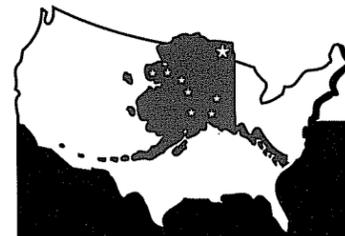


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Resource Review

October 1992 A monthly publication of the Resource Development Council, Inc.

"With environmental budgets stressed...we have a profoundly serious obligation ... to take into account the really important risks to health and the environment...we may need some basic recrafting of the statutes, and at least the regulations themselves, if we're to be honest with people."

- William Reilly, Administrator
U.S. Environmental Protection Agency

INSIDE ANWR

How the
Candidates Stand.
See pages 4-5

University of Alaska Anchorage

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For those in the business community and others serving their communities who need quick, inexpensive computer software training, the CCCE Community Education Department's DownTown Center offers many **computer classes** in 3, 6, 12 or 16 hour blocks. Those coming to Anchorage from rural areas can plan ahead by contacting the UAA office for dates, times and availability.

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To request a flyer or get more information, please call 279-0249.

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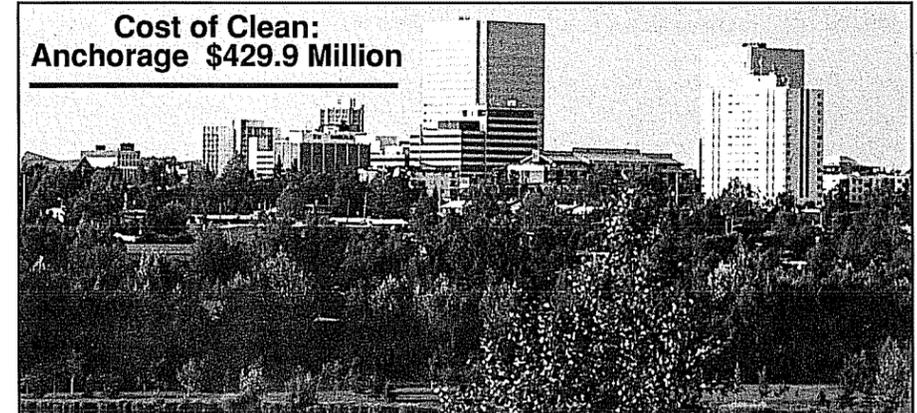
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The Cost of Clean

By several accounts, Americans have invested some \$1.4 trillion since the early 1970s in programs directed at cleaning up and protecting the environment. More than one hundred major environmental laws were implemented during this time, and impressive strides have been made against pollution.

Hazardous and toxic waste dumps are being cleaned up in every state. Air quality programs targeting specific pollutants show well-documented improvements. Water bodies once badly polluted now support abundant aquatic life. Recycling programs have mushroomed and vast improvements have been achieved in drinking water quality. Coastal and wetland areas are now receiving greater protection, and wilderness designations have been applied to millions of acres of high-value federal lands.

But like everything else in this world, environmental programs carry a price tag. In the case of environmental mandates, the costs are astronomical.



**Cost of Clean:
Anchorage \$429.9 Million**

Estimated costs of federal environmental mandates to the Municipality of Anchorage total \$429,936,737 for the 1991-2000 period. In general, the figure represents costs of complying with existing regulations. MOA officials note that conclusions from the data are not intended to reflect a position for or against mandates, or to suggest the MOA is paying too much or too little for these programs.
Photo by Roger L. Bartels

If recent private-sector and government forecasts are reliable indicators, today's environmental programs will not be affordable tomorrow. Billions of dollars will be needed for pending and proposed laws and regulations. Local communities and industry claim

they could face irreversible ruin.

Complying with federal environmental laws now cost business over \$155 billion every year, according to the Environmental Protection Agency. If lost opportunity and legal fees to

(Continued to page 6)

Action needed now by all RDC individual and community members



Message from the Executive Director
by
Becky L. Gay

• **Address the human situation in the 104 communities across Alaska which do not have decent community water or sewage systems.**

RDC supports the DEC's efforts to tailor water quality standards to Alaska, including adding human health criteria to the equation without changing the aquatic life criteria.

RDC also supports the more realistic risk level of 1 in 100,000 (instead of 1 in a million), especially since the real risk of getting cancer from other sources is 1 in 4.

RDC believes it takes a strong economy to provide the financial resources to fund state programs to deal with such vital issues such as water quality. Therefore, economic realities must be included in all analyses.

RDC urges this dialogue be continued in a positive vein, and the process is not continually delayed. It is RDC's hope that EPA will participate in good faith, rather than "drive" the process. The local EPA office should relay to Region X how hard we Alaskans are working on water quality solutions. Furthermore, EPA should not override or undermine these efforts to bring water quality standards into line with the realities of Alaska.

Remember, in this exercise, numbers count! RDC urges you to write to DEC and give your support for its efforts! Address: Water Quality Management, Dept. of Environmental Conservation, 410 Willoughby Avenue, Suite 105, Juneau, 99801-1795. Fax to: 465-5274.

NOTE: In RDC's continuing efforts to educate individual Alaskans, the legislature, the media, policy-makers, the regulated and the regulators on resource issues, RDC has dedicated its upcoming conference to looking at a variety of unfunded environmental mandates which are soon to be dropped on local communities.

RDC's conference is entitled **Needs of the 90s: Prosperity and the Environment** and will be held this November 19 and 20. One section will include a presentation by DEC Commissioner John Sandor and Chuck Findley, Director of EPA's Region X Water Division.

I urge members of the legislature and interested public to attend at least that one session. **Thanks again to RDC's conference sponsors!**

The Alaska Department of Environmental Conservation has extended the comment period to October 31 for proposed water quality standards regulations. It would be great to beat our opposition at their own game and have more comments — only you can make it happen. So sit down and write NOW! Call RDC if you can't get started. We will help you.

It is vital to keep your individual comments going to DEC if you want to see reasonable regulations and a balanced public record.

At a House Resources hearing October 3, RDC testified on DEC's proposed revisions of the state's water quality standards.

If you and your company were not there or on teleconference, you can know RDC was doing its membership service by representing the broad range of community and pro-development concerns on the issue. Following are excerpts from my testimony to help you formulate your own.

RDC supports water quality standards in Alaska which:

- **Are based on good science.**
- **Reflect costs and benefits which are real and balanced.**
- **Are technically achievable and economically feasible.**
- **Reflect natural water conditions.**
- **Do not set limits to exceed native water quality.**
- **Provide adequate environmental protection without unreasonably impairing domestic, municipal, recreational, commercial and industrial uses of the water.**
- **Acknowledge the global economies Alaska faces and do not unduly hand Alaska shore-based processors a deadly disadvantage.**

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.

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Writer & Editor
Carl Portman



Cost of federal environmental mandates

(Continued from page 6)

As a result, Congress and federal agencies continue to impose more restrictive burdens on Americans. Instead of giving the laws on the books a chance to prove their effectiveness, lawmakers remain convinced more are needed. Likewise, environmental groups continue to press Congress and federal regulators for more punitive and intrusive controls on industry, more enforcement, more fines, more environmental monitoring and relentless land-use restrictions, while paying little attention to their higher costs or who pays for them.

It is important to acknowledge that Congress and the federal administration are working to implement sound environmental policy. Legislation has been introduced to correct a number of problems. Significant progress has occurred as a direct result of environmental expenditures. However, the nation must come to grips with the question of how to get a better return for its environmental investments. It can begin by setting priorities based on objective risk analysis.

The guiding principle that "we just can't spend too much on the environment" must be re-examined.

RDC's upcoming 13th Annual Conference, **"Needs of the '90s: Prosperity and the Environment,"** calls urgent attention to the rising costs of federal environmental mandates and society's ability to pay for them.

RDC's upcoming 13th Annual Conference, **"Needs of the '90s: Prosperity and the Environment,"** calls urgent attention to the rising costs of federal environmental mandates and society's ability to pay for them. The conference examines the tribulations of excessive regulations and features leading national speakers on topics ranging from environmental success stories to the energy debate.

The conference will be held November 19-20 (Thursday-Friday) at the Captain Cook Hotel in Anchorage. RDC is offering an early-bird registration fee of \$175 (good through October 30) for the two-day conference. Members qualify for an additional discount.

Mental Health Trust Lands dilemma ... (Continued from page 3)

royalties is not a possibility.

Another example is the selection by the Mental Health attorneys of over 2,000 acres in the Glacier-Winner Creek area near Girdwood. This selection has placed a serious cloud on expansion plans for the Alyeska resort and the expected boost to Anchorage's economy.

It is not the Mental Health attorneys who are at fault in this process. They are charged with protecting the interests of the beneficiaries of mental health services. Therefore, they must select replacement lands with the most income producing potential.

From the beginning, Chapter 66 was opposed by a coalition of tourism, sportfishing and environmental interests. They raised substantive legal questions about the settlement. Many of the beneficiaries of the Mental Health Trust oppose Chapter 66 because it won't adequately fund the needed mental health programs. Development of mining interests have opposed it because the ongoing uncertainty prevents investment and development. Even the oil companies have sued to block the settlement because their long-term interests have now been placed in jeopardy.

It is obvious that the present settlement has the potential for stopping economic development and the creation of jobs. Is this to be the legacy of the present administration? The irony is that the development interests which were the administration's most staunch supporters are suffering greatly.

Fortunately, there is an alternative. Last session I drafted legislation which would have amended Chapter 66. This proposal would return some of the original Trust land to the Trust and continue the current allocation of six percent of the General Fund revenue to the Trust to compensate for non-

returnable land. The authority establishing Chapter 66 to manage the Trust would be retained. It is a simple solution, which does not require complicated land exchanges or additional state cash. It is doable and will free up state lands for economic development projects which means the creation and retention of jobs for Alaskans.

The alternative proposal was supported by everyone from the Resource Development Council to the Sierra Club and most of the Trust beneficiary groups. The bill was stalled in committee because the Hickel administration wanted to give Chapter 66 more time to work. Instead, the settlement continues to work against the interests of every Alaskan. Alaska can't afford to wait years for Chapter 66 to drag through every court in the country on the chance that it might be approved. Nor can we wait until the next Governor takes office to fix the problem.

This is the single most important economic issue facing Alaska at this time. Every candidate for legislative office should be familiar with the issue and the proposals to resolve it. As long as this cloud hangs over all state land, talk about "diversifying the economy" is just that: talk! We need bipartisan cooperation and the administration's leadership and cooperation to get this issue behind us once and for all. Only then can we get on with building the economic base we need for the future.

Editor's Note: RDC's annual conference, November 19-20, will feature a luncheon debate on the Mental Health lands issue. Participants include the Alaska Center for the Environment, Usibelli Coal Mine and Advocacy Services.

Paying for environmental mandates

(Continued from page 1)

interpret the laws are included, it's over \$300 billion annually.

"It is difficult to address the subject of environmental mandates without being depicted by certain groups as 'anti-environment,'" said Paula Easley, Government Affairs Director for the Municipality of Anchorage. "Community and industry leaders may disagree with intolerable costs of a rule, with the necessity for regulating when risks are negligible, with the regulatory process itself, or because the science is lacking, or a particular mandate lacks flexibility. None of these positions means they are anti-environment."

Easley recently prepared a detailed 60-page report to Congress on the cost of federal environmental mandates to cities and counties. She contends that of all congressional initiatives, environmental mandates are most often implemented at the local, rather than state, level. They are also the most costly to the entity providing the service.

Until the mid-1980s, mandates to build big-ticket anti-pollution facilities carried congressional appropriations to offset most of the costs. Now community governments, their businesses and their residents pay nearly all of the costs.

"Regardless of where mayors stand on the issue of environmental protection, very few are optimistic that they, and the populations they serve, will be able to finance an ever-growing list of unfunded national environmental imperatives," Easley said.

Anchorage Mayor Tom Fink pointed out that "residents don't understand that virtually everything we do, every service we provide, every bond we sell, and every employee's salary and benefits are paid for by the people who live here, through taxes and user fees."

Fink noted that while communities search for ways to generate new wealth to pay for environmental mandates, Congress forecloses on available options.

"Hundreds of millions of acres of

Cumulative Cost of Federal Environmental Mandates per Anchorage Household 1991-2000			
Year		Estimated Households	
1991	R	84,000	\$153
1992	R	85,000	\$264
1993	R	88,000	\$256
1994	R	89,000	\$307
1995	R	91,000	\$840
1996	R	92,000	\$409
1997	R	93,000	\$527
1998	R	95,000	\$692
1999	R	96,000	\$580
2000	R	97,000	\$631
Total	R		\$4,659
Estimated Costs to Anchorage, 1991-2000:			\$429,936,737
<small>SOURCE: Municipality of Anchorage</small>			

valuable lands are taken out of production and placed off limits, off local tax rolls," Fink complained. "There is unreasonable bias against exploring for natural resources and producing materials needed by society."

Fink stressed that communities across Alaska and the Lower 48 states are finding it increasingly difficult to obtain federal approvals to provide essential public services. Both nationally and locally, no mechanism exists for sensibly balancing the needs of people with important environmental concerns.

In the Municipality's report, "Paying for Federal Environmental Mandates: A Looming Crisis for Cities and Counties," Easley noted that over the past two decades, environmental problems have been addressed in a vacuum, without carefully examining their impacts on personal incomes, private property rights, the economy, productivity or national competitiveness.

"Costly solutions are proposed and enacted into law before they are scientifically justified," Easley said. "Sometimes they respond to perceived — rather than real — risks to humans or the environment. There are no standards for evaluating costs and benefits, nor are there acceptable guidelines for

setting national priorities."

Unquestionably, the federal mandate situation has become a much higher priority to cities and their industries as the costs of new programs become more clearly identified. These costs can be enormous and incalculable, making budgeting and long-range planning impossible.

Tom Arrandale, environmental columnist for *Governing* magazine, acknowledges that "state and local pollution control officials suspect that they're wasting precious time and resources, while jeopardizing precarious public support, because federal mandates based on inconclusive or inaccurate studies force them to focus on the wrong environmental problems."

And, there is the problem of uncoordinated restrictions, redundant regulations and contradictory requirements of different agencies. An agency solution to one problem can create a worse one for some other agency.

Equally disheartening, Easley notes, is the tendency by Congress and the federal government to underestimate — sometimes by the billions of dollars — the cost of clean. Local government and private sector officials see a compelling need to draw the line, for Congress to differentiate between environmental necessities and environmental luxuries, and to address the more serious priorities first.

However, fear of the unknown is a major force behind any number of environmental laws and regulations. Most environmental concerns move higher on the priority list not from scientific justification, but from the public's fear of the unknown.

The Environmental Protection Agency admits that its priorities are seldom based on actual need, but rather on public perception of potential risk. Regardless how they become environmental priorities, the perceptions do reflect peoples' fears, and many of these people seem willing to trade personal freedom for protection from all manner of risks.

(Continued to page 7)



Thoughts from the President

by Paul S. Glavinovich

Inconsistent or Naive?

The preamble to the Clinton/Gore National Energy Policy states that "in the last decade, 8,000 of our independent oil and gas producers have closed their doors; 300,000 Americans have lost their jobs. Of 4,500 domestic drilling rigs operating in the United States in 1981 when Ronald Reagan and George Bush took office, less than 700 remain in operation today. We've fallen behind our competitors in energy efficiency and are in danger of leaving future generations of Americans in a precarious position of overwhelming debt and dependence."

The Clinton/Gore plan wants to "increase energy efficiency and conservation." I think most responsible persons would accept this goal provided that it was implemented in some rational manner; after all, today's market place promotes such an ethic.

The plan would promote the increased use of natural gas

in lieu of America's continued dependency on oil as a primary energy source. Unfortunately, the Clinton/Gore camp seemingly ignores the fact that present natural gas reserves represent a finite resource that must be replaced by continuous exploration and development of the same "environmentally sensitive" areas in which U.S. oil companies currently search for oil. More often than not, oil and gas are found within the same geologic basin. Witness Prudhoe Bay.

Clinton/Gore would also like to expand the use of renewable energy sources. A grandiose goal, but one not achievable in the near future and, unfortunately, the plan does not address the energy requirements of the nation while Clinton/Gore "expand the use of renewable energy sources."

The final point of the Clinton/Gore plan calls for, "a safe, environmentally sound energy policy," which would "prohibit drilling in the Arctic National Wildlife Refuge in Alaska."

The Clinton/Gore plan is internally inconsistent and fails to acknowledge or accept the fact that ANWR will, in-part, provide this nation with the jobs that Mr. Clinton alleges have been lost to the current energy policy, or lack thereof. ANWR also has the potential to provide a significant percentage of this nation's energy while we seek more "acceptable" alternatives. ANWR could also provide a significant increase to the nation's natural gas reserves that Mr. Clinton wants so desperately to expand. ANWR also represents a responsible opportunity to reduce the "overwhelming debt and dependency" that Mr. Clinton claims we are in danger of leaving to future generations of Americans. Finally, no oil field in the world will be developed in a more strict environmental discipline than will be ANWR. Inconsistent or naive?

Guest Opinion

Mental Health Trust Lands: Economic opportunity hangs in the balance

Alaskans search for solution to lands dilemma

by Senator Jim Duncan

"If elected, I promise to create more jobs for Alaskans through diversification of our economy!"

Next time you hear this promise from candidates for elective state office, be sure to ask what they intend to do about the Mental Health Lands litigation: the proposed settlement, now before the courts, has the potential for blocking economic diversification and job creation in this state for many years to come.

Since the Hickel administration's negotiated settlement, known as Chapter 66, was announced a year ago, it has been dragging through the courts where it faces years of opposition before it even has a chance for approval.

Meanwhile, the cloud on the land has spread far beyond the original one million acres taken from the Trust and now covers 8 million acres. When the Trust was dissolved in 1978, the best of the Mental Health Lands were transferred to municipalities, sold to private individuals, or designated as parks and refuges. Chapter 66 requires that these lands be replaced with comparable state land of equal income producing potential.

While the process of selecting replacement lands is ongoing, 6.7 million acres of land, including the Cook Inlet oil and gas fields, have been pledged as security for the settlement. The Mental Health attorneys are bringing more land into the dispute, including the Cook Inlet oil and gas fields, as they select proposed replacement lands which so far total 300,000 acres.

What is the impact on our economy of tying up at least 8 million acres of Alaska land? One example is that the state recently proposed reducing its coal royalties on the Usibelli Coal Mine near Fairbanks to help save Usibelli's contract with a Korean utility and hundreds of Alaskan jobs. However, because the coal fields are involved in the Mental Health Lands dispute, reduction in

(Continued to page 7)

ANWR:

How the candidates stand

Editor's Note: The Resource Development Council educates and advocates on resource and economic issues in Alaska and at the national level. Although it does not endorse candidates, RDC does make an effort to educate its membership on a candidate's position regarding important issues. As part of that effort, RDC has asked Alaska's congressional candidates and representatives for the presidential candidates to submit brief statements outlining their position on oil and gas development in the Arctic National Wildlife Refuge. Here are their responses:

The Presidential Candidates

Bill Clinton / Al Gore

Let's be frank. Early on in his bid for the Presidency, Governor Clinton adopted the position that he does not favor opening the Arctic National Wildlife Refuge. For a few Alaskans, that's all they need to know when they decide how to vote. The rest of us choose our President by considering a wide range of critical national issues.

Alaskans have failed to make a persuasive case about ANWR. It's not Bill Clinton's fault if most Americans believe ANWR should be "locked up." It is our fault for not better educating them. Until this changes, ANWR will remain closed regardless of any President's views.

ANWR policy is closely linked to issues of national security and employment. Clearly, Governor Clinton regards these as priority issues. In fact, Clinton energy policy statements advocate process toward national energy independence, including an effort to expand international markets for natural gas. Following a recent visit to Little Rock, I received a letter from Bill Burton, Clinton's energy advisor. He wrote; "Please be assured that the Clinton/Gore Campaign wants to do the right thing when it comes to energy policy, and that we believe the right thing includes working for energy independence. I can assure you that your views are being heard by policy people at the highest levels of this campaign."

On the day Clinton is inaugurated, we Alaskans should be ready with a coordinated campaign to advance our energy interests. I am confident that when Bill Clinton review the facts about ANWR's significance in the nation's long-term energy picture — factoring in projections for oil, gas, pricing, national security and jobs — he will do the right thing.

Bill Sheffield, Chairman, Clinton-Gore Alaska Campaign

George Bush / Dan Quayle

The single most significant economic issue in Alaska is the opening of a portion of the Arctic National Wildlife Refuge for oil development, with environmental safeguards. The environmental groups and the Democratic Congress have previously defeated the passage of ANWR legislation.

President Bush will win this election and will continue to fight to open ANWR. He is committed to that fight. The Alaska campaign for Clinton promises to try and talk Clinton into changing his mind about ANWR. According to the Sierra Club, they have no chance of success since Clinton is committed to changing ANWR's Coastal Plain to Wilderness status and Senator Gore has continually voted against ANWR.

George Bush has stated that "development of a small portion of ANWR as a potential source for oil is simply too important to leave out of any comprehensive energy plan."

The only course for Alaskans is to vote for President Bush, who is already committed to opening ANWR.

Cliff Groh

Chairman, Bush-Quayle Campaign

Candidates for U.S. Congress



John Devens

Democrat

I support opening ANWR. I think it's time we looked at some new, creative approaches to get it done. One idea that deserves study is for Congress to allow drilling of several test wells to determine for the public the extent of oil in ANWR. Another is to initiate a master labor agreement with unions so we can get labor's full support in showing the jobs opening ANWR would create. As a Democrat, I'll be able to work positively with the Congressional majority to find compromises allowing Alaska to reach its potential as a resource development state.

Rep. Don Young

Republican



The Coastal Plain of ANWR may hold the largest remaining oil reserves in the United States. I believe we have proved in Alaska that the Arctic can be developed safely, and I believe ANWR should be carefully explored.

Because I serve on the House Interior Committee, which has jurisdiction over virtually every piece of legislation important to Alaska, I will have significant influence over ANWR legislation.

President Bush also favors opening ANWR to careful development, while the Democrats' ticket, Clinton-Gore, would attempt to make ANWR a Wilderness area. Voters should ask not only where candidates themselves stand on ANWR, but which presidential ticket they support.

Candidates for U.S. Senate



Tony Smith

Democrat

Development of the Arctic National Wildlife Refuge is important for Alaska and the country. Americans need to understand it's part of the solution to our energy problems. I believe development is possible without damaging the environment or wildlife, if industry uses the best technology.

To win on ANWR, all the groups with a stake — organized labor, the oil industry, the state, environmentalists and Alaska Natives — need to be brought together. Their legitimate concerns — from securing labor contracts for the work, protecting the caribou for subsistence, recreation and the obligations of Statehood — must be addressed.

ANWR must be the cornerstone of a national energy policy that includes conservation, not the symbol of everything wrong.

Frank Murkowski

Republican



The arguments for ANWR are so persuasive we have a good chance of winning — although it will only be possible with George Bush as President. We've gotten ANWR through the energy committee by a solid vote and we've gotten rid of the "blackmail clause," affecting revenues. Arctic Power will educate Alaskans and unify support. I'm working to educate Senate members and the media about the jobs, economic stimulus and taxes ANWR will produce and the deficits and fears of shortages it will reduce. With a victory in the Senate and the support of the President, we should gain the momentum for final passage of ANWR legislation.