands may be part of a municipal land use plan which, after responsible public input, was deliberately zoned for development. The City of Juneau has already run foul of the Environmental Protection Agency ignoring its regional zoning plan. Protecting some wetlands is apparently no longer enough, all wetlands have to be preserved. That concept is fine, until, as is the case in Juneau, there are no drylands around to be



If Alaska is to continue to develop its private sector, reasonable expansion of the state's infrastructure must be allowed. This would inevitably include careful use of wetlands. Ports, roads, airports, visitor facilities, and other vital infrastructure are key to maintaining the viability of Alaska's basic economy. The above scene is a common sight throughout Alaska where utility lines are forced to cross marshy wetland.

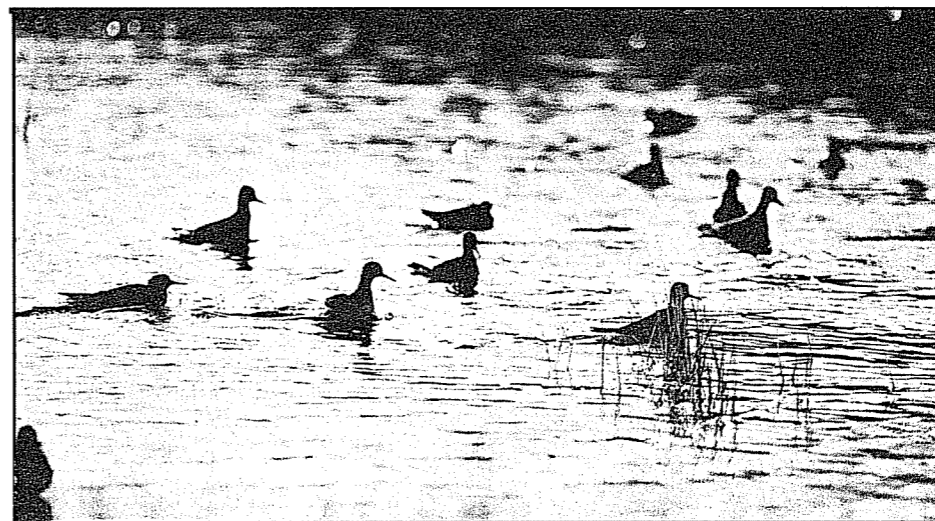
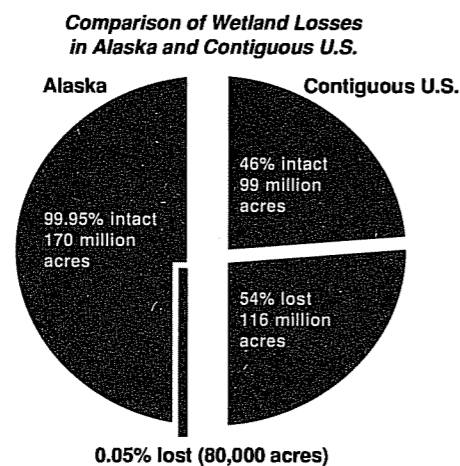
used for normal growth purposes.

Alaska has used its wetlands more responsibly than any other state in the nation. Only 80,000 acres of wetlands have ever been utilized out of the 170 million acres of wetland inventory within Alaska's borders. This is 0.05% use of wetlands. The next most responsible state is Maine which has used 20% of its wetlands, while 23 of the states have effectively destroyed over half of their wetlands. Alaska is not part of the problem, but it is being made part of the solution, and the solution will result in no further growth in the 49th state. This is obviously draconian and unacceptable.

The second major impact of the MOA is that the controversy associated with it stirred up the more extreme environmental

groups. They are now using all means to nail down "no net loss" of wetlands regardless of the effect of such a simplistic notion. The responsible process that the Bush Administration set up through the Domestic Policy Council to consider all aspects of the wetland problem and arrive at a solution which takes into consideration the concerns of affected states, is being sidetracked by deliberate efforts to seduce Congress into premature action on wetlands. Coastal zone management bills are being used as vehicles for sweeping wetlands legislation which augurs no good for Alaska. The unique circumstances in Alaska, which should be justification for an Alaska exemption, are politically unacceptable these days no matter how strongly justified.

Alaskans have a tough problem on their hands. Alaska without growth, and with declining revenue from oil, is not a comforting scenario. The MOA on wetlands puts the state firmly on notice that some federal agencies are more concerned with Alaska's pristine environment for wildlife than a practical environment for people. Alaska can and must have both, but unless Alaskans fight for reasonable wetlands solution, they are likely to have an unreasonable one forced upon them to the benefit of no one.



Alaska has achieved its current level of development while preserving 99.95 percent of its wetland acreage. A comprehensive set of state, federal and local laws and regulations ensures that all development is carefully scrutinized before it begins. However, a new national "no net loss" of wetlands policy, if implemented in Alaska, would severely impact Alaska's ability to expand its economy and develop its natural resources.

Reforms needed to solve Alaska wetlands problem

By
Bill Horn
Alaska Wetlands Coalition

The regulatory reach of the federal wetlands permit program promises to grow longer and an undefined goal of "no net loss" of wetlands is driving this lengthened reach.

Alaska has over 170 million acres of wetlands and compared to other states has conserved the highest percentage of its original wetlands. Perversely, it has the most to lose from an ill-defined goal that expands the power of regulatory agencies. As a result, land uses in nearly half of Alaska will be subject to onerous new federal controls.

Alaska's circumstances are radically different than those faced in other states. There a large proportion of highly valuable wetlands have been lost. A no net loss program is apparently designed to stem further losses and provide for wetlands restoration.

In contrast, millions of acres of Alaska's wetlands are of low value and provide few, if any, traditional wetland benefits such as flood control, water filtering, and quality habitat. A miniscule percentage of Alaska's wetlands

have been lost and many millions of acres of wet areas are created by permafrost — conditions unique to the 49th state.

Although many federal officials know of the wetlands problem in the context of the North Slope, there is growing recognition of the enormous prospective impacts on communities, small businesses, native corporations and others. Attempts to impose a rigorous goal of no net loss of millions of acres of lands that provide no real wetlands functions and very limited values would impose a grievous burden on Alaskans. These special features must be addressed by any sensible wetlands conservation program.

Two means exist to resolve Alaska's problem; (1) exempt Alaska from the "no net loss" goal or (2) find ways to tailor a discriminating wetlands program that effectively addresses Alaska's circumstances. Both approaches have merit.

An exemption would be straight forward and could solve many prospective problems. It may, however, be difficult to secure an exemption from the federal agencies or Congress if legislation is needed.

Tailoring the Section 404 program so that it advances the goal of conservation of dwindling, valuable wetlands and does not impose undue restraints of Alaska may be more productive. Investigation by the Alaska Wetlands Coalition reveals that at least seven specific programmatic reforms are needed to successfully reform the Section 404 program:

- (1) Amend and limit the existing overreaching definitions of wetlands subject to Section 404 regulations,
- (2) Establish a discriminatory system keyed to the function, value and relative abundance of affected wetlands,
- (3) Create a flexible mitigation process in which all mitigation steps can be considered throughout the permit decision process,
- (4) Allow balanced decision-making by considering the public benefits of the proposed activity as well as the potential effects on wetlands values,
- (5) Liberalize the "water dependency test" so that projects other than docks, harbors, etc., are eligible for a reasonably applied alternatives analysis,
- (6) Prohibit mandatory "interstate" compensatory mitigation,
- (7) Facilitate the ability of states and local governments to assume jurisdiction over the Section 404 program and tailor the program to local conditions.

The White House has set up an inter-agency Wetlands Task Force to grapple with no net loss and Section 404 reform. The Task Force plans to visit Alaska this summer to hold a hearing and conduct field trips to learn about these issues. Alaska's concerns must be clearly presented to the Task Force. However, a presentation of concerns and demonstrations of problems only makes the case for changes in the Section 404 program. A specific set of proposals must also be presented to the Task Force. This combination can ensure that Alaska is treated wisely and fairly.

The Alaska Wetlands Coalition has been set up to get this job done. Your support of the Coalition will ensure that the right message gets delivered to key federal decisionmakers. Your help is also needed in making the case for reform and crafting needed regulatory and statutory changes. No one can afford to sit on the sidelines and put Alaska's future growth and opportunities at risk.