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Economic impacts of land plans and policies need urgent attention

Evaluation of the economic impacts of land plans and policies should be a major concern of the Alaska Land Use Council over the next five years, according to Paula Easley, Executive Director of the Resource Development Council.

In remarks before ALUC April 15, Easley said she would like to see some of the tough issues coming before the Council receive careful scrutiny, with strong positions taken on state and federal policy.

ALUC is an advisory panel of major state and federal officials mandated to work for the smooth and consistent implementation of the Alaska National Interest Lands Conservation Act (ANILCA).

Easley urged ALUC to act forcefully on the issue of wilderness review, evaluating state and national impacts of further wilderness withdrawals as well as the creation of land-use restrictions on non-wilderness lands which create implied wilderness designations without Congressional approval.

"When created, ANILCA was designed to provide for withdrawn lands to protect the national interest and still provide adequate opportunities for local and state economies," Easley said. "Given the mandated reviews of the federal land withdrawals to meet the national conser-

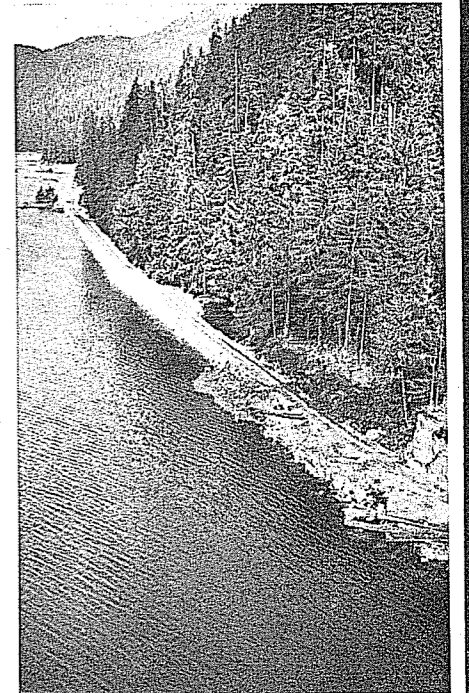
vation and recreation needs, we believe the other side of the coin should be addressed periodically as well." She continued, "ALUC should make sure there are 'adequate opportunities for satisfaction of the economic and social needs of the State of Alaska' in all land use decisions."

Regarding forest studies for the Tongass National Forest, Easley urged the Council to review U.S. Forest Service recommendations and assure that protection of the regional timber industry is given the weight Congress intended in the review process.

The RDC Executive Director also encouraged ALUC to support the assessment of all resources on federal lands. She pointed out that there is little subsurface assessment being done on Conservation System Units (CSUs) and this is not in the national interest.

ANILCA goes so far as to create a process by which minerals can be extracted from some CSUs in times of national need. Therefore, Easley said, it seems only reasonable to ask that land managers assess the mineral potential available for times of national emergency.

In closing, Easley charged that the interests of the State of Alaska have not



The access and bulk sampling road from tidewater to the U.S. Borax Quartz Hill molybdenum deposit in Misty Fjords National Monument was one of the most heavily regulated and monitored road construction projects ever undertaken in Alaska.

been upheld in the ALUC forum or in the entire ANILCA process.

"The focus of our problems with the State's role lies in the lack of clearly delineated policy guiding Alaska's role in the ANILCA process," Easley said. "As ardent followers of the land planning process, we have seen no evidence of coor-

(Continued on Page 2)

Alaskans...Working with Alaskans to improve the quality of life through sound resource development.



Message From The Executive Director

By
Paula P. Easley

I suppose everyone reading this has a list of issues which is very important to the long-term development of our state, but seem to draw little public interest. I have such a list and it is topped by land planning, at this moment federal land planning.

The development and diversity of the U.S. economy can be directly related to its lands policies. Periods of growth and national prosperity were preceded by land policy that emphasized private ownership and multiple-use public management.

Alaska now has the opportunity to benefit from the lands policies being created and implemented right now. I hope we won't look back on 1985 as a lost opportunity.

By the end of this year, every national park in Alaska will have a general management plan. These plans will go to Congress and Alaska will lose the last formal opportunity to have input into the management of these parks for about ten years.

I am talking about 50 million acres. That is roughly one-seventh of the state and it will be "zoned" by January.

Most of these parks are not near major metropolitan areas, so very few Alaskans recognize the significance of these plans. We only hope you can see that the future of our state is directly tied to these federal lands. Remember, virtually all the development that has helped Alaska grow is rural, not urban.

Here are the nine park plans which are presently in draft form awaiting public comment:

- | | |
|----------------------------|---------------------|
| Aniakchak | Gates of the Arctic |
| Bering Straits Land Bridge | Noatak |
| Katmai | Cape Krusenstern |
| Denali | Kobuk Valley |
| Wrangell-St. Elias | |

You don't have to be a user of these areas to get involved in the process. You simply have to care about the relationship of parks to people. In many cases, concerned citizens carry more clout than special interest groups, and your input is necessary if the Council is going to represent the interests of its membership.

Our Lands Division (a group of citizen volunteers) is working right now to see that each park plan receives a critical examination by members of the public concerned about development. Your contribution will help us generate solid, detailed comments which the Park Service cannot ignore.

The Resource Development Council is committed to work on issues such as this, but we are only as strong as the will of our membership. Please join us and help assure reasonable uses of these millions of acres.

Resource Development Council, Inc.

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.

RDC invites members and the general public to its weekly breakfast meeting featuring local and nationally-known speakers on economic and resource development issues. The meetings are held on Thursday at 7:30 a.m. in the Northern Lights Inn. Reservations are requested by calling 276-0700.

Executive Committee Officers

- President..... Charles Webber
 Vice President..... John Forceskie
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- Executive Director..... Paula P. Easley
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 The RDC business headquarters are located at 807 G Street, Suite 200 in downtown Anchorage.

ALUC . . .

(Continued from Page 1)

inated, consistent policy toward land planning or management by the State in some years. Decisions of great importance are being made in a 'policy vacuum.'"

RDC's problems with state actions fall into two basic categories: the state attitude toward the Alaska Land Use Council and the state's participation in the management planning for federal areas.

Until recently, RDC has been disturbed by the lack of involvement of state leadership in the creation of state comments on the federal plans. Governor Sheffield was commended for reversing this practice.

Another RDC concern that has not been addressed is the question of policy. The statewide resource development organization would like the legislature to develop a policy against which all state input into federal land planning could be measured. This would enable the public to review the general parameters of state comments and would allow the agencies to interpret them for individual planning areas.

Notable quote

To find minerals, miners must be able to explore the public lands and waters and know that the minerals can be developed where they are found. Unfortunately, many people have the mental image that mining creates vast, irreparable scars. However, all the known mineral deposits (except coal) would not occupy as much surface as the parking lots of Anchorage. The image and the conflict persist despite the truth.

James Jinks, Alaska Miners Association

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Three crucial issues face Alaska in 1991

(Continued from Page 3)

Native Claims Settlement Act will play a key role in Alaska's development since many of the resources lie under native lands.

"Establishment of unity with the native corporations to present a strong position regarding the issues of 1991 is crucial," McDowell said, "particularly if the private sector is to thrive beyond 1990." He also warned that prospects for corporate takeovers by non-Alaskans would be high unless native leaders continue to act to amend ANCSA.

"The challenge is not just to identify those issues related to 1991, but to choose those issues which should be addressed now and to develop the coalition of economic leaders by whom they should be addressed," McDowell said. "... For it is the private economy of Alaska, not its government, that will provide the re-

sources to accomplish our individual and collective goals in the 1990s."

Meeting to consider local community actions that would help offset the impacts of declining state revenues on local economies, urban and rural delegates attending the RDC economic development workshop also heard presentations describing the economic elements of various local communities and sources of income for those communities.

A common denominator found in most communities' analyses of local income was that of a heavy dependency on state spending. Some rural communities represented at the workshop indicated that over 60 percent of local income was derived directly from the state's operating and capital budgets.

In other discussions, community leaders identified the lack of surface

transportation to rural communities as one of the biggest inhibitors to regional economic diversification. Participants in the workshop called for a comprehensive, realistic state transportation plan that would encourage regional development and focus on potential resource development.

They also agreed on the need for electing pro-development people to local councils and assemblies and the establishment of local economic development task forces.

"There was a general consensus among delegates that community task forces would be a valuable tool in encouraging diversification of the local economy," said Becky Gay, Deputy Director of the Resource Development Council. "Through the Council's economic development workshops, RDC hopes to facilitate the process and bind the groups together as a statewide force advocating local and regional economic diversification."

Higher taxes could hinder new exploration

(Continued from Page 5)

In speech before the RDC one week later, Lee Nunn, construction manager for ARCO Alaska, Inc., pointed out that the future of the oil industry in Alaska will be its ability to develop smaller, marginal fields.

He indicated that the costs of developing the Lisburne field are staggering and

ARCO has been forced to cut costs wherever possible.

Putting the increased costs to develop marginal fields into perspective, Nunn explained that ARCO would be adding essentially a fourth flow station on the east side of the Prudhoe Bay area to tap Lisburne.

That station, over its life, will handle 300 million barrels of oil. By contrast, Prudhoe Bay flow stations will handle five times that amount each over their lifetimes; yet the cost for each is commensurate.

Nunn also pointed out that although ARCO Alaska makes a good profit off its Alaska oil production, it also is reinvesting back into the state virtually every dollar it makes here.

"I think we all agree the future of the oil industry in Alaska will be its ability to develop smaller marginal fields," Nunn said, "and in my position overseeing ARCO construction at both the Prudhoe and Kuparuk fields, I clearly see the impact oil prices and development costs have on developing such fields."

The Lisburne Field underlies Prudhoe's Sadlerochit producing zone with 300 million barrels of recoverable oil at about 9,000 feet. When in operation, the field should produce about 100,000 barrels of oil and 4,000 barrels of natural gas liquids per day.

RDC opposes bill

(Continued from Page 5)

By advancing legislation calling for separate accounting, Holdsworth warned that the recent stable investment climate that has evolved from no tax changes in the last three years would once again be jeopardized.

Fairbanks sees sustained growth

Times have never been so good in Fairbanks. But Interior Alaska businessmen question where the growth is coming from, what powers it and how long it will last.

According to a report in the Fairbanks Daily News-Miner, a steady growth in population and a major injection of state money provided by oil taxes and royalties have created a vast expansion in trade and service industries over the past few years in Fairbanks.

According to local developer Chuck Rees, Fairbanks has reached "critical mass," a level in the population that allows a community to support services it couldn't before. The population of the Fairbanks area has been growing steadily over the past several years and is now nearing 70,000.

Experts say a flood of state oil dollars, wages drawn from the North Slope and Fairbanks' role as the staging center for Interior and North Slope development activities have combined to bring the Interior city a "long, slow boom."

Despite a forecasted slowdown in other parts of the state, Fairbanks is likely to see strong and steady growth over the next couple of years.

Community leaders no longer consider Fairbanks a 'boom and bust' town. It's a growing progressive community.

RDC opposes preferred Kantishna alternative

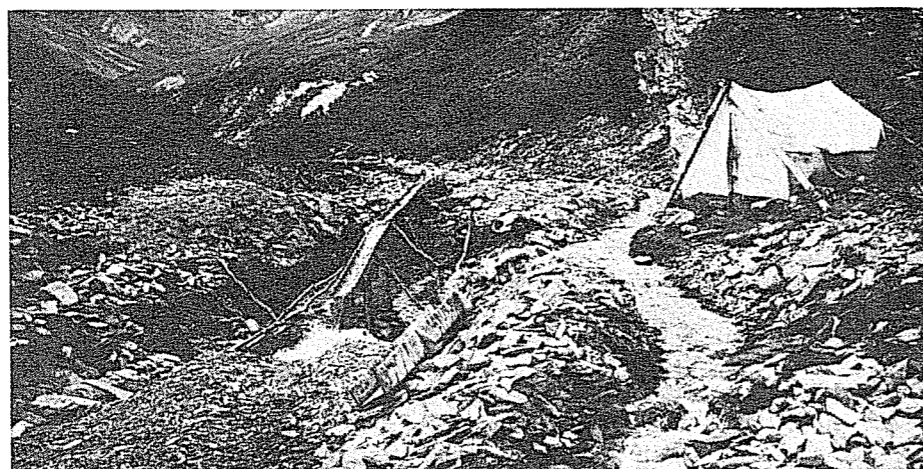
The Resource Development Council has told the National Park Service (NPS) it opposes the preferred options of the Final Environmental Impact Statement for the Kantishna Hills/Dunkle Mine Study Report.

In a letter to Regional Director Roger Contor, the Council said Alternative 7, removing the mineral resources from the park, would be the best course of action for the region.

Under the FEIS preferred alternative for Kantishna, the NPS would implement a mineral leasing program for placer and lode deposits in the study area. The NPS would administer the leasing program by developing policy to govern the leasing, regulating leasing activities and preparing a mineral management plan for the Kantishna Hills study area. The preferred action in the Dunkle area calls for maintenance of the status quo.

RDC's favored option calls for the existing park boundary to be adjusted to exclude the mineral resource portions of the study area from the park and NPS administration. A land exchange would occur to add other lands to the park with significant natural, cultural and recreational values.

"The mineral value of the lands, the historical significance of the mining, the



Mining has been a key activity in the Kantishna/Dunkle areas for over 80 years. Pictured above are sluice boxes on Spruce Creek, 1906. USGS Photo

high acquisition costs of mining claims and the ambiguous reports of habitat impact all support the adoption of Alternative 7," the Council wrote Contor. It said a land exchange would give the park land with equal or superior habitat and recreational values.

The Kantishna and Dunkle areas have been actively mined for 80 years, and RDC believes their inclusion in the expanded Denali National Park should never have occurred given the area's historical role. Speaking for RDC, Paula Easley insisted that the traditional and consistent use of these areas mandate the same consideration of mining as subsistence use of fish and game resources in other areas of the state.

RDC charged that the FEIS understated the validity, and therefore the value, of mining claims. It believes far more money would be required than the FEIS indicates to purchase claims at fair market value.

The Council also indicated that the FEIS overstated the impact of mining on caribou populations. Easley pointed out that the NPS's own population estimates show little consistency with or support for assertions it has made regarding historical or present mining impacts on caribou.

She cited a study sponsored by the NPS two years ago that concluded the decline and continued low population of the Denali caribou herd is likely caused by natural predators, not mining. The study said "all existing human-related disturbances to the herd, including mining and research studies, were probably not important causes of the herd's population decline."

In light of these arguments and the basic conflict between mining activity and the National Park Service management, RDC believes that land exchanges are the best way to resolve the issues.

RDC BRIEFS

OCS Lease Sale 92

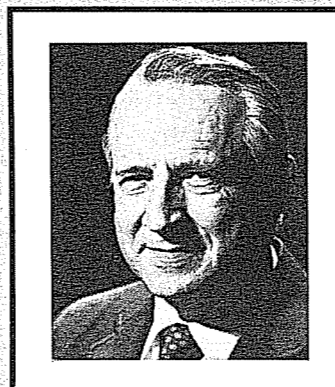
In a Red Alert earlier this month, the Resource Development Council urged its membership to call state representatives and urge them to vote against HJR 31, a resolution supporting Governor Sheffield's position which prohibits oil and gas leasing in the North Aleutian Basin for another ten years. The Council believes

such action would risk crucial exploration activity. The oil industry says this area has one of the highest potentials for a major offshore discovery. It also pointed out that commercial fishing and oil development take place in perfect harmony all over the world, including Cook Inlet.

Alaska Coastal Management Program

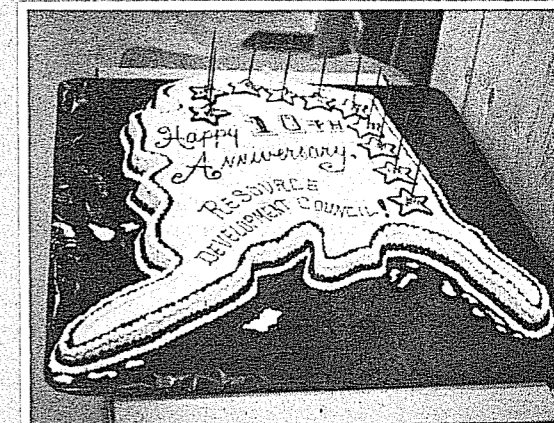
Because the areas affected by coastal management have a great deal of control over the development of the entire state, RDC believes the legislature should have oversight of the Alaska Coastal Management Program. Mike Abbott, projects coordinator and RDC lobbyist, told the Senate Resources Committee last month that "we do not doubt the ability of the Coastal Policy Council to represent certain interests of the people inhabiting the coastal regions, but the plans which are being developed are im-

pacting all sorts of activities hundreds of miles from our coasts." He added, "by leaving the decisions for approval of the Coastal Management Plans in the hands of the Council, we are misrepresenting the best interests of the entire state." RDC believes the Coastal Policy Council, with a majority of representatives from coastal communities, is not able to see the statewide impacts of the plans, and therefore, the legislature is the place to correct this potential bias.



A Letter From Our President

By Charles R. Webber



April 1985 marked a milestone for the Resource Development Council. Before the month ended, we celebrated our tenth anniversary as a citizens coalition advocating responsible development of Alaska's resources.

This organization has been as successful as it is over the past decade because of the sincere efforts of our membership toward orderly development that seeks to tap our great poten-

tial while protecting the environment. Ten years ago we knew it could be done, and today RDC is still here working even harder to assure that our state's economy will expand and diversify to meet the needs of all our citizens.

RDC's goals and objectives have real merit and substance; otherwise we wouldn't be where we are today. We invite other Alaskans to join us in working to improve the quality of life through sound resource development.

Alaska's leaders urged to prepare now for crucial events of 1991

Alaska's local government leaders should join together to form a unified front in meeting the challenge of three events in 1991 that will have far-reaching impacts on Alaska well into the 21st century, according to Peter McDowell, the former director of the Alaska Office of Management and Budget.

Addressing a select group of Alaska mayors, city managers and delegates at a Resource Development Council workshop at Settlers Bay Lodge in Wasilla May 6, McDowell said political reapportionment, changes in the Alaska Native Claims Settlement Act and a certain decline of irreplaceable oil production from Prudhoe Bay will all occur in 1991, resulting in profound changes in state and local government and Alaska's private sector.

McDowell emphasized that all three 1991 issues must be considered as a common concern or else the state is courting political polarization and social upheaval.

McDowell, a managing partner for Coopers & Lybrand in Juneau, predicted that state government in the 1990s will be smaller and less important because of diminished operating funds resulting from steadily declining oil revenues. The state's role as an equity investor, lender and employer will also diminish.

The decline in oil production and revenues will probably result in restoration of state income taxes, McDowell said. He indicated such a move would increase public concern about state spending, restoring the public check-and-balance system temporarily repealed when the state stopped collecting income taxes.

Another change in state government will be a shift to centralization of political and economic power resulting from reapportionment after the 1990 census. Dominance of the state government by Southcentral Alaska would affect regional alliances and change local power structures.

McDowell stressed that regional power balances and structures must be retained to reflect a fair and democratic society and an economy with a statewide focus. If the challenge of reapportionment isn't met, he fears the 1990s will bring a centralized legislature that may not consider geographic obligations for economic and social development in rural Alaska.

The Juneau business leader sees stronger local governments rising to challenge reapportionment changes and financial concerns. He pointed out that Alaskans have traditionally rejected monolithic government solutions in favor of

maximum local self-government, and that by 1991, regions would respond by strengthening local governments.

As petroleum revenues decline and the financial resources of state government dwindle, the responsibility for resource development may shift further to the private sector in the 1990s, McDowell predicted. Such a shift would strengthen the private sector, but the competitive sector needs an environment of diversity to thrive, he said.

McDowell suggested state government begin utilizing private-sector resourcefulness in meeting the challenges of 1991. An initiative to apply business skills to bureaucracy in addressing declining revenues may be needed, he said.

Becoming more efficient while keeping customers well served with less is a business skill not usually found in government, McDowell said. He suggested a volunteer effort such as an Alaska "Grace Commission" may have good recommendations for times of deficits and declining revenues.

With the private sector becoming the economic engine that powers the state's economy, amendments to the Alaska

(Continued on Page 7)



RDC Executive Director Paula Easley holds down Council Secretary Boyd Brownfield who appears to be lifting off for outer space via an assortment of helium balloons.

Happy Tenth Anniversary RDC!

Alaska Helicopters hosts over 400 people celebrating RDC's 1st decade

Rex and Ruth Bishopp of Alaska Helicopters opened their spruced-up hangar to over 400 guests April 25 who gathered to celebrate the Resource Development Council's tenth anniversary.

After a hearty dinner of roasted pig and barbecued salmon, Fred Chiei stepped up to the microphone as roastmaster for "A Roast of Paula Easley," the Council's Executive Director.

Bud Dye, Jack Anderson, Chuck Herbert, Chuck LaPage, Kelly Gay Campbell, Jackie Lindauer and former Anchorage mayor George Sullivan each gave

anecdotes about Easley and her early days in Alaska and at the Council.

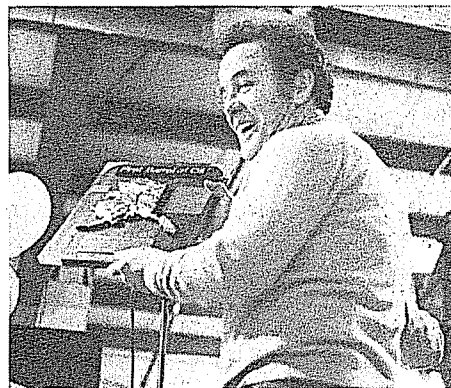
Following the roast, a cake, proclaiming "Happy 10th Birthday Resource Development Council," was served along with champagne.

The Bishopps then offered the hangar for next year's annual meeting event.

Roasted!



Former Anchorage Mayor George Sullivan turns up the fire on a roasted Paula Easley at the Council's 10th anniversary celebration hosted by Alaska Helicopters. Long-time RDC members and local officials participated in the roasting of the Executive Director.



Robert Fleming



Smoke doesn't deter Sea-Land Services' Phil Woare, Dave Dorsey or RDC's Becky Gay from sampling tasty roasted pig and barbecued salmon at the RDC party. The Sea-Land chefs worked all day and part of the night before roasting the "oinkers" for the several hundred folks who turned out for the anniversary celebration.

RDC honors outstanding members

A number of individuals and organizations were honored by RDC at its tenth anniversary party April 25 for outstanding service over the past decade.

Alyeska Pipeline Service Company was awarded Outstanding Developer of the Decade for its role in designing, constructing and operating the trans-Alaska oil pipeline. Robert Fleming was chosen Outstanding Member of the Decade while the City of Valdez was awarded Outstanding Service by a Community.

The Alaska Chapter of Associated General Contractors received the Outstanding Service by an Organization award while the Alaska Television Network was the recipient of the Outstanding-Broadcast Media Coverage award. The Alaska Journal of Commerce was given the Outstanding Print Media Coverage award.

Council re-elects Webber president

Charles R. Webber has been elected to a third consecutive term as president of the Resource Development Council.

Webber's election to his third one-year term came at the eleventh annual meeting of the Council's Board of Directors in Anchorage April 25. At the Council's annual meeting, a new 78-member statewide board was also elected along with a new Executive Committee. Twenty-one policy statements reflecting the Council's positions on economic and resource issues were also adopted.

Webber entered the Alaska business scene over 30 years ago and served as the Commissioner of Commerce and Economic Development under former Governor Jay Hammond.

Other new officers include vice presidents Tom Pargeter, National Bank of Alaska, and John Forceskie, Teamsters Local 959. Boyd Brownfield, Acres International Corporation, was elected secretary while Shelby Stastny, Arthur Young & Company, was chosen treasurer.



Charles R. Webber presides at the Council's eleventh annual meeting of the Board of Directors April 25 in Anchorage. The wide representation of social, geographic and economic groups on the Board allows it to address the crucial development issues with input from all concerned perspectives.

Higher taxes could mean less oil

About half the oil to be discovered in America may be found in Alaska, bringing new economic prosperity for residents of the 49th state, but "there are some people in Juneau who are doing their best to insure that many of these fields will never be discovered or produced," said George Nelson, President of Sohio Alaska Petroleum Company.

Addressing a breakfast gathering of the Resource Development Council in April, Nelson said that if state legislation calling for a return to the separate accounting method of taxation on the oil industry passes, the end result will likely be less state income from royalties and taxes.

The state enacted separate accounting in 1978, but repealed it in favor of the unitary tax system after the industry filed suit challenging the constitutionality of the tax plan.

Separate accounting taxes industry solely on its activities in Alaska. The current tax system is based on a company's worldwide profits and taxes its Alaska activities as a portion of the whole.

State officials claim that the state has lost over \$500 million in the past four years by repealing separate accounting. However, industry officials contend that the state stands to lose much more if separate accounting is enacted.

"In all probability, it (separate accounting) would have cost the Endicott project," Nelson said. "When we decided to go forward with this project, we did so with the firm belief and assurances from Juneau that state tax policy would remain stable."

The current value of Endicott royalty crude and the state's severance tax amounts to \$135 million annually to the state treasury. Corporate income taxes, capital expenditures and jobs provided by the development would add substantially to this figure.

"The supporters of this measure are under the assumption future projects will go forward even under this onerous tax plan," Nelson said. "That assumption is based on emotional wish and not economic fact."

Those future projects, according to industry officials, are likely to be marginal fields which will be costly to develop. For development of those smaller fields to occur, industry executives stress that the state must leave tax laws alone and encourage industry to explore and produce oil by streamlining the permitting process and offering other incentives.

"The legislature must recognize that the answer to this economic dilemma does not lie in strangling the one industry capable of providing the economic stability the state is seeking," Nelson said. "Sohio shares the state's concern, but falling crude prices and the prospect of declining production does not make us jump for joy, either."

(Continued on page 7)

RDC opposes tax bill

The Resource Development Council has told the Alaska legislature that it strongly opposes a bill that would reinstate the separate accounting method of taxation on the oil industry.

Speaking before the House Oil and Gas, Resources and Finance committees, RDC lobbyist and board member Phil Holdsworth said the measure singles out a specific industry for special tax burdens. He said any tax increase for the industry is a disincentive and counterproductive to the goal of finding and producing more oil.

"Just as important as reducing state spending and generating new sources of income is the need to find and produce more oil," Holdsworth said. "Whether on state or federal land, onshore or offshore, it is in the state's best interest to encourage new exploration and production."

Holdsworth noted that the Council does not believe the state has had time for careful analysis of the long-term impacts of a decision to adopt separate accounting on the industry that now provides virtually all of the state's income.

(Continued on Page 7)