

RESOURCE DEVELOPMENT COUNCIL

Growing Alaska Through Responsible Resource Development

BREAKFAST MEETING

Thursday, December 17, 2009

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Senator Mark Begich
Senator Lisa Murkowski
Congressman Don Young
Governor Sean Parnell

1. Call to order – Wendy Lindskoog, President
2. Self Introductions
3. Headtable Introductions
4. Staff Report: Jason Brune, Executive Director
5. Program and Keynote Speaker:

**Cook Inlet Beluga Whale
Proposed Critical Habitat**
Brad Smith, National Marine Fisheries Service

Next Meeting: January 7: Let's Fix Alaska's Initiative Process,
Representative Kyle Johansen

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National Oceanic and Atmospheric Administration

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NOAA Fisheries News Releases

NEWS RELEASE

December 1, 2009

[Connie Barclay](#), Public Affairs

301-713-2370

NOAA PROPOSES CRITICAL HABITAT FOR COOK INLET BELUGA WHALES. AGENCY TO HOLD PUBLIC MEETING/ACCEPTING COMMENTS

NOAA's Fisheries Service is seeking public comment on a proposal that identifies more than a third of Cook Inlet in Alaska as critical habitat for the remaining approximately 300 endangered [Cook Inlet beluga whales](#).

In October 2008, NOAA's Fisheries Service listed Cook Inlet beluga whales as endangered. Under the Endangered Species Act (ESA), NOAA's Fisheries Service must designate critical habitat for all listed species.

"We have used the best available science and the traditional knowledge of Alaska natives to identify areas essential to helping Cook Inlet beluga whales survive," said Doug Mecum, acting administrator of NOAA's Fisheries Service Alaska region. "Protecting these endangered whales is one of our top priorities."

The ESA requires designation of critical habitat whenever a species is listed for protection. Federal agencies must consult with NOAA's Fisheries Service to ensure that they do not fund, authorize, or carry out a project that will destroy or adversely modify the critical habitat. This requirement does not apply to activities on private land that do not involve a federal agency, permit or funding.

Managers expect to have a final designation of critical habitat for the Cook Inlet beluga whales in the spring of 2010.

The NOAA's Fisheries Service proposal designates a total of 3,016 square miles, including the upper portions of Cook Inlet, where whales concentrate in summer months, mid-Cook Inlet, the western shore of lower Cook Inlet and Kachemak Bay on the eastern side of the lower inlet.

NOAA's Fisheries Service experts believe Cook Inlet beluga whales once numbered more than 1,300, but only around 300 remain, according to the latest population estimates completed in June. NOAA's Fisheries Service biologists and scientists have surveyed the Cook Inlet beluga whale, estimated the species' abundance and reviewed the population's status. They have also collected tissue samples, carried out necropsies on whales found dead and responded to beluga whale strandings.

In their formal status review of Cook Inlet beluga whales, NOAA's Fisheries Service scientists estimated a 26 percent chance that these whales will become extinct in the next 100 years.



Proposed critical habitat for Cook Inlet beluga whales. [Click map](#) to view a larger version.

Cook Inlet belugas are one of five populations of belugas recognized within U.S. waters. The other beluga populations, which are not listed as threatened or endangered, summer in Bristol Bay, the eastern Bering Sea, the eastern Chukchi Sea and the Beaufort Sea. Of the five populations of beluga whales in Alaska, the Cook Inlet population is considered to be the most isolated based on the degree of genetic differentiation and geographic distance between the Cook Inlet population and the four other beluga populations.

The recovery of Cook Inlet whales is potentially hindered by severe stranding events; continued development within and along upper Cook Inlet; industrial and municipal activities that discharge or accidentally spill pollutants; disease; predation by killer whales and losses of available prey to fishing or loss of prey habitat. Protecting habitat is essential to the beluga whales' recovery.

The comment period on the [proposed critical habitat area](#) opens December 2, 2009 and comments must be received by January 31, 2010. Send comments to: Assistant Regional Administrator, Protected Resources, Alaska Region, NOAA Fisheries, ATTN: Ellen Sebastian. Comments must be identified by "RIN 0648-AX50" and sent by any one of the following methods:

Electronic submissions: Submit all electronic public comments via the Federal eRulemaking Portal website at <http://www.regulations.gov>

Mail: P.O. Box 21668, Juneau, AK, 99802-1668.

Fax: 907-586-7557

Hand deliver to the Federal Building: 709 West 9th Street, Room 420A, Juneau, AK

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On the Web:

NOAA Fisheries Service in Alaska: <http://alaskafisheries.noaa.gov> and <http://www.afsc.noaa.gov>.

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Governor Opposes Critical Habitat Designation [Printer Friendly](#)

FOR IMMEDIATE RELEASE
No. 09-087

December 1, 2009, Ketchikan, Alaska – Governor Sean Parnell strongly objects to the National Oceanic and Atmospheric Administration's proposal to designate more than one-third of Cook Inlet as critical habitat for beluga whales.

"Listing more than 3,000 square miles of Cook Inlet as critical habitat would do little to help grow the beluga population, but it would devastate economic opportunities in the region," Governor Parnell said. "The beluga whale population has been coexisting with industry for years. The main threat facing belugas was over-harvest, which is now regulated under a cooperative harvest management plan. Belugas are also protected under the Marine Mammal Act."

The proposal designates a total of 3,016 square miles, including all upper portions of Cook Inlet, where whales concentrate in summer months; mid-Cook Inlet; the entire western shore of lower Cook Inlet; and Kachemak Bay on the eastern side of the lower inlet.

In addition, four species of Pacific salmon (Chinook, sockeye, coho and chum) are listed as essential elements of the proposed critical habitat. This could lead to federal involvement in salmon fisheries in Cook Inlet.

"We are concerned about the effect this could have on commercial, recreational, and personal use fishing opportunities throughout the Cook Inlet fisheries," said Doug Vincent-Lang of the Alaska Department of Fish and Game.

The state will review and submit comments on the proposal and will closely examine the extent of the proposed critical habitat. NOAA has the discretion to exclude areas of military or economic importance, as long as doing so does not jeopardize the continued existence of the species. The state is also reviewing all legal options regarding the listing and the proposed critical habitat designation.

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FOR IMMEDIATE RELEASE
December 1, 2009
2009-260

Contact: Max Croes, Deputy Press Secretary
(202) 224-9578 office

Begich Statement on NOAA's Beluga Whale Critical Habitat Proposal

U.S. Senator Mark Begich issued a statement today in response to the National Oceanic and Atmospheric Administration's proposal to establish a critical habitat for Cook Inlet's beluga whale population. Following this announcement, NOAA will hold a public meeting and accept comments on the proposed habitat for a period of 45 days. The proposed habitat consists of approximately a third of Cook Inlet.

"Alaska is an ocean state so the fish and wildlife which thrive in our waters are not an abstract scientific notion. Every Alaskan who has enjoyed watching beluga whales from the shoreline along Turnagain Arm knows these animals are important to us. That's why Alaskans are committed to protecting the beluga whales in Cook Inlet.

"At the same time, development in Cook Inlet is necessary for Alaska's economy and we've taken numerous steps to ensure that it can coexist with the fish and wildlife of the region. This includes careful monitoring at Anchorage's wastewater treatment plant, habitat protection for streams that flow into the inlet, and environmentally responsible expansion of the Port of Anchorage.

"The Bush administration in October 2008 listed the Cook Inlet beluga as endangered so we've long known this next shoe would drop – this proposed designation of critical habitat. This could potentially cost Southcentral residents hundreds of millions of dollars to upgrade facilities without a clear benefit for the environment.

"In this proposed designation, NOAA chose not to address the Port of Anchorage's request for an exemption due to the port's strategic and economic importance. I strongly urge NOAA to reevaluate the Port's request in the final designation. Also troubling is the potential impact this action could have on military deployments through the Port of Anchorage, which are vital for our nation's defense.

"Alaskans now have 45 days to let federal fisheries managers know of their concerns and how this proposed designation could affect them. I urge Alaskans to weigh in."

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From: Jason Brune <jbrune@akrdc.org>
Subject: Fwd: Murkowski Statement on NOAA Beluga Whale Proposal
Date: December 1, 2009 5:01:57 PM AKST
▶ 1 Attachment, 17.5 KB



NEWS RELEASE
LISA MURKOWSKI
UNITED STATES SENATOR | ALASKA

FOR IMMEDIATE RELEASE
December 1, 2009

Contact: Michael Brumas 202.224.9301
or Robert Sumner 202.224.8069

Murkowski Statement on NOAA Beluga Whale Proposal

WASHINGTON, D.C. – U.S. Sen. Lisa Murkowski, R-Alaska, issued the following statement in response to a proposal by the National Oceanic and Atmospheric Administration (NOAA) to designate at least one-third of Cook Inlet as critical habitat for beluga whales:

"I appreciate that the National Marine Fisheries Service has tried to identify the most important areas for the beluga whale in Cook Inlet, using the limited but available science. I have not had an opportunity to read the economic analysis that estimates the low economic impact of the proposed rule, but I sincerely hope they are correct that it will not cause economic harm to the region. I remain concerned, however, since our experience with critical habitat in other areas of the state is that a designation can sometimes lead to costly delays in permitting, construction and protracted litigation.

"While NOAA has recognized that they can exclude areas under section 4(b)(2) of the Endangered Species Act (ESA), they chose not to. I would encourage the agency to strongly consider some of the requests, including the Port of Anchorage and our two military bases, to be excluded from designation.

"I am also concerned with potential action on activities that the agency has identified, that may restrict the beluga's use of the habitat and ability to secure prey, including salmon and hooligan. I encourage Alaskans to read the proposed rule and provide comments on the economic impacts that this proposed designation might have on them."

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Note: Please do not reply to this email. This mailbox is unattended. For further information, please contact Senator Murkowski's press office at 202-224-9301 or 202-224-8069. Visit our website at <http://murkowski.senate.gov>

Robert J. Sumner
Deputy Press Secretary
United States Senator Lisa Murkowski for Alaska
709 Hart Senate Office Building
Washington, D.C. 20510
(202) 224-8069 - Direct
(202) 821-3966 - Mobile
robert_sumner@murkowski.senate.gov

NOAA proposes critical habitat for Inlet belugas

By ELIZABETH BLUEMINK
ebluemink@adn.com
(12/02/09 13:32:20)

Federal regulators on Tuesday proposed designating more than 3,000 square miles of Cook Inlet as critical habitat for the Inlet's beluga whales.

The proposed rule would provide an additional layer of protection for the roughly 300 remaining Cook Inlet belugas that were listed as endangered in October 2008, according to the National Oceanic and Atmospheric Administration.

"It means that we are looking more broadly than the species. We're also looking at its habitat," said Kaja Brix, director of protected resources for the Alaska office of NOAA's National Marine Fisheries Service.

The proposed rule generated accolades from Alaska and Lower 48 environmental groups but was criticized by Gov. Sean Parnell, the state's congressional delegation, Anchorage Mayor Dan Sullivan and pro-business groups in Alaska.

The proposed critical habitat areas will comprise all of upper Cook Inlet, the coastal areas of western Cook Inlet and most of Kachemak Bay.

Environmentalists called it a positive step for the belugas' recovery. According to federal estimates, the Inlet's beluga population has declined from 1,300 animals in 1979 to 321 this year.

But business boosters said Tuesday they are worried about the proposed rule's potential to impede the region's resource development projects and commerce at the Anchorage port, which is the entry point for 90 percent of the goods sent to Alaska and a distribution point for much of its fuel.

MINOR IMPACT?

NOAA officials said the proposed rule would require other federal agencies to consult with the federal fisheries service before approving projects in the proposed critical habitat areas.

The proposed rule and the prior listing of belugas could trigger some changes to major development projects over the next decade -- seismic drilling for offshore oil and gas, and a dock for the Chuitna coal strip-mine proposed on the west side of Cook Inlet, for example, the agency said.

But NOAA said it doesn't anticipate the stepped-up scrutiny will result in rejection of energy projects in the Inlet.

Also, NOAA estimated that the costs of the additional scrutiny will be relatively minor -- less than \$600,000 over a 10-year period for all of the potentially affected projects in Cook Inlet. The agency didn't speculate about the cost of changes that might be needed to comply with the beluga protections.

CRITICS

State officials and business leaders fear far-reaching impacts.

For example, even though NOAA said it doesn't plan to scrutinize Cook Inlet's state-managed salmon fisheries, the Alaska Department of Fish and Game said it is worried about activists suing for federal involvement, since NOAA has identified the Inlet's salmon as key to the beluga's survival.

Port of Anchorage officials said they are not sure yet but they are worried about what the proposed rule could mean for routine shipment of goods and fuel to Anchorage, as well as the military deployments that happen at the port.

U.S. Sen. Mark Begich, D-Alaska, said he is troubled about the proposal's potential impact on military deployments through the port. He and Sen. Lisa Murkowski, R-Alaska, said NOAA should exempt the port from the proposed rule.

The port already has 25 requirements to protect belugas in the permits for its ongoing port expansion, and port officials wonder what additional requirements they might face under the proposed rule, said spokeswoman Suzanne Armstrong.

Brix, of the federal fisheries service, said her agency hasn't received the required paperwork to exempt the Anchorage port.

The likelihood that routine shipping in the Inlet would be affected is "remote," she said. The main activities that would require additional scrutiny from her agency are dredging, the placement of fill and the building of new structures -- such as dock pilings and bridges -- in the Inlet, she said.

PRAISE

Environmental groups praised the federal proposal on Tuesday, saying it gives the belugas a real chance at recovery.

"Critical habitat works," said Brendan Cummings, a senior attorney for the Arizona-based Center for Biological Diversity, which was among several groups that petitioned NOAA to list the belugas as endangered.

He said responsible projects can be designed in ways that don't harm the whales.

"We need to focus on the habitat that they use now, and this rule does a good job of that," Cummings said.

Bob Shavelson, executive director for Cook Inletkeeper in Homer, called the proposed rule "an important step toward embracing science and not politics to protect the Cook Inlet beluga."

DISPUTED SCIENCE

NOAA listed the upper portion of Cook Inlet as critical habitat because that's where the belugas spend their time from spring to fall. The lower parts of Cook Inlet, including Kachemak Bay, are where the belugas feed in the fall and the winter, the agency said.

"Protecting these endangered whales is one of our top priorities," said Doug Mecum, acting administrator of the Alaska office of the National Marine Fisheries Service.

But state officials and an Anchorage-based trade group question the agency's science.

The only known cause of the beluga decline was the Inlet's subsistence whale hunts in the 1990s, and those hunts have ended, said Jason Brune, executive director of the Resource Development Council, a trade group based in Anchorage.

Putting new restrictions on activities that aren't responsible for the decline gives "no added benefit for the belugas," Brune said.

The Parnell administration disagreed with NOAA's decision to list the beluga as endangered and believes the species will recover naturally, if given more time, said Doug Vincent-Lang, a biologist with the Alaska Department of Fish and Game.

U.S. Rep. Don Young, R-Alaska, decried the proposed rule as "yet another attempt to halt resource production and development in Alaska, and a step towards making the whole state a national park for the enjoyment of Outsiders."

The agency will collect public comment on the proposal and requests for exemptions through Feb. 1, 2010. The critical habitat designation could become final in the spring.

Find Elizabeth Bluemink online at adn.com/contact/ebluemink or call 257-4317.

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Our view: Beluga mystery

Skip economic disaster rhetoric; let's focus on research, recovery

(12/07/09 18:51:00)

Having listed the Cook Inlet beluga as endangered, the federal government now says roughly a third of the Inlet is critical habitat for the whales, including the waters around Anchorage. Any development funded or permitted by the feds in that habitat will require extra scrutiny to avoid harm to the whales. U.S. Rep. Don Young made it sound like the feds just handed radical greenies the legal equivalent of a nuclear bomb so they can block any and all development.

He said it was "yet another attempt to halt resource production and development in Alaska, and a step towards making the whole state a national park for the enjoyment of Outsiders."

Other political leaders who spoke up expressed similar worry, though in more temperate language.

But the belugas' plight doesn't have to portend economic disaster.

Here's a modest proposal.

Instead of spending buckets of money to fight the feds in court, spend that money on research into how to help the belugas recover.

Nobody knows why the belugas haven't bounced back to healthy levels, despite a decade of respite from hunting. Without good information, it's hard to say whether any particular project is going to harm the whales' recovery.

That uncertainty is a legitimate concern.

The answer, though, is not to deny that the whales are in jeopardy. State and local leaders have done that for the past 10 years and in doing so wasted valuable time that could have been spent looking for solutions.

It's time to switch to problem-solving mode. Let's find out what's ailing the belugas and figure out what steps will help. The more we know about the belugas' plight, the less likely development projects will run into legal trouble.

Alaska has other endangered species, and they haven't stopped some pretty intensive economic activity. Oil is being pumped from the marine waters off the North Slope, even though the bowhead whale is endangered. A billion dollars' worth of fishing takes place in the Aleutians, even though the western Steller sea lion is endangered.

Longtime residents will remember when belugas were a common sight off Anchorage's shores. They were our marine equivalent of moose, a much-loved part of our Big Wild Life.

Alaskans are resourceful people who enjoy being close to nature and respect the environment. Surely we can find a way to help the belugas come back without stifling economic progress.

Sewage 'treatment' threatens belugas

Alan Boraas
comment

(12/11/09 18:22:39)

Clear, clean water from Eklutna Lake and the headwaters of Ship Creek are pumped into Anchorage homes and businesses where it is transformed into sewage and then pumped, with minimal treatment, into the newly designated critical habitat area of Cook Inlet's endangered beluga whales.

Every day, every one of you flush your toilet with "the brown flush." Approximately 200,000 times a day that brown flush is sent on its way to be mixed with other wastewater at the John M. Asplund Wastewater Treatment Facility at Point Woronzof. Goodness knows what else you put down your toilets or flush down your sinks.

The antiquated Asplund plant was built in 1972 and is a primary treatment facility. Primary treatment is wastewater-speak for skimming off the oil, grease and floaters, scraping the heavy sludge from the bottom, and pumping the rest out an 800-foot-long pipe directly into Cook Inlet.

According to Toby Smith of the Alaska Center for the Environment writing in the online Alaska Dispatch, a ton of chlorine is added every day: good for the smell, bad for the fish. And, Smith says, polymer treatments are done. But that does not remove suspended solids or toxic chemicals. Polymer treatments were found by the courts to be largely ineffectual in Cape Cod Bay and Boston had to get rid of its antiquated primary treatment plant.

The primary treatment system is not much improved from ancient Rome, which directed its wastewater through the sewers of the Cloacae Maxima into the Tiber River.

What you folks in Anchorage do with your sewage would be illegal anywhere else in the United States. But the Environmental Protection Agency has granted you years of waivers based on a 301(h) permit exempting Anchorage of pertinent provisions of the Clean Water Act. The basis of the exemption is that Upper Cook Inlet is already turbid from glacial silt and a little suspended fecal matter churned up by the tides won't make much difference.

But it's not just a little. The Asplund facility pumps 32 million gallons of sewage into Cook Inlet every day. Imagine over half a million 55-gallon drums of watery fecal matter lined up on the Park Strip then unceremoniously dumped into Cook Inlet after the floaters and oils are skimmed off. The next day the barrels are filled again, and again they are dumped into the beluga whale critical habitat area. And the next, and the next ... over 11 billion gallons a year, year after year.

Think about that next time you flush your toilet. You might as well use one of those old cannery-style outhouses suspended over the Inlet.

The question is whether or not pumping partially treated sewage makes a difference in the natural environment, and the issue centers on the beluga. The reasons the beluga whale population has plummeted from 1,300 in 1979 to 375 today are, of course, complex. Urban Native hunters and the oil platforms in the Inlet are the most attractive targets. But the National Board of Fisheries cautiously yet

clearly implicates Anchorage's fecal matter as a significant issue in the beluga's population decline.

Belugas range widely but concentrate as dense pods in small areas particularly in the summer months when they feed first on hooligan and then the kings to silvers sequence of salmon runs. Upper Cook Inlet has a bathymetry that maximizes hunting skills of the beluga as they feed on fish making it a critical habitat area. It's also the area into which Anchorage pumps its sewage.

There is little evidence to date that Cook Inlet belugas' precipitous decline is due to polyvinyl chlorides, heavy metals or other nasty pollutants associated with industrial activity. A major concern of the National Marine Fisheries (NMF) is untreated household waste which may include endocrine disrupters and prions (proteins that may cause infection) found in what the NMF calls "biosolids."

According to the NMF, Kenai, Palmer, Soldotna, and Homer treat their wastewater to secondary standards using biological methods to decompose waste before it is returned to the natural environment. Eagle River and Girdwood sewage treatment facilities are capable of tertiary treatment rendering wastewater to almost drinkable quality. Anchorage stands alone as the city most befouling Cook Inlet. Its time to get your biosolids together before the T-shirts appear: "Save the whales, stop flushing Anchorage toilets" and build a secondary or tertiary treatment facility.

Alan Boraas is a professor of anthropology at Kenai Peninsula College.

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Shively named Alaskan of the Year



RDC input on beluga whale call sets good example



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

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.

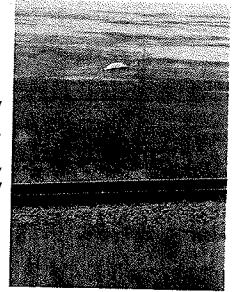
Brown called RDC Executive Director Jason Brune, who in turn notified the National Marine Fisheries Service (NMFS). A short time later, biologists arrived at the site to find the carcass of a pregnant female beluga whale.

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.

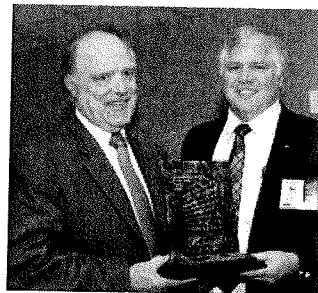
Under Governor Tony Knowles, Shively served as the Commissioner of the Alaska Department of Natural Resources from 1995 until September 2000, the second longest tenure of any person in that position in Alaska's history.

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.



John Shively, left, receives award from Ted Quinn.

Climate change bill

(Continued from page 4)

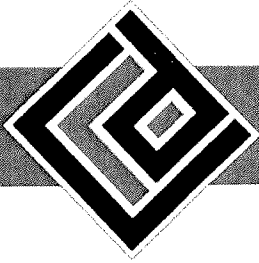
The study shows that nearly 7,700 jobs in Alaska would be wiped out by 2015. By 2030, 13,000 jobs would be lost. The state's economic growth would be slowed by the House bill as the estimated gross state product would decline by 0.7 percent in 2015 and by 2.6 percent in 2030, CRA said.

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.



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Joe Everhart

Carol Fraser

Becky Gay

Charles J. Greene

Scott Habberstad

Mark Hanley

Karl Hanneman

Rick P. Harris

Tom Henderson

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Lorna Shaw

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Tiel Smith

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Jeanine St. John

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John Zager

Ex-Officio Members

Senator Mark Begich

Senator Lisa Murkowski

Congressman Don Young

Governor Sarah Palin

May 14, 2009

Ms. Kaja Brix

National Marine Fisheries Service

Protected Resources Division

PO Box 21668

Juneau, Alaska 99802-1668

Re: ANPR to Designate Critical Habitat for Cook Inlet Beluga Whales

Dear Ms. Brix:

Thank you for the opportunity to submit comments on the advance notice of proposed rulemaking to designate critical habitat for Cook Inlet beluga whales.

RDC is a statewide business association comprised of individuals and companies from Alaska's oil and gas, mining, forest products, tourism, and fisheries industries. RDC's membership includes Alaska Native corporations, local communities, organized labor, and industry support firms. RDC's purpose is to encourage a strong, diversified private sector in Alaska and expand the state's economic base through the responsible development of our natural resources.

RDC members who live, recreate, and work in and around Cook Inlet are committed to the recovery of the beluga whale. Over the years, we have worked closely with our members and the National Marine Fisheries Service (NMFS) on a number of initiatives to assist in the recovery of the stock.

NMFS' biologists have acknowledged the sole cause for the population decline of Cook Inlet beluga whales was the subsistence harvest that transpired in the 1990s. As we indicated in our comments of June 27, 2005, May 30, 2006, and August 3, 2007, we continue to believe that there is no evidence that human activity, other than the aforementioned subsistence harvest, is negatively impacting the beluga's environment and ecology, either through access to, or production of, prey species, reproduction and subsequent calving, social interactions, migration to and from Upper Cook Inlet, or otherwise. Unfortunately, their current listing under the Endangered Species Act now requires critical habitat designation. In short, we believe that the designation of critical habitat and subsequent mitigation measures should be limited to the extent practicable. We believe NMFS shared this opinion when it stated, "*No information exists that beluga habitat has been modified or curtailed to an extent that it is likely to have caused the population declines observed within Cook Inlet.*"

(www.fakr.noaa.gov/prules/72fr19854.pdf)

Critical habitat designation will place additional burden on economic and community development activities in and around Cook Inlet with no clear, corresponding benefit to the stock. Though it is understood that critical habitat designations do not necessarily restrict development, they do give agencies the opportunity to require additional stipulations or mitigation measures during the consultation process. These would add costs and time to projects that are oftentimes already at an economic disadvantage in the geographically-isolated communities of Alaska. Further, the additional requirements from critical habitat designations likely would have limited benefits to the Cook Inlet beluga whale population and would likely make projects more susceptible to litigation, further impacting project timelines and costs.

The impacts to whales from economic activities in the Cook Inlet are minimal. In fact, according to the October 19, 1999 Federal Register, NMFS reviewed “existing information on fish runs, oil and gas activities, sewage problems, and other sources of contaminants”...and found ... “the existing information suggests that beluga are not stressed by anthropogenic factors in Cook Inlet.” NMFS has no documented reason to believe this situation does not remain true today.

We strongly urge the agency to not follow the model of the North Pacific Right Whale where 95,200 square kilometers was designated as critical habitat with very little or no data to justify such designation. However, if NMFS determines that some areas of critical habitat must be designated to conserve the species, we request the agency only designate areas where those physical or biological features truly “essential to the conservation of the species” as is required by section 3(5)(A)(i) of the Endangered Species Act, do in fact exist. In addition, as is also required by the Act, in 3(5)(B), “critical habitat shall not include the entire geographical area which can be occupied.” Unfortunately, such extensive critical habitat designation is being advocated by predatory, non-Alaskan environmental interests.

As requested by the agency, following are comments addressing the 11 main issues.

1. Information on the past and current numbers and distribution of Cook Inlet beluga whales

Photo identification studies conducted by LGL, and funded by Chevron and ConocoPhillips, have been conducted in recent years and should be the basis for determining the population, age structure, and distribution of Cook Inlet beluga whales.

Very limited temporal population and distribution data of Cook Inlet beluga whales has been collected in single annual aerial surveys conducted by NMFS since 1994. Unfortunately, these studies have not shown any population trends with a 95 percent level of significance. This is disturbing given it is known over 300 animals were taken during the subsistence hunts of the mid-to-late 90s in addition to an unknown number of dependent young that may have perished as a result. A study from 2001 by Litsky predicted it would take 5 to 7 years after the unsustainable subsistence harvest stopped, before growth would be seen in the population. As predicted, since 2005, there has been a 35 percent increase in the population using this methodology.

In light of Litsky, clearly the methodology of these aerial surveys given such large standard deviations is being called into question by agency biologists and members of the public, especially in light of the contradictory listing decision. The following issues must be addressed before the methodology of this study can be proven superior to photo identification: color changes as individuals reach sexual maturity and the inability to spot juveniles from the airplane in murky Cook Inlet waters; the likelihood of missing significant numbers of diving individuals; the methodology for converting the raw aerial counts and the accompanying video footage of the whales to the final population estimate being derived in part from methodologies used in Bristol Bay, where there is significantly higher clarity to the water column.

Satellite tracking of some individuals was also conducted by NMFS within the last decade and data may have helped determine the range for some individuals through most, but not all, of the year.

In addition to the 1994-present aerial surveys, a 1979 survey is often cited. The methodology of the 1979 study is completely different than the 1994-present surveys. This study determined an estimate of 1,293 animals, though its methodology has repeatedly been questioned. This number should be discarded. Sadly, this one estimate has been used to set the carrying capacity for the entire Inlet and subsequent recovery objectives as well as the population viability analysis. Indeed, NMFS stated in the May 31, 2000 Federal Register, "The true K (carrying capacity), which is the basis for OSP determinations, for this stock is unknown. Furthermore, reliable historical abundance estimates, which may be used as a substitute for K, are not available." Yet, for some reason, 1,300 continues to be used.

In reality, the carrying capacity of the Cook Inlet for beluga whales has likely declined. A potential cause for this decline in carrying capacity may be the constant release of fine silts from glaciers, filling the Inlet up at a steady rate. This is documented by the increased frequency of dredging that occurs. Thus, it is likely the Cook Inlet is able to support fewer animals than may have historically been found in the Inlet. A much more realistic number should have been used. The associated abundance estimate by the agency of 653 animals in 1994, before the unsustainable harvest of the mid-90s occurred, appears to be a much more realistic number.

There is little to no evidence showing where these animals reside in the winter, and hence members from this stock may even intermix with Bristol Bay beluga whales. If they are found to interbreed with the Bristol Bay population, then this population should not be listed as a DPS.

Traditional Ecological Knowledge is also very important in determining the current population of the belugas. Indeed a NMFS report from the August 2005 aerial survey reports, "Several Natives approached belugas near Big and Little Susitna Rivers where whales were later observed by the aerial crew; unusually high numbers of juveniles and calves were present with the white adult belugas."

Finally, recent observations cited 10 belugas in the mouth of the Kenai River on April 26, 2009 (*Redoubt Reporter*). According to personal observations, this is likely the first time in over 10 years beluga whales have been seen in this area. The ANPR federal register notice states "An expanding population would likely use the lower Inlet more extensively" so this recent observation would appear to indicate an expanding population.

2. Information describing the habitat type and quality of marine, estuarine, and freshwater habitats for all Cook Inlet beluga whales

Very little work has been done to identify primary constituent elements (PCE) for the Cook Inlet beluga whales. Federal regulations governing critical habitat designations mandate that, "...an area lacking a PCE may not be designated in the hope it will acquire one or more PCEs in the future." Specific critical habitat designation must be scientifically confirmed and deemed truly essential to the conservation of the species and not just presumed to be.

3. Within areas occupied by Cook Inlet beluga whales, information regarding the physical and biological features that are essential to the conservation of the DPS

Cook Inlet belugas have much lower concentrations of PCBs and DDT than other stocks found in Alaska, Greenland, Arctic Canada and the Saint Lawrence estuary in eastern Canada. In fact,

Becker et al. (2000) compared tissue levels of total PCBs, total DDT, chlordane compounds, hexachlorobenzene, dieldrin, mirex, toxaphene, and hexachlorocyclohexene and found the Cook Inlet beluga whales had the lowest concentrations of all. In addition, hepatic concentrations of cadmium and mercury were lower in the Cook Inlet population as compared to the Arctic Alaska populations. In addition, commercial, sports, and subsistence fisheries have long taken salmon and eulachon from Cook Inlet and contaminant levels for these species have never been an issue.

Finally, the conservation plan indicates, "The amount of fish required to sustain this population is unknown." Historical fish runs from the Alaska Department of Fish and Game however, show fish are managed responsibly and indicate that belugas are not prey limited. Therefore designating upstream critical habitat in spawning areas or fishing grounds in the Inlet is unwarranted.

4. Any special management considerations or protection currently associated with essential physical and biological features within areas occupied by Cook Inlet beluga whales, such as any land use management plan, a state statute, a municipal ordinance, or other binding local enactment

Development activities in Cook Inlet do not occur in a regulatory vacuum, as they are strictly regulated under numerous state and federal environmental laws. Belugas have been and will continue to be an important part of state, federal, and local oversight and the associated public process.

In addition, there is a co-management agreement in place that limits the subsistence harvest of Cook Inlet beluga whales. This agreement is working as the population has increased 35% in the last three years.

5. Any specific areas within the range of Cook Inlet beluga whales that may not qualify for critical habitat because they lack essential physical or biological features or may not require special management consideration or protections

Cook Inlet beluga whale numbers have increased 35% in the past three years without Endangered Species Act management considerations and protections. Therefore, the entire area within the range of Cook Inlet beluga whales should not qualify for critical habitat designation.

6. Any specific areas outside the area occupied by Cook Inlet beluga whales that are essential for their conservation

No, there are not areas outside of the area occupied by Cook Inlet beluga whales that are essential for their conservation.

7. Any specific areas that should be excluded from critical habitat designation because the benefits of such exclusion outweigh the benefits of specifying such area as part of critical habitat

All of the Cook Inlet beluga whale's range should be excluded from critical habitat designation. Cook Inlet beluga whales have coexisted with oil and gas activity, community discharges, commercial fishing, vessel traffic, coastal development, etc. without significant impact for nearly half a century, and it wasn't until pressure from the subsistence harvest that their numbers dramatically declined.

8. Any current or planned activities in the range of Cook Inlet beluga whales and their possible impacts on areas that may qualify as critical habitat

All current and planned activities in Cook Inlet will be appropriately managed under existing local, state, and federal environmental statutes and regulations.

9. Any economic or other relevant impacts that may result from designating critical habitat, regardless of whether those impacts are attributable co-extensively to other causes, in particular those impacts affecting small entities

A number of potential economic opportunities exist in Cook Inlet that as of yet, haven't even been imagined. Designating critical habitat in Cook Inlet could squash these ideas before they are even explored. This may have particular impacts on small businesses, communities, and aspiring entrepreneurs. RDC is very concerned about the potential for regulatory creep caused by this critical habitat designation. The citizen suit provision of the ESA permits members of the public to seek judicial review of the agency's compliance with its mandatory statutory duty to consider the habitat needs of imperiled species. Thus, there is a strong likelihood that critical habitat designation will result in litigation and delays in projects. Ultimately, economic activities that are not impacting the recovery of the Cook Inlet beluga whale will be negatively affected, if not stopped entirely, with limited benefit to the whales. In addition, NMFS staff will be forced to deal with this litigation rather than focus its efforts on recovery plans and additional scientific studies. Designating critical habitat will require federal agencies to spend more time fulfilling section 7(a)(1) requirements of the ESA, regardless of whether the habitat is presently occupied by the beluga whales or if such consultations will have any positive impact on the species. Unfortunately, this work will increase the costs of development activities through added consultations, mitigation measures, and likely third party litigation. The areas surrounding critical habitat may ultimately be closed to future development due to the additional regulatory hurdles projects would need to go through to get permitted. None of these risks are offset by any scientifically proven benefits that may lead to recovery of beluga whales.

10. Other benefits of excluding or designating a specific area as critical habitat

Designating critical habitat may have severe consequences on economic activities that are not at all impacting the recovery of the beluga whales with limited benefit to the species.

The ESA requires the consideration of the economic impact of critical habitat designation. The Secretary has the authority to exclude areas from critical habitat "if he determines that the benefits of such exclusion outweigh the benefits of specifying such area as part of the critical habitat, unless he determines, based on the best scientific and commercial data available, that the failure to designate such area as critical habitat will result in the extinction of the species concerned." We encourage the exclusion of the entire Cook Inlet as it is clear with the mitigation and regulatory measures already in place, the extinction of the species will not likely occur.

We also urge the agency to follow the requirements of the Endangered Species Act requiring agencies to use "the best scientific **and commercial** data available" (Emphasis added). Millions of dollars have been spent by RDC member companies on beluga research and this data must be incorporated into any final critical habitat designations.

Specific economic highlights and potential impacts of a listing follow for a number of Cook Inlet activities:

Alaska Gas Pipeline

One of President Obama's top 5 green energy projects is the Alaska Natural gas pipeline to the Lower 48, which upon construction, could transport 4 billion cubic feet of natural gas per day to the lower 48, or approximately 6-8% of U.S. daily consumption. Construction of this project will require 5-6 million tons of steel, much of which will come through the Port of Anchorage. Associated gas treatment plant construction, thousands of jobs, and significant revenues to the federal, state, and local tax bases will result.

Critical habitat designations and associated mitigation measures on transportation could increase costs for pipeline construction and potentially kill a project that is already marginally economic. The end result could ultimately be increased CO2 emissions in the Lower 48 with limited benefit to the belugas.

Energy Exploration and Development

Sixteen oil and gas production platforms and three onshore treatment facilities are located in the region. Cook Inlet has current oil production of 14,000 BPD (*Alaska Dept of Revenue Fall 2008 Revenue Sources Book*). Of note, recent volcanic eruptions from Mount Redoubt have interrupted oil development and subsequent transportation operations at Drift River Terminal. While Cook Inlet oil and gas production numbers cannot compare to production from the North Slope fields, the industry is a cornerstone of the economy of the Kenai Peninsula. In addition, gas produced in Cook Inlet provides heat and electricity for all of Southcentral Alaska.

According to a 2008 study by Information Insights and the McDowell Group (found at: aoga.org/pdfs/report2008.pdf), oil and gas activities generate more payroll than any other nongovernmental industry in Anchorage and the Kenai Peninsula Borough. Oil and gas is second only to the service industry in the Matanuska-Susitna Borough. In Anchorage, 1,649 area residents are directly employed in oil and gas extraction, refinery and pipeline sectors, with combined wages of \$294.6 million. Support activity positions filled by Anchorage residents totaled 3,543 with \$349.3 million wages in 2007. Indirect and induced employment in Anchorage totals 22,295 jobs with an associated \$1.1 billion in payroll. The industry directly employs 939 Kenai Peninsula borough residents with associated wages of \$99.1 million. The industry directly employs 830 Mat-su residents with \$98.2 million in wages.

Property taxes paid in 2007 to the Kenai Peninsula Borough by the oil and gas industry totaled \$7 million, or 13.2% of total property taxes paid. This does not include local properties owned by individuals employed by the industry. Marathon and ConocoPhillips have LNG export operations and Agrium has an idled fertilizer plant which formerly utilized natural gas. Future uses by Agrium may employ coal from the Usibelli Coal Mine delivered from Port MacKenzie. The Tesoro refinery processes all of the crude oil produced in Cook Inlet, producing jet fuel, diesel fuel, heating oil, as well as gasoline. In 2008, Tesoro also imported oil with 69 tanker arrivals at the Kenai dock and 13 arrivals at Drift River. A 40,000-barrels-per-day pipeline links the refinery with the Anchorage International Airport, the top ranked air cargo facility in North America. The refinery also supplies gasoline and diesel to Alaskans through more than 100 Tesoro-branded retail outlets. Other companies including XTO, Pioneer, CIRI, and Enstar Natural Gas are engaged in Cook Inlet communities.

Critical habitat designations could lead to decreased exploration, the potential inability to conduct seismic operations, thereby decreasing the success of exploration activities, decreased development, decreased revenue to the state and boroughs, fewer jobs, and higher utility bills, as well as lower Permanent Fund Dividends for all Alaskans as 25% of all royalties are paid to the Permanent Fund.

Further, critical habitat designations would prohibit oil and gas facilities in the inlet from discharging inside or within 4 kilometers of critical habitat areas. Previous discharges have been shown not to impact beluga populations as shown in Becker et al (2000). These designations could effectively shut down oil and gas operations in the marginal fields in Cook Inlet.

Finally, Executive Order 13211 (May 18, 2001) requires agencies to prepare “Statements of Energy Effects” if an agency action will affect energy supplies, distribution, or use. We believe that critical habitat designations will be a significant energy action.

Chuitna Coal

The Chuitna Coal project is completing environmental and other studies as part of its NEPA analysis. When constructed, the mine could create 350 new jobs, account for property taxes to Kenai Peninsula Borough of \$100 million over 25 years, pay royalties to state of \$300 million over 25 years, and a Mining License Tax of \$120 million over 25 years.

Critical habitat designations could derail the project, impact vessel traffic, and at best has already increased costs.

Pebble

The Pebble Project is potentially one of the world’s largest copper/gold deposits. Partners Northern Dynasty and Anglo American could employ thousands of rural Alaskans and bring economic diversification to an area of Alaska that desperately needs it. Millions of dollars in state royalties will be paid over the life of the mine.

An ESA listing’s impact to Pebble is unknown as a mine plan has not yet been proposed. However, power transmission, vessel transportation, and other factors could be impacted.

Port of Anchorage Expansion Project

The Port of Anchorage accounts for delivery of more than 90 percent of the consumer goods arriving in Alaska. In addition, the Port of Anchorage handles 5 million tons of cargo annually and generates more than \$750 million for the State’s economy. Jet fuel is delivered through pipelines to military bases and the port stages 100% of the refined petroleum products from the state’s largest refinery. Further, it handles delivery of 80% of all fuel for the Ted Stevens International Airport, the busiest cargo airfield in the U.S. Currently, it continues its Port Intermodal Expansion Project to accommodate larger ships, support increased military deployments, and keep pace with the steadily increasing movement of goods into and out of Alaska. High-speed ferry docks for transportation between the Mat-su Borough and Anchorage are also proposed for construction

Critical habitat designations could increase the costs of goods for nearly every Alaskan. It could jeopardize stevedoring and other associated jobs. It could also stall continued expansion or increase the associated costs through potential mitigation measures. The Port has a history of working closely with NMFS to choose construction techniques that reduce noise; monitor the

Inlet for the presence of belugas and when belugas are present, stop in-water activities until the whales move to a safe distance; and conducting an underwater noise study from in-water work associated with the pile driving activities induced by the type of vibratory hammers the Port expects to use in the expansion project.

AWWU Discharges

AWWU handles the wastewater for Anchorage, particularly from the John M. Asplund Wastewater Treatment Facility at Point Woronzof. Studies have shown that their discharge is not impacting the marine environment or Cook Inlet beluga whales and fish. EPA and NMFS scientists have concurred with these studies.

Critical habitat designations could require the expenditure of \$400-\$600 million dollars to upgrade AWWU's facilities, potentially tripling Anchorage resident's wastewater bills.

Knik Arm Bridge

The Knik Arm Bridge (KABATA) could provide a quick transportation link between the growing communities of the Mat-su and Anchorage as well as reduced travel time to Denali National Park and Fairbanks. This link would also open large areas of undeveloped land near Anchorage for residential and commercial uses and could significantly reduce carbon emissions due to less travel time for commuters. To date, KABATA has spent \$2.5 million on beluga studies.

Critical habitat designations may impact investment from consortia and may lead to additional construction seasons. Mitigation could include construction only when whales are not present in the Upper Inlet which could significantly increase the cost of the project.

Port MacKenzie

Port MacKenzie has the opportunity to significantly diversify the economy of the Mat-Su borough. Commodities including wood chips and gravel are currently shipped from Port MacKenzie and future shipments of coal and other materials could be shipped out and goods could be shipped into the Port for distribution to the Mat-Su Valley and Interior Alaska via the forthcoming rail extension to the port.

Critical habitat designations could decrease the use of Port MacKenzie and have significant impacts on inland resource development activities that would utilize it in the future.

Commercial Fishing

Commercial fishing in upper Cook Inlet accounts for 5 percent of Alaska's ex-vessel salmon values. A mid-90s estimate of commercial salmon fishing supported an estimated 500 average annual jobs in harvesting, processing, and indirect employment producing \$15 million in income (Source: ISER Report).

Critical habitat designation could threaten the entire Cook Inlet commercial fishery as the beluga's primary food source is fish. The conservation plan specifically states, "At this time, it is unknown whether competition with commercial fishing operations for prey resources is having any significant or measurable effect on Cook Inlet beluga whales." Therefore, it would not be prudent to designate critical habitat in areas where commercial fishing is transpiring.

Sport Fishing

Sport fishing generated \$415 million in total expenditures in Southcentral Alaska in 2003. A total payroll of \$171 million and 6,100 jobs resulted (State of Alaska). 685 licensed guide businesses existed in communities around Cook Inlet in 2006.

Critical habitat designation could threaten the entire Cook Inlet sport fishery as the beluga's primary food source is fish.

Military

Anchorage is home to both Elmendorf Air Force Base and the Army's Fort Richardson. Both bases rely heavily on Cook Inlet and the Port of Anchorage. In addition, military aircraft frequently fly closely over areas in Cook Inlet that have been identified as type 1 habitat.

Critical habitat designations could impact flight patterns, military operations, equipment and troop delivery, and ultimately could threaten national security with limited benefit to the whales. The ESA allows NMFS to take into account consideration of the impact critical habitat designation would have on national security. Further, section 318(a) of the National Defense Authorization Act authorizes the Secretary of the Interior to exempt military lands from designation as critical habitat under the ESA. Section 318(b) of the same act directs the Secretary of the Interior to consider impacts on national security when deciding whether to designate critical habitat. Since enactment of these provisions, military lands have been routinely excluded from critical habitat designations.

Community Development

Cook Inlet has a number of new and ongoing community development projects on the horizon. These include but are not limited to expansion of the Anchorage International Airport, railroad expansion and maintenance, Chugach Electric's electric distribution and submarine cable maintenance, the telecommunication industry's fiber optic cables, the proposed Fire Island Wind Project, as well as tidal, geothermal, and hydroelectric energy opportunities.

Critical habitat designations could derail or increase the costs for any potential community development project.

Vessel Traffic

Nearly all of Alaska's goods are brought into Anchorage on commercial vessels. Critical habitat designations could increase costs by requiring observers on board, decrease efficiency by setting speed limits, and ultimately raise the cost of all goods, and subsequent services, paid for by Alaskans.

Tourism

Tourism is a growing industry in Southcentral Alaska. Hotels, rental cars, other goods and services are consumed by visitors. In 2010, Holland America Cruise Lines will bring numerous cruise ships into the Port of Anchorage. Future moorings by the industry could be decreased or eliminated with critical habitat designations. Subsequently, decreased visitors to Southcentral Alaska could transpire as limitations are placed on sport fishing, sightseeing cruises, and other operations. Local communities will be significantly impacted through decreased bed and rental taxes.

11. Potential peer reviewers for proposed critical habitat designations, including persons with biological and economic expertise relevant to the designations:

Individuals that have a broad range of experience, not just lifelong agency biologists/economists should be considered as peer reviewers.

Jason Brune, Executive Director, Resource Development Council, Biologist

Matt Cronin, University of Alaska, PhD Biologist

Marilyn Crockett, Executive Director, Alaska Oil and Gas Association

Bill Popp, Executive Director, Anchorage Economic Development Corporation

Todd Loomis, Cascade Fishing, Former NMFS employee

Doug Vincent-Lang, Alaska Department of Fish and Game

Tina Cunning, Alaska Department of Fish and Game

In conclusion, RDC members are extremely concerned with potential critical habitat designation in Cook Inlet. We urge the agency to exercise extreme caution as it makes its decision. Thank you for the opportunity to comment.

Sincerely,



Jason W. Brune
Resource Development Council for Alaska, Inc.



FOR IMMEDIATE RELEASE

No. 09-102

Governor Parnell Disappointed with Move to Block Drilling

December 15, 2009, Anchorage, Alaska – Governor Sean Parnell expressed his disappointment at the news that a coalition of environmental groups has sued the U.S. Department of the Interior to block oil and gas drilling next year in the Beaufort Sea. The governor has directed his attorney general to review the complaint and determine what role the state can play in fighting this litigation.

“Responsible resource development can take place in the Arctic, and lawsuits such as these stand in the way of economic progress and are a threat to our state,” Governor Parnell said. “We will continue to work with operators, agencies and North Slope residents to ensure that all exploration and development in the Outer Continental Shelf are conducted in a safe and environmentally responsible fashion. We are committed to work cooperatively with Mayor Edward Itta to address issues of concern regarding development of Alaska’s OCS.”

Alaska’s Outer Continental Shelf (OCS) contains an estimated 27 billion barrels of recoverable oil and 130 trillion cubic feet of recoverable natural gas.

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Dear Alaska Business Partner:

With the decision from the cruise industry to move portions of their fleet and their marketing dollars out of Alaska, we now must face 2010 with creative minds to keep our Alaska tourism businesses viable. We continue to watch for news of further reduction in port visits in the Alaska cruise industry for 2011 and we believe we cannot sit back and wait for the Alaska Legislature, Governor's office, or anyone other than ourselves to affect change that will bring our industry back to life.

To advance our goals, we are developing a new support group called the **Alaska Alliance for Cruise Travel (AlaskaACT)**. Our Mission Statement is simple:

Alaska Alliance for Cruise Travel is an Alaskan statewide, non-profit, membership-funded organization made up of business and individuals benefiting from cruise travel. Through AlaskaACT, these stakeholders will work together to promote accurate information and support responsible development and growth of Alaska Tourism and the Cruise Industry.

To aid our efforts, we will be working closely with the Resource Development Council for Alaska (RDC) which has a strong legislative voice and an active tourism committee. We continue to support the marketing efforts overseen by the Alaska Travel Industry Association (ATIA).

We recently kicked off our organization with a tourism panel at RDC's annual conference in Anchorage. Over 350 people listened to Rick Erickson from Cruise Lines Agencies point out the decline in cruise passengers in 2010. Paul Landis from CIRI Alaska Tourism explained the decrease in tourism jobs they will have available to Alaskans next year, and the negative impact to multiple levels of suppliers doing business with the industry. The panel ended with Steve Hites from Skagway Streetcar Company passionately describing the attack on our industry and the dismal future that lies ahead of us if we don't act NOW.

Future speaking opportunities, public relations plans and visits with our legislature are being designed for the near future. In addition to these activities our organization's efforts are focusing on the following goals:

- Create a positive business environment in Alaska for the cruise and tourism industries
- Encourage the Alaska Legislature and Administration to work toward a resolution of the current legal issues between the State and the cruise industry
- Oppose inequitable taxation directed at the cruise industry
- Support equitable environmental laws for the cruise industry
- Commit its resources to advancing the restoration and stability of the Cruise Industry *in the best interest of Alaska, and Alaskans.*
- Encourage accurate and honest reporting by the media
- Educate Alaskans about the economic benefits and positive environmental effects of the cruise industry on Alaska
- Support the cruise industry in their efforts to protect and preserve the environment through reasonable and attainable legislation

Our businesses need a healthy cruise market to remain viable and continue to employ thousands of Alaskans. We believe the future looks dire and the time for action is now. If you agree and have an interest as an individual or a business to work towards stabilization of our Alaska cruise industry, we need your help and would like to hear back from you.

Although our new organization already has built a strong momentum, we can't do it alone. We need a well thought-out grassroots, public relations effort to promote communication to our Legislature, city councils, friends and neighbors.

The tourism industry in Alaska needs your help. There are many ways to make a difference – please complete this form electronically at www.alaskaact.com, or complete the fields below and fax to: 907-276-3887, or email to: info@alaskaact.com

Name _____ Organization: _____
Address: _____
Email/Phone: _____

- Please send me AlaskaACT's newsletters and other information
- I can help with contacting legislative representatives
- I can help give presentations as part of a speaker bureau
- I can be available to discuss these issues with reporters
- I would like to write a compass piece for my local newspaper
- You may use my company and/or individual name as a supporter in your efforts
- I can organize an event to have a member of AlaskaACT speak in my community

Who is your State Senator? _____

Who is your State Representative? _____

Which Alaskan communities do you conduct business in? _____

To learn more about this organization, view industry white papers, and sign up for the mailing list, please visit the website at: www.alaskaact.com.

Thank you for your participation!

AlaskaACT Steering Committee

John Litten, Sitka Tours, Spokesman for AlaskaACT
Bob Berto, TEMSCO Helicopters/Cruise Lines Agencies of Alaska
Jason Brune, Resource Development Council
Tim Cerney, Fountainhead Development Corporation
Gary Danielson, White Pass & Yukon Route
Bob Dindinger, Alaska Travel Adventures
Ken Dole, Promech Air/Waterfall Group
Carol Fraser, ARAMARK
Steve Hites, Skagway Street Car
Holly Johnson, Wings Airways/Taku Glacier Lodge
Paul Landis, CIRI Alaska Tourism Corporation
Bill MacKay, Alaska Airlines

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2009 Resource Development Council Policy Positions

General Issues

Fiscal Policy & Planning

- Advocate development and implementation of a comprehensive, responsible, and long-range state fiscal plan.
- Support equitable and predictable tax and royalty policies.
- Support some use of the Permanent Fund earnings as part of a fiscal plan.
- Support development of a state strategic economic development plan.

Access

- Advocate increased access to and across public lands for resource development.
- Advocate multiple-use of public lands.
- Continue to assert the state's rights on navigable waters and submerged lands.

Regulation/Permitting

- Encourage the state to promote and defend the integrity of Alaska's permitting process.
- Advocate clear, timely, and streamlined state and federal permitting systems based on sound science, economic feasibility, and protection of property ownership rights.
- Support efforts to ensure Alaska's ballot initiative process is open and transparent.
- Adequately resource permitting agencies for personnel, research, and science.
- Support the State of Alaska's efforts to challenge unwarranted Endangered Species Act listings.
- Remove the "Point of Discharge" requirement implemented by the 2006 cruise ship head tax initiative to empower DEC to regulate cruise ship discharges to meet all water quality standards.
- Encourage the state to carefully consider the impacts of potential changes to the ACMP program on communities and industry while striving to eliminate the duplication of current state and federal requirements.

Infrastructure

- Encourage the state to develop a prioritized transportation strategy that supports resource exploration and development activities.

Education

- Support programs, including the Alaska Mineral and Energy Resource Education Fund (AMEREF) to educate students and the general public on responsible resource development activities in Alaska.
- Support growing the state's emphasis on workforce development.

Industry Specific Issues

Oil & Gas

- Oppose efforts, either legislatively or through the initiative process, to impose a gas reserves tax.
- Support legislation to encourage new exploration and development of Alaska's oil and gas deposits, as well as enhanced production from existing fields.
- Encourage public policy and fiscal decisions to improve the commercial viability of developing Alaska's North Slope and Interior natural gas resources.
- Support efforts to increase Cook Inlet oil and gas exploration and development to meet local demand and export markets.
- Advocate for a tax policy that enhances the State of Alaska's competitiveness for exploration and development investments.
- Encourage methods, such as investment tax credits, to improve the commercial viability of developing Alaska's heavy oil resources.
- Educate and advocate for opening the coastal plain of the ANWR to oil and gas development.
- Support offshore oil and gas development and work to maximize benefits to Alaska through advocacy for federal revenue sharing and/or community impact assistance.

Energy

- Support simplified leasing and permitting of non-conventional fuel resources to encourage development of the state's resources and provide energy to local areas.
- Encourage development of new electrical generating and transmission systems to provide stable sources of electricity for economic development and existing electricity consumers.
- Support utilization of Alaska's coal resources for value-added industries and power generation in addition to export to international markets.
- Support efforts to diversify Alaska's energy sources, including known renewable energy options and research and development of non-conventional sources.

Mining

- Support equitable and predictable mining tax and royalty policies.
- Encourage new exploration and development of Alaska's mineral resources, as well as increased production from existing deposits.
- Advocate continuation and expansion of the airborne geophysical mapping program and the on-the-ground follow up work required to realize the full benefits of the program.

Fisheries

- Support fisheries policies that ensure access, markets and revenues for Alaska fishermen and coastal communities, and a healthy competitive environment for an Alaskan seafood processing industry.
- Support reduced fisheries waste and better utilization of Alaska fisheries resources, improved product value and development of new product forms.
- Support funding of fisheries and marine mammal research.

Forestry

- Advocate a reliable and economical long-term federal and state timber supply.
- Support adequate funding and enforcement of the Alaska Forest Practices Act.
- Encourage funding of forest management initiatives that address long-term forest health and reforestation.

Tourism

- Advocate additional aircraft landing sites and reduced restrictions on over-flights.
- Support amending the new cruise ship law to ensure compliance with federal tax restrictions, and avoid regulatory redundancy.



121 West Fireweed Lane, Suite 250
Anchorage, Alaska 99503
(907) 276-0700

www.akrdc.org

Membership Application

Resource Development Council for Alaska, Inc.
121 W. Fireweed Lane, Suite 250
Anchorage, AK 99503-2035

(907) 276-0700 resources@akrdc.org www.akrdc.org

Name: _____

Title: _____

Company: _____

Mailing Address: _____

City/State/Zip: _____

Phone Numbers Work: _____ Mobile: _____

Email Address: _____

Website Address: _____

Referred by: _____ Date: _____

Annual Membership Categories		
	<u>Corporate</u>	<u>Individual</u>
PLATINUM	\$3000 or more	\$500 or more
GOLD	\$1500	\$300
SILVER	\$750	\$150
BASIC	\$500	\$75

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