

RESOURCE *review*

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Alaska can learn from the Caribbean



By Steve Hites

When I started marketing our new narrow gauge tourist railroad on the island of St. Kitts in the Eastern Caribbean in 2001, calling on the cruise lines in South Florida and asking for their business, everyone was glad to see me. The second time I called,

asking for additional ships to St. Kitts to take advantage of the train, everyone said “great: next time, bring the government with you, or don’t come.”

The government needed to walk in and talk about the destination. I was a vendor. I passed on this request to the Minister of Tourism.

In spring 2003, St. Kitts and Nevis Prime Minister Dr. Denzil Douglas asked me how his government could attract more cruise ships. We told him “go to Miami.” Prime Minister Douglas flew to Florida, called on Micky Arison, Chairman of Carnival Corporation, and told him that St. Kitts wanted more cruise ships.

St. Kitts is the smallest independent nation in the Western Hemisphere, 78 square miles on two islands, with 43,000 citizens. For 350 years the economy was based on sugar, but now it had to embrace tourism. The Prime

Minister believed the cruise industry could create new jobs and opportunities for his people.

Micky listened. He recommended St. Kitts to the Florida-Caribbean Cruise Association (FCCA). St. Kitts successfully bid for the 2005 FCAA Annual Convention drawing 1,200 delegates. The most important people in the industry were exposed to St. Kitts.

Every year since then the Minister of Tourism has personally gone on an annual trade mission to call on every cruise line in South Florida, updating them on tourism in the country, thanking the lines for doing business in St. Kitts, and asking what the country could do to help the cruise lines improve the product.

Since the Prime Minister went to Miami, deployment to St. Kitts has grown three-fold. The government continues to actively

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APOC, like parents, must follow through or rules will be ignored

I love being a dad. It's a blast seeing my son Rowan and daughter Bronwyn learn how to talk, read, play soccer, and even cheer for Nebraska football. They make me proud.

But, with the responsibilities of parenthood, comes the need to teach the rules of the world. From learning not to interrupt when others are talking to not running across the street without looking both ways, there's a lot a kid has to learn.

And, as a parent, you not only set the rules, but you're ultimately responsible for enforcing them. Kids are smart. Without consistent follow through by both parents, they begin to learn what they can get away with and with whom.

For example, we have a rule in our family that you're not allowed to eat or drink anywhere in our house but in the kitchen. Well, my son saw my wife and I eating popcorn in our bed while watching a movie and despite saying nothing, he recognized that we weren't following the rules. Sure enough, a week later I found my son in his bed with a bowl of popcorn, most of it scattered all over his sheets. It's hard to hold him accountable when he learned from us. Clearly, it's important to be consistent.

It's also important to have follow through if rules aren't adhered to. I once threatened to throw away my son's toys if he didn't clean them up. The first time I made that threat, he immediately cleaned them up. The next time, he tested me and didn't clean them up. After a warning, I proceeded to take one of his toys and put it in the trash can. He cried for over an hour.

Then, I made my big mistake. I went and got the toy out of the trash and gave it back to him, thinking he had learned his lesson. Guess what happened the next time I asked him to clean up his toys? He left them there, knowing that even if he didn't clean them up, ultimately, I would never throw them away, or even if I did, I would likely retrieve them. My only choice now is to be the heavy hand and actually follow through with my threat the next time or eliminate the rule. Otherwise, I will have marginalized myself and not just this rule, but all other rules I have set. Remember what I said earlier—kids are smart. They quickly learn

“APOC settling for anything less than the maximum fines would be a blatant slap in the face for disclosure, campaign finance law, and ultimately to the Alaskan voters. In addition, Alaska’s Attorney General should also ensure this behavior is not tolerated by launching a thorough investigation. If an example is not set, the same parties and others who may be watching and learning, will continue to circumvent the law knowing their punishment will be a mere tap on the wrist.”

in the absence of follow through, rules are effectively worthless.

Currently, the State of Alaska finds itself in a similar position to the one I was in with my son. The state's commission that oversees elections, the Alaska Public Offices Commission (APOC), is currently contemplating fines for Ballot Measure 4 campaign violations committed by the Renewable Resources Coalition, Alaskans for Clean Water, Robert Gillam, Michael Dubke, Arthur Hackney, and Richard Jameson. The violations involved nearly \$2 million of campaign funds that were not properly disclosed in what appeared to be an intentional effort to mislead Alaska voters. RDC was one of the parties that originally brought this complaint before APOC last March.

The APOC staff report issued last June recommended the maximum civil penalty for these campaign violations, which by rough calculations could reach well over \$300,000. In addition, the state's cost for this investigation is already over \$150,000. APOC staff in June also suggested that the Commission refer this case to the Attorney General to investigate whether criminal violations had occurred.

Last month, APOC's commissioners wisely rejected an attempt by these parties to settle these egregious violations for a mere \$35,000 payment to the state with no admittance of wrongdoing, no criminal investigations, and ultimately no deterrence to this happening again.

APOC's commissioners recognized such a settlement would do nothing to further the public's interest in open and honest elections. If this had been accepted, it would have set the precedent for future campaigns to simply

budget 1-2 percent into their races for post-election fines as a cost of doing business.

The APOC staff concluded in its investigative report that there was a deliberate effort to deceive the Alaska public by concealing the true source of nearly \$2 million in campaign funds. Such intentional disregard for Alaska's election laws, openness, and transparency is disconcerting. Without strict enforcement by APOC of the civil campaign laws, as well as thorough investigation and enforcement by the Attorney General when the conduct appears criminal, Alaska's elections could continue to be poisoned by wrongdoing.

Like with my son, the only way to stop this behavior in the future is to make the parties “cry” without backing down. The mere threat of a harsh penalty and settling for a pittance is not enough to deter similar disobedience of all Alaskan election laws in the future.

Follow through by the state in this case will set an incredibly important precedent. Just like my son seeing me eat popcorn in my bed—if one gets away with it, all will.

APOC settling for anything less than the maximum fines would be a blatant slap in the face for disclosure, campaign finance law, and ultimately to the Alaskan voters. In addition, Alaska's Attorney General should also ensure this behavior is not tolerated by launching a thorough investigation. If an example is not set, the same parties and others who may be watching and learning, will continue to circumvent the law knowing their punishment will be a mere tap on the wrist.

The state of Alaska must prove it means what it says or risk marginalizing all of its rules into the future.

200,000 square miles set aside for polar bears

The U.S. Fish and Wildlife Service is designating more than 200,000 square miles in Alaska and off its coast as critical habitat for polar bears, an action that will put future oil and gas development and the expansion of community infrastructure in the Arctic in jeopardy.

Federal law prohibits government agencies from permitting actions that may affect the critical habitat for polar bears, which were placed on the Endangered Species Act (ESA) last year. While designation of critical habitat would not, in itself, prohibit oil and gas development and other activities, it would make an analysis of an activity's effect on polar bears and their habitat an explicit part of any government review process.

Moreover, national environmental groups have signaled they are likely to go to court to block any proposed development in or near critical habitat.

The total area proposed for critical habitat would cover about half of the Chukchi Sea off Alaska's northwest coast, as well as vast areas of the Beaufort Sea. About 93 percent of the area proposed for the polar bear is sea ice, with the remaining seven percent made



Alaska Governor Sean Parnell and Attorney General Dan Sullivan discuss a lawsuit challenging the polar bear listing.

up of barrier islands or land-based dens on the North Slope.

A 60-day comment period will end December 28.

Governor Sean Parnell and Alaska Attorney General Dan Sullivan warned that resource development onshore and offshore of Alaska's North Slope is being challenged through misuse of the ESA.

"Some are attempting to use the Endangered Species Act to shut down resource development," said Parnell. "I won't let it happen on my watch."

Sullivan said it is important to understand the dire consequences of the legal theory being advanced by groups that are misapplying the ESA and distorting its purpose.

"There are two competing visions of the future of Alaska," Sullivan said. "Ours is one in which responsible resource development proceeds apace and protections remain in place for wildlife, including polar bears, which we treasure. The other vision is one in which Alaska's resources are locked up, our economy languishes, we lose population and we lack the capacity to maintain schools, roads, bridges, harbors and airports, or to provide public safety. It is imperative that the latter vision does not become a reality."

The State has filed two legal briefs urging the U.S. District Court in Washington, D.C., to reject the listing of the polar bear. The State is questioning the modeling used to project the loss of sea life and impacts to the bears. Polar bear numbers have actually remained healthy throughout their Alaska range and oil and gas development has not had an impact. In fact, the industry has spent millions of dollars on studies, which have greatly advanced research on the bears.

Senate debates climate bill, costs are staggering

After months of deliberations, Senators Barbara Boxer (D-CA) and John Kerry (D-MA) have unveiled climate change legislation that they hope will be the vehicle for broader Senate negotiations and eventual melding with a bill that recently passed the House by several votes.

Kerry and Boxer said they have no pretensions that their bill will be the final product as both called it a starting point in an effort to gain the support of moderates and conservatives from both parties.

The Senate bill is fashioned in large part off H.R. 2454, legislation narrowly approved in June by the House. Senate Democratic aides say they expect the legislation to divert from the House bill's 17 percent emissions reduction target for 2020 and go with a more aggressive 20 percent reduction. The bill is silent on exactly how the Senate should divide up emission allowances.

Several Democratic senators working outside of the Boxer-Kerry camp said the bill will need a lot of work and that their ideas would be worked into the legislation at a later date. They did not expect the Boxer-Kerry bill to include language adopted in the House that attempts to assist energy-intensive manufacturing industries, including steel, pulp, paper, and cement. However, Boxer and Kerry are reportedly not dismissive of potentially including House language on manufacturing.

Other senators noted their concerns on issues related to agriculture, offsets, and energy intensive industries were not addressed in the initial draft.

A number of organizations and groups have come out against the House and Senate climate legislation, saying it will threaten American families with higher energy prices, job losses and other long-term damage

to the nation's economy. Critics claim the legislation would also result in higher food and transportation costs and force more of the nation's ailing manufacturing base overseas, causing additional ripples through the economy.

Some groups, such as the U.S. Chamber of Commerce, say they do not oppose efforts to control greenhouse gas emissions, but warned that the House-approved legislation is highly flawed and will seriously hurt the economy.

Meanwhile, the global consulting firm, CRA International, warned Alaska will take a big hit if Congress passes a climate bill similar to the House bill, which passed by a 219-212 margin. According to the CRA study, Alaska stands to lose as many as 13,000 jobs and the average household could see its annual expenses increase by as much as \$3,890.

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Red Dog looks to the next 20 years



To continue operations through 2031, Red Dog needs to expand to the adjacent Aqqaluk Deposit.

After 20 years of producing zinc and lead, the Red Dog Mine is ready to move on to an adjacent new ore deposit that will extend its life by at least 20 years.

As the main deposit nears depletion, Teck Alaska, the mine operator, and NANA Regional Corporation, the land owner, are preparing for the next 20 years by targeting the adjacent Aqqaluk deposit, said Jim Kulas, Environmental Manager for Teck Alaska.

Speaking at an RDC breakfast meeting last month in Anchorage, Kulas said Red Dog is working diligently to acquire the necessary federal, state and local permits that will allow the company to expand into the nearby deposit. Without the permits, he said the current pit would run out of ore by 2011, forcing Red Dog to close down operations.

Closure of the mine would trigger the loss of hundreds of jobs in a region with few private employers, warned Rosie Barr, NANA's Resources Manager, who also spoke at the RDC breakfast. Barr noted that local residents holding many of those jobs use their income to support their families and neighbors in the villages.

Over the past couple of decades, the mine has transformed the Northwest Alaska economy, Barr said. Located 82 miles northwest of Kotzebue, Red Dog has created 580 full and part-time jobs. About

56 percent of the workers are NANA shareholders. Barr pointed out that the mine has also generated revenues that support local government services and schools, as well as millions of dollars in royalties distributed annually to Native corporations across Alaska.

Kulas said the company has been working with federal and state agencies over the past two years to renew existing permits and gain the authorizations needed to mine Aqqaluk. The Environmental Protection Agency (EPA), in conjunction with other federal, state and local agencies, has prepared a Supplemental Environmental Impact Statement to support renewal of the mine's water discharge permit and issuance of the wetlands permit required for Aqqaluk.

A decision on the discharge permit is expected in November. After a 30-day appeal period, Kulas is hoping all necessary permits will be granted by the end of the year.

With permits in hand, Teck Alaska intends to begin work at the new site early next year. By 2012, all mining activity will be solely in the Aqqaluk pit. To reduce the environmental footprint, waste rock will be placed into the empty main pit. Ore from Aqqaluk will be processed in the current mill and shipped out using the existing 50-mile road to a port site on the Chukchi Sea.

The renewed water discharge permit will reflect changes in state standards brought about by new study information, Kulas said. As a result, the soon-to-be-issued permit will include a new limit for Total Dissolved Solids (TDS).

Red Dog had operated under a 1998 permit, which limited TDS to a monthly average of 170 milligrams per liter (mg/l) and a daily maximum of 196 mg/l. Those limits were based on an unrealistic and no longer in effect state water-quality-standard that set TDS limits at one-third above background levels.

Working in conjunction with EPA, Red Dog has done aquatic studies that demonstrate a higher limit will not harm aquatic life. The new permit will reflect this new information and allow for a 1,500 mg/l in-stream TDS limit.

"The public needs to know that this will not be a relaxation of Red Dog's TDS discharge practice," said Kulas. He explained that EPA and the Alaska Department of Environmental Conservation issued compliance orders about five years ago authorizing the mine to discharge above the 1998 limit. "In essence, the 2009 permit will memorialize the past practices the agencies have already endorsed," Kulas said.



Red Dog operates an extensive water collection and containment system and a state-of-the-art treatment system to ensure the safety of the drinking water and the health of the aquatic community. As a result of improved water quality, Arctic grayling use Red Dog Creek for spawning. Before mining began, fish could not survive in the creek because of natural mineralization.

Cruise lines looking beyond Alaska to boost margins

(Continued from page 1)

market the destination through attendance at industry conferences and events.

When was the last time that the State of Alaska had an official destination presence or a booth at Seatrade in Miami?

St. Kitts is a tiny country. There are 30 other islands in the Caribbean region where the cruise lines can go, and a dozen other regions where ships can be deployed around the world other than the Caribbean.

The overall concept is “how can we make our destination more competitive with other destinations in the region in the itinerary planning process, and how can our region be more competitive with other regions around the world in the deployment process?”

The competition is fierce if you want the cruise business to stay, or to grow. Complacency is not part of the program. If you have traffic, someone out there wants what you have, and they are willing to try just about anything to take it away from you.

Alaska must understand this fundamental truth.

During my first Seatrade conference in Italy in 2003, I was standing in line to



The three largest cruise lines are pulling ships out of Alaska and deploying them to the Caribbean (above) and other locations where their profit margins are higher. Cruise visitation to Alaska was only able to remain level this year because of deep discounts.



“Cruise visitation to Alaska was only able to remain level in each of these two years because the cruise lines began deeply discounting their berths below the deployment price point as demand dropped. Low pricing filled those berths, not people’s insatiable desire to visit Alaska.” – Steve Hites

register, and introduced myself to the woman in front of me. I said, “I’m Steve, from Skagway, Alaska.” She gave me a big smile. “I’m Cathy from Nova Scotia, Canada, and we’re going to take that business away from Alaska, Steve.”

I’ll never forget that, because my first thought was “Nova Scotia? Beat Alaska? No way.” But today, Canadian cruise ports expect to double the number of cruise ship visits between 2008 and 2011. I was wrong: Nova Scotia got our ships.

Then there was the 2007 article which quoted cruise tax proponent Gershon Cohen’s disdain of Alaska business concerns about the future of the cruise industry. The Cruise Ship Initiative had just become law, and when a Haines businesswoman worried that cruise lines might look seriously at sailing on the Eastern seaboard instead of in Alaska, Cohen said, “That’s ludicrous. People are not going to visit Baltimore instead of coming to Alaska on a cruise.”

Well, it takes two years to redeploy a ship to a new region. Two years later, in 2009, Baltimore got its first year-around cruise ship, and the port will get a second ship in 2010.

Cohen was wrong. They are sailing out of Baltimore.

Tax proponents have been quoted in the press saying the \$50 does not have any negative effect on the number of people coming to Alaska, that after the tax became law in 2007, the number of cruise passengers to the state in the summers of 2007 and 2008 did not drop. The media did not ask why, or try to learn anything about how the industry works.

For the record, cruise lines plan ship deployments two years out, creating advance

itineraries that go where people indicate they are willing to pay acceptable yields to go. Marketing begins two years ahead of time. People then vote with their pocketbooks, buying or not buying what’s been put out there. Cruise visitation to Alaska was only able to remain level in each of these two years because the cruise lines began deeply discounting their berths below the deployment price point as demand dropped. Low pricing filled those berths, not people’s insatiable desire to visit Alaska.

Picture a grocery store selling eggs. The boxes that say “Alaska” on them cost \$10, and they cost this much because of a tax added on all Alaska eggs. On every side of these are boxes of eggs from other countries. These eggs are priced at \$5, \$4, even \$1. If you specifically come into the store wanting “Alaska” eggs, you have to pay the high price. But if you are just coming to shop for any eggs that day, with all eggs (and vacation destinations) being equal to you, you will choose between eggs with lower prices.

With the Alaska eggs not selling, and with the short shelf life of eggs being what it is (only so many days in which to sell a cruise ship berth because the ship sails), the store reduces its retail price, taking a loss on the margin it needs to make any money selling the expensive Alaska eggs. They eventually get to a lower price where they start to sell. But when they are finally gone, the store has made the business decision not to take any more truckloads of Alaska eggs, and they turn away the poultry farmers arriving at the freight door. “Sorry, we’ll only take a dozen or two, to have them on hand for the people who are willing to pay the price we have to charge for them. We can’t subsidize Alaska’s high tax with the money we make on the rest of what we sell.”

As a final business decision, the store takes down the really big signs they had been using to advertise Alaska eggs (the TV ads the cruise lines run showing ships sailing in Alaska), and the store just hangs a small sign up in the cooler. They put up bigger signs promoting the dozens of other eggs that sell well in the store, promoting eggs that make them money, eggs that don't have the rigid hand of government in the middle of their market pricing, a government hand that adds the same high tax on to the price of every Alaska egg, no matter what it could be sold for without the tax, and thereby making Alaska non-competitive.

What is there about this people don't understand? We fooled ourselves into thinking that tourists will always come to Alaska, because, well, where else would they go?

Taxes, in any economic model, are regressive and discourage growth. Taxes like this one, imposed on products in a competitive world marketplace, wreck businesses and economies. You can't control the end price of your product when there's a giant \$50 fishing weight tied to it, sinking it to the bottom. You're stuck with the weight, and your product sinks with it, while other products that are not burdened with the artificially imposed tax weight float right on top where they can be easily chosen by shoppers.

The cruise lines have carried the extra weight, subsidizing the people who came here on their ships this season, on a fleet that is the same size as it was last year, and the year before. But because of the poor sales, and low yields, the rest of the world has been paying for the ships to be full sailing to Alaska this summer. But it won't ever happen again. The three biggest lines are pulling an unprecedented amount of tonnage out of Alaska, and it will require a huge commitment of time, energy, and political will on the part of both the public and private sector to get these lines to consider coming back.

What needs to be done?

- The Governor should instruct the Commissioner of Commerce and Economic Development to create a Cruise Crisis Task Force to come up with fact-based answers about why the lines are re-deploying, with the Task Force mandated to bring back recommendations on reversing this trend as quickly as possible.

- Restore Alaska's competitiveness by



The Diamond Princess is pictured in Southeast Alaska's Tracy Arm. Low pricing filled berths on Alaska cruises this summer, but resulted in lower margins for the cruise lines. Cruise ships account for the majority of Alaska's tourist traffic. With companies deploying ships to other more competitive locations in 2010, the tourism industry in Alaska is bracing for a bleak 2010.

repealing the \$50 head tax. Businesses in Alaska must reduce costs to remain competitive or they will not survive. But businesses can't do anything about the \$50. The tax is a bone stuck in our throat; it's choking us. This requires courage on the part of the legislature, the kind of courage that won't win friends from the special interest groups that sold the citizens of Alaska the bill of goods in the cruise ship initiative.

- Send the highest possible ranking



Because of poor sales and low yields, the rest of the world has been paying for ships to be full sailing to Alaska this past summer. With the cruise lines pulling ships from Alaska next year, Alaska tourism leaders warn it will take a big effort to get these ships back to Alaska.

representative of the Administration out with representatives of the industry to call on the cruise lines, ask for their recommendations on how Alaska can become a better destination, explain the changes the State is making now and plans to make in the future, offer our hand to them in a renewed partnership, and ask for them to bring their business back to Alaska.

Alaska's business people can't do that, as I learned in St. Kitts. A word from Governor Parnell and his administration will make this Task Force a priority. With a word from the Governor, the tax would be put on the table for legislative discussion and review. This action would be pro-business, pro-development, and it would make Alaska more competitive, saving and creating Alaska jobs when we need them the most.

Business people can't do the next part, either. Only the Legislature can take this on, take the heat from the ballot proponents, and repeal this destructive and discriminatory tax.

The State has the only voice that matters with the cruise lines. Tell the cruise lines that Alaska WANTS their business. They will listen. They are not unreasonable. They're just business people, like us, trying to survive these economically challenging times.

To everyone in the trenches, stand up! We can do this, if we all do it together.

Steve Hites is the president and owner of Skagway Street Car Company.

Unalaska seafood processors, Fort Knox gold mine, ADF&G receive 2009 Tileston Award

Fort Knox gold mine near Fairbanks, the Alaska Department of Fish and Game (ADF&G) and three seafood processors in Unalaska have been selected to receive the Second Annual Tileston Award, named after long-time Alaskan conservationist Peg Tileston and her husband and former state mining director Jules Tileston.

The award celebrates Alaskan projects whose success is measured both in their positive effect on jobs and the economy, as well as Alaska's environment.

When Fort Knox and ADF&G restored fish habitat and Arctic grayling to Fish Creek and when Unalaska's seafood processors made oil out of fish waste to generate heat and electricity, they captured the spirit of the Resource Development Council and Alaska Conservation Alliance (ACA) annual Tileston Award.

ACA and RDC both agree that economic development and environmental stewardship are not mutually exclusive goals. The Tileston Award is not viewed as a "green" award for the resource development industry or as "economic" recognition for a conservation organization.

"It is a uniquely Alaskan award established to honor organizations, individuals, and/or businesses that create solutions and innovations advancing the goals of



economic development and environmental protection," said ACA Executive Director Caitlin Higgins.

The City of Unalaska nominated Alyeska Seafoods, Westward Seafoods, and Unisea Inc. for their processing and use of high quality fish oil in their plant operation – used as a 50 percent blend in the city's diesel generators and steam boilers and export for other uses. Frank Kelty, Unalaska's Natural

Resources Manager, said he nominated the seafood processors to bring awareness to their efforts.

"It was a pleasure for us to nominate them," Kelty said. "Few people know that they have been using fish oil out here for years and years."

Fort Knox and ADF&G received the award for taking it upon themselves to repair damage done to fish habitat from past activities of historic mining operations in Fish Creek near Fairbanks. Their efforts established a viable Arctic grayling population in Fish Creek and reversed Fish Creek's listing as an Impaired Water Body. Though the mine has brought an estimated \$250 million economic boost to Fairbanks and Alaska, the mine's restoration work can be considered priceless.

"It is impossible to place a dollar value on the results of the reclamation efforts, but the intrinsic value of clean water and a productive fishery cannot be overstated," said Lorna Shaw, Community Outreach Director for Fort Knox. "In addition to the current benefits realized downstream, the economic benefits will carry their strengthening influence far into the future," said Shaw.

The first Tileston Award went to the Alaska Board of Forestry in 2008.



Above, Al Ott, Alaska Department of Fish and Game and Lauren Roberts, General Manager of the Fort Knox gold mine, join Jules and Peg Tileston at the awards ceremony in Anchorage last month. At right, Unalaska seafood processors receive their award. From left to right are Caitlin Higgins, Executive Director, Alaska Conservation Alliance; Glenn Reed, President, Pacific Seafood Processors Association; Peg Tileston, Jules Tileston, Tom Enlow, General Manager, Unisea, Inc.; Frank Kelty, Natural Resources Manager, City of Unalaska, and RDC Executive Director Jason Brune.

(Photos by Judy Patrick)

Shively named Alaskan of the Year

The Alaska State Chamber of Commerce presented John Shively with the 2009 William A. Egan Award at its annual fall conference in Homer in September. The Chamber's "Alaskan of the Year Award" was presented to Shively for his remarkable service to Alaska.

The prestigious award is given to individuals who have made substantial and continual contributions of statewide significance while working in the private sector. Each year, nominations are kept strictly confidential and the selection is made by the casting of a secret ballot by all past chairs of the Alaska State Chamber of Commerce. The recipients of the award date back to its first honoree in 1964.

Throughout his 44-year career in Alaska, Shively has always taken a keen interest in Alaska's people and their future, the Chamber noted. He came to Alaska in 1965 from New York State as a VISTA volunteer. His first duty station was Bethel.

Shively became very active in the final years before the Native claims settlement, trying to educate people in rural Alaska about it. After leaving VISTA, John worked in the health field and wrote the grants that established the first two Native run health organizations – the Yukon Kuskokwim Health Corporation and the Norton Sound Health Corporation.

He has held a variety of positions working with the Alaska Native community, including Executive Vice President of the Alaska Federation of Natives (AFN) from 1972 to 1975. Shively then went on to serve 17 years with NANA Regional Corporation. He was actively involved with NANA in obtaining the land selection rights for the area in which the Red Dog zinc mine is located.

In 1983, Governor Bill Sheffield named Shively his Chief of Staff. He returned to NANA in 1986 and served as Chairman and



John Shively, left, receives award from Ted Quinn.

RDC input on beluga whale call sets good example

Beluga whale watcher Alice Brown, the wife of former RDC board member Frank Brown, spotted what appeared to be a dead beluga on the mud flats near her downtown Anchorage home overlooking Cook Inlet. The beluga was on a muddy bank about 100 yards from the Coastal Trail.

Brown called RDC Executive Director Jason Brune, who in turn notified the National Marine Fisheries Service (NMFS). A short time later, biologists arrived at the site to find the carcass of a pregnant female beluga whale.

Barbara Mahoney, a biologist with NMFS, said someone had reported seeing a dead beluga floating in upper Cook Inlet the night before, but its exact location was apparently unknown until Brune

called. Mahoney appreciated the timely information, calling it a "textbook" response.

Biologists who collected samples of the dead whale said it had sand in its lungs, evidence that the beluga stranded while still alive. It was in good condition and there were no visible signs of injury.

This was the third beluga to be stranded or washed up dead in upper Cook Inlet this year. Population figures released this fall pegged their numbers at 321, compared to an estimated 375 in 2007 and 2008.



The whale is visible on the mud flats.

CEO of the United Bancorporation Alaska and United Bank of Alaska during a deep statewide recession in the late 1980s.

Under Governor Tony Knowles, Shively served as the Commissioner of the Alaska Department of Natural Resources from 1995 until September 2000, the second longest tenure of any person in that position in Alaska's history.

In 2002 Shively became the Vice President of Government and Community Relations for Holland America Line. Last year he assumed his current position as the Chief Executive Officer of the Pebble Partnership, a company formed to explore the potential of developing a copper/gold/molybdenum deposit in southwest Alaska.

Shively is the author of a number of publications on the Alaska Native Claims Settlement Act and other Native and rural issues. In 1992, he received the Denali Award from AFN, the highest honor given to a non-Native.

Shively has been a Regent for the University of Alaska and served on a number of other boards, including RDC, where for five years he served as president and continues to serve on the Executive Committee.

Climate change bill

(Continued from page 4)

The study shows that nearly 7,700 jobs in Alaska would be wiped out by 2015. By 2030, 13,000 jobs would be lost. The state's economic growth would be slowed by the House bill as the estimated gross state product would decline by 0.7 percent in 2015 and by 2.6 percent in 2030, CRA said.

The economic toll of the bill would also lead to a reduction in Alaska state revenue from tax receipts. Tax revenues would shrink by \$150 million in 2015 and by \$270 million in 2030.

The CRA analysis concluded that the House bill would result in at least 2 million job losses nationwide and would lead to a 1.3 percent decline in the national gross domestic product in 2030.

The Obama administration has concluded that the bill would cost American taxpayers up to \$200 billion a year, equivalent to hiking personal income taxes by 15%. The Department of Treasury analysis revealed that at the upper end of the administration's estimate, the cost per American household would be an extra \$1,761 a year. Other estimates range as high as \$3,000 a year.

A study by the National Black Chamber of Commerce showed the bill would cut employment by 1.5 to 3.6 million people.



Message from the President - Wendy Lindskoog

RDC Board views Fairbanks and Interior's business landscape in outreach tour

RDC is absolutely committed to meeting the membership's objectives and expectations through our programs, advocacy work and outreach efforts.

A prime example is the RDC Board outreach trip in September to visit communities and a variety of businesses in greater Fairbanks, Healy and Denali. Participants certainly gleaned a new perspective about the Interior's business landscape. Our thanks go to many Interior friends who made the trip a resounding success with top-notch hospitality and a robust exchange of ideas and information.

The trip began in Fairbanks with an opportunity to hear from legislators Jay Ramras and John Harris who represent districts hard hit by rising energy costs. The consummate host, Representative Ramras served up a delicious breakfast at Pikes Landing before making an energetic pitch for an in-state line bringing North Slope natural gas to Fairbanks and Southcentral Alaska with potential export opportunities.

Next, we traveled to the University of Alaska Fairbanks (UAF) campus where engineering professors in mining and oil and gas outlined the excellent academic programs available in our own backyard. Mining professor Rajive Ganguli said his student-to-professor ratio is 6-1 and the post-graduation job placement rate is nearly 100%. Please keep these important resource-supporting programs in mind when considering donations to the University of Alaska system.

John Binkley hosted lunch aboard the *Riverboat Discovery*. Fairbanks community and business leaders joined us for an exceptional opportunity to network and swap business news.

Oil and gas dominated our afternoon. First, Dan Britton, President of Fairbanks Natural Gas, led our members on a fascinating tour through the liquefied natural gas (LNG) facility and discussed a proposed project to truck gas from the North Slope to feed Fairbanks consumer and business needs. We explored the Fairbanks Pipeline Training Center with Jim Sampson and Brett Helms where Alaskans train to work on the Trans Alaska Pipeline and other pipeline projects. Finally, a visit to Flint Hills refinery with Jeff Cook gave members a better understanding of fuel refining operations and challenges.

We ended the first day with a focus on tourism as gregarious host Bernie Karl welcomed members to Chena Hot Springs Resort. While the Alaska tourism industry overall struggled in 2009, Karl's operation saw an up-tick in business. Our group thoroughly enjoyed

the ice museum and hot springs, along with a lesson in geothermal energy. Karl harnesses energy from moderately hot water to generate electricity that heats resort facilities. Geothermal also supports a commercial greenhouse built and operated in partnership with UAF.

The second day brought us to Usibelli Coal Mine in Healy where we toured the clean coal facility and the mine that produces low sulfur coal for in-state and export markets. Joe Usibelli, Jr., and Alan Renshaw showed us a mining operation which lies juxtaposed to previously mined areas that have been restored, offering proof that resource development and environmental stewardship can go hand-in-hand.

We ended our outreach trip with an overnight at the McKinley Chalet Resort and a visit into Denali National Park with Park Superintendent Paul Anderson. We headed back to Anchorage aboard the Alaska Railroad, which provides direct Park access to more



On behalf of the Board of Directors of RDC, we would like to thank the communities of Fairbanks, Denali and Healy for making our annual community outreach trip special and successful. We would also like to thank our sponsors, including Alaska Railroad Corporation, Alyeska Pipeline Service Company, Anglo American US LLC, Black Diamond Catering, Chena Hot Springs Resort, ExxonMobil, Holland America Line, Rep. Jay Ramras and Pike's Waterfront Lodge, John Binkley and Riverboat Discovery Tours, Keith Sanders (RDC Board Member), and Usibelli Coal Mine.

Board members and staff attending the tour:

- Bob Berto, Temsco Helicopters & Cruise Lines Agencies of Alaska
- Allen Bingham, Mikunda Cottrell & Co.
- Dan Britton, Fairbanks Natural Gas, LLC
- Jason Brune, RDC Executive Director
- Phil Cochrane, BP Exploration (Alaska), Inc.
- Steve Connelly, Granite Construction Company
- Bob Cox, Crowley Petroleum Distribution
- Deantha Crockett, RDC staff
- Paula Easley, Easley & Associates
- Ella Ede, Three Parameters Plus, Inc.
- Carol Fraser, ARAMARK
- Paul Glavinovich, Minerals Consultant
- Scott Habberstad, Alaska Airlines
- Karl Hanneman, Teck Alaska Incorporated

- Paul Henry, Anglo American US LLC
- Len Horst, Northrim Bank
- Erec Isaacson, ConocoPhillips Alaska, Inc.
- Thomas Krzewinski, Golder Associates Inc.
- Wendy Lindskoog, Alaska Railroad Corporation
- Tom Maloney, CH2M HILL
- David Parish, David Parish & Associates
- Dale Pittman, ExxonMobil
- Carl Portman, RDC staff
- Ralph Samuels, Holland America Line
- Lorna Shaw, Fairbanks Gold Mining/CAP
- John Shively, Pebble Partnership
- Keith Silver, NMS Workforce Solutions
- Marleanna Soto, RDC staff
- Scott Thorson, Network Business Systems



than 300,000 visitors each year. Aboard the train, Holland America served up an excellent gourmet dinner. The company also provided comfortable transportation for our travel throughout the Interior.

Along with outreach, RDC has pursued a wide range of advocacy efforts this year, as noted in this newsletter, and the pace of advocacy is about to accelerate. Our annual convention is just days away and the state legislative session is around the corner. As we build our federal and state legislative priority lists for 2010, I invite our members to forward their proposals to Jason Brune at jbrune@akrdc.org for our legislative committee's review.

In addition, the board and staff always welcome new ideas to create or improve our programs, advocacy and outreach efforts. RDC's value to the membership lies in the collective work we do to educate and advocate responsible resource development.

News digest

RDC conference is around the corner

RDC's 30th Annual Conference, Alaska Resources 2010, will be held this November 18-19 at the Dena'ina Convention Center in Anchorage. The conference, which focuses on Alaska's oil, gas, mining, fishing, tourism and forestry industries, attracted over 750 attendees in 2008. Among this year's slate of 35 speakers is Gaétan Caron, Chairman and CEO of Canada's National Energy Board. To view the program and register, visit akrdc.org.

Shell gets green light for Beaufort, RDC supports air quality permit for Chukchi Sea

Shell has received conditional approval from the Obama administration for its plans to explore two leases in the Beaufort Sea next summer in the far western area of Camden Bay, west of Kaktovik. For the project to move forward, Shell must still receive permits from the U.S. Minerals Management Service (MMS) and other federal agencies, as well as comply with state and federal environmental requirements.

Shell is also seeking permission to drill up to two wells on its leases in the Chukchi Sea next year. However, environmental groups have sued to block drilling. Moreover, the MMS, under court order, is revising its analysis of Shell's plans to drill in the Chukchi.

Shell needs a vital air discharge permit from the Environmental Protection Agency by the end of this year or in early January to make large financial commitments regarding its 2010 Chukchi drilling activities. Without regulatory certainty, the company will once again be forced to cancel its drilling program.

At a public hearing in Anchorage last month where testimony was unanimously supportive of the permit, RDC said timely issuance of the air permit is important so Shell can move forward with its program. In recent years, Shell has paid the federal government over \$2.2 billion for the right to explore leases in the Beaufort and Chukchi seas. Given that fact, RDC believes federal regulatory agencies such as the EPA have an obligation to process permit applications in a timely manner.

Shell has been pursuing this permit at a direct cost of over \$13 million. The company's indirect costs can be measured in the billions of dollars and its entire Alaska investment is at risk if it cannot secure this critical air permit.

Tongass timber sale moves forward

Governor Sean Parnell welcomed a decision last month from the federal government's regional forester for Alaska, Denny Bschor, to uphold the Logjam timber sale in the Tongass National Forest. Bschor rejected an appeal by several environmental groups that would have cut the sale in half.

"This is a big win for an industry that has been struggling," Governor Parnell said. "Over the years, environmental roadblocks have choked off the supply of timber in Southeast Alaska, killing jobs and displacing families. This decision will put Alaskans to work and ensure that small, family-owned mills can continue to operate."

Parnell recently sent a letter to a top official in the U.S. Department of Agriculture, advocating that the sale be allowed to proceed.

The timber sale will allow the harvest of 73 million board-feet of timber on Prince of Wales Island, near the community of Coffman Cove, about 60 miles northwest of Ketchikan.

Former RDC president Chuck Webber dies at 83

Longtime Alaskan Charles "Chuck" Webber died September 11 at his home in Anchorage. He was 83. Mr. Webber served three consecutive terms as the president of RDC (1983-85).

Mr. Webber had a special talent of steering people with divergent views in the same direction.

"If two people were in a heated discussion that was getting maybe a little too hot, Chuck Webber could walk up to them and in two minutes flat, they'd be shaking hands," said Paula Easley, who was Executive Director of RDC when Mr. Webber held the top board seat.

"That ability to lead people toward reasoned positions on policy issues made him a valuable member of the corporate and non-profit boards on which he generously served," Easley said. "Chuck liked people and was never unkind. He could make anyone feel comfortable."

Realizing what a jewel he was, the board quickly moved him to the executive committee and then elected him president, Easley said.

"People in that job were usually burned out after a year because of the position's high-profile demands," Easley continued. "But not Chuck – he served three consecutive terms, which was a first for RDC."

Mr. Webber served in the U.S. Navy and was stationed on the USS Pasadena. He held the rank of Lieutenant before completing his service and finishing his education at the University of Colorado at Boulder in 1949.

Governor Jay Hammond appointed Mr. Webber to his cabinet as the Commissioner of the Alaska Department of Commerce and Economic Development. In 1986, he was named chairman of Alaska National Bank of the North. Along with many other recognitions that he received for his life achievements and community service, Mr. Webber received the Anchorage Chamber of Commerce's James Dodson Memorial Gold Pan Award for two consecutive years.

Labor endorses Alaska gas pipeline

The Alaska Natural Gas Pipeline project received a major boost this fall at the AFL-CIO convention in Pittsburgh, PA. Tagged as the "important project to our nation's economic future," the project was endorsed in three resolutions unanimously passed by AFL-CIO convention delegates.

Drue Pearce, Federal Coordinator for the Office of the Federal Coordinator for Alaska Natural Gas Transportation Projects (OFC), called the AFL-CIO support "a monumental endorsement."

"America needs world-class infrastructure projects that can give hard-working Americans good paying jobs," Pearce said. "This is just that kind of project and the AFL-CIO working families get it."

Vince Beltrami, the president of the Alaska AFL-CIO, addressed the national convention on the importance of the gas pipeline project to labor.

To underscore labor's support, Frank Carroll, the Second District International Vice President of the International Brotherhood of Electrical Workers (IBEW) and who represents all of New England, came out strongly in support of the project.





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