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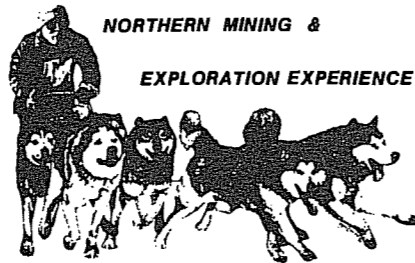
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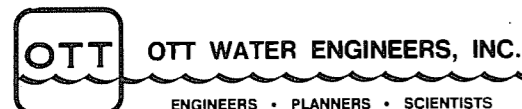
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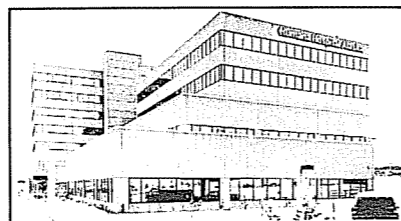
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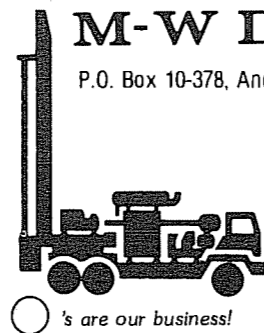
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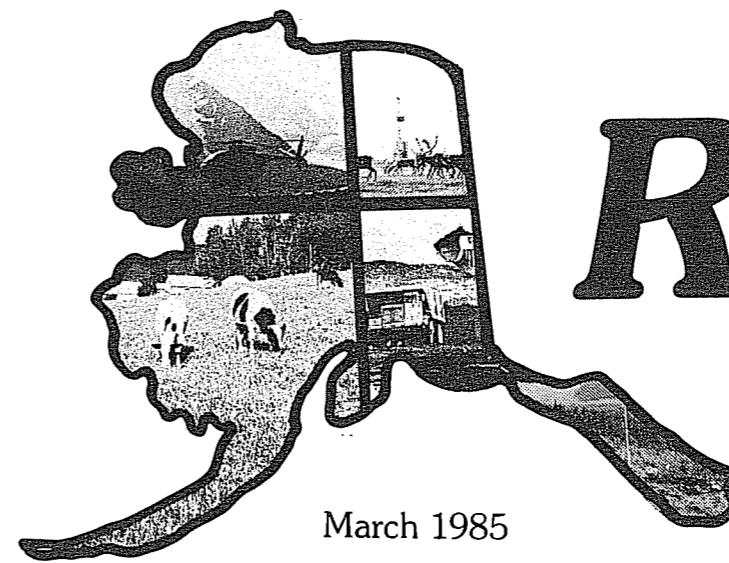
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Resource Review



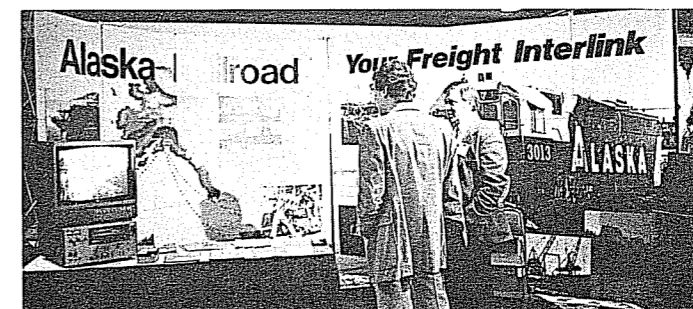
March 1985

RDC Conference and Expo Draws Strong Reviews

Photos by Nancy Cain Schmitt



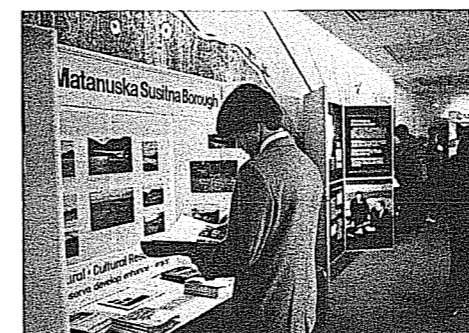
RDC Executive Director Paula Easley received a bouquet of flowers during the conference for a job well done.



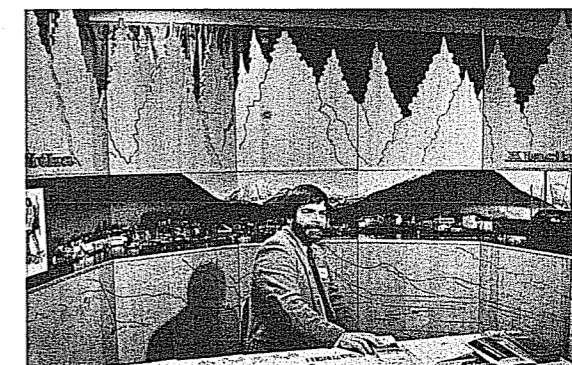
Chelcie Eagar of the Alaska Railroad (right) discusses freight business with Steven Hansen of Sea Containers West.



Steve Connelly of Southcentral Timber Development, Inc., (right) provided conferees with information on Alaska's timber industry.



Chuck Martin takes a close look at the Matanuska-Susitna Borough exhibit.



Richard Griffin of Sitka manned his community's booth at the All-Alaska Community Expo.



Bethel's message was delivered by Kathy Ashby (left).

Conferees Rank Development Projects

The responsible and timely development of the Red Dog lead and zinc deposit in Northwest Alaska was chosen as the favored development project in the next five years by a statewide audience attending the Resource Development Council's Fifth Annual International Conference on Alaska's Resources in Anchorage February 13-14.

Juneau's plans to build a highway to Haines ranked as the second most important capital project needing state funding within the next five years while a hydroelectric project on the Kenai Peninsula was rated third. The rankings came in a survey distributed to conference delegates to rank projects in terms of their ability to meet identified goals. (See related story on this page.)

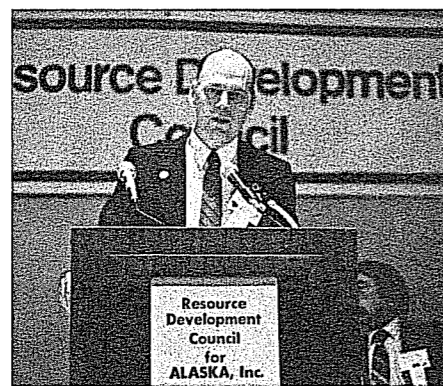
Speaking on behalf of Kotzebue, NANA Development Corporation president William Hensley stressed that development of the Red Dog mine was clearly the number one action that would diversify and strengthen the Northwest Alaska economy. In his presentation, Hensley pitched for state assistance in building a road from tidewater to the mine and a port for shipment of mine product to overseas markets.

In addition to its use for moving mine product, the port would provide Northwest Alaska a needed shipping facility, Hensley pointed out. By utilizing incoming vessels for haulage, he said use of the port should significantly reduce shipping costs for Northwest Alaskans.

With other major prospects located in the region, industry believes nearby mines would come into production once the transportation infrastructure is in place.

In exchange for state assistance, Hensley said Red Dog would pay the state toll costs for using the road, absorb facility operating and maintenance costs and commit to bring the mine into production.

Once the mine is in operation, benefits would flow throughout the state in the form of mining and corporate tax revenues and subsurface royalty reve-



Haines Mayor John Halliwill joined 17 other Alaska community leaders in discussing local development priorities.

nues. It would also provide up to 400 stable private sector jobs in Northwest Alaska, where the risk of overdependency on government income runs high.

Conferees ranked Juneau's plans to build a transportation corridor to unite the capital city with Western Alaska as the second most important economic priority. The corridor would include a 50-mile highway linking Juneau with Haines and a second Gastineau Channel crossing.

Juneau Mayor Fran Ulmer said both projects would open new avenues of trade, commerce, resource development, tourism expansion and opportunities for recreational and cultural exchanges throughout the Southeast region. She said the project is part of the support system needed to establish Juneau as a regional trade center for Southeast Alaska.

With the \$100 million highway to Haines in place, Juneau would become the northern terminus of the Alaska Marine Highway System and the shipping hub of Southeast Alaska.

Plans proposed by officials of the Fairbanks North Star Borough and the Kenai Peninsula Borough to diversify their economies tied for third place in the ranking of state economic priorities.

The approach taken by Fairbanks North Star Borough Mayor Bill Allen included enhanced development of renewable resources such as improved educational programs at the University of Alaska, public/private business partnerships and the establishment of an aviation-based free trade zone at Fairbanks International Airport.

Kenai Peninsula Borough Mayor Stan Thompson said the single most important project to

(continued on Page 6)

RDC Introduces New Tool In Ranking Development Projects

A detailed survey was distributed to over 400 persons attending RDC's Fifth Annual International Conference on Alaska's Resources as a tool to rank projects in terms of their ability to meet identified goals. The survey was the first in a series of multi-year opinion surveys to be conducted by the Council to deal with resource development policy issues.

However, due to the nature of some community presentations, ranking of projects did not work as smoothly as anticipated; some communities failed to rank their economic priorities. In some presentations, communities listed projects, but did not identify cost figures associated

(continued on Page 6)

Resource Development Council, Inc.

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

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

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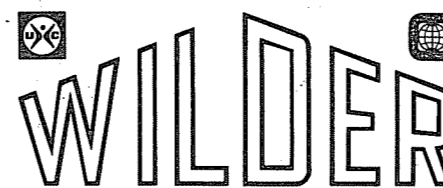
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Conference Delegates Choose Top Projects

(continued from Page 2)

strengthen and diversify his region would be the \$400 million Bradley Lake hydroelectric dam.

Design work on the project is expected to begin by April with site preparation work under contract in early 1986. If the project stays on schedule, power should be flowing from the dam into the Southcentral Alaska power grid by 1990.

Thompson explained that the Peninsula's rapidly growing communities can no longer depend on the single transmission line that brings power down the Peninsula from Anchorage. The Bradley Lake project would provide sufficient power for Peninsula residents and new industry, Thompson said.

A 9.2-mile road from Whittier to Shotgun Cove was ranked as the fourth most important project by conference delegates to stimulate regional economic diversification.

Whittier and Chugach Alaska Corporation are seeking \$20 million from the State to build the road which could lead to millions of dollars in recreational, commercial and residential development in the Prince William Sound community, 50 miles southeast of Anchorage.

Without the road, Whittier would remain confined to its 25 acres of downtown property; and its 330-slip boat harbor, which has a waiting list of 350, would be unable to expand.

Engineer Ted Forsi told conferees that the Shotgun Cove Road must be built before the State can proceed with plans to build a road from Portage to Whittier.

Projects proposed by Wrangell and Unalaska tied for fifth place in the ranking of projects for state funding.

According to Wrangell City Manager Jim Gove, the development of an inter-continental roadway system through the Stikine River Valley to Wrangell is essential to the economic survival of the Southeast Alaska community.

The \$200 million transportation corridor would spur development of billions of dollars worth of mineral wealth and could speed recovery of the severely depressed Southeast Alaska timber indus-

try. It would also enhance tourism throughout the region.

Unalaska's top economic priority according to City Manager Nancy Gross is the expansion of marine and air transportation facilities to support new

growth and activity in the region.

The Unalaska economy has traditionally been supported by its fisheries, but recently it began to diversify to petroleum as the island establishes itself as a base for oil industry activity in the Bering Sea.

Survey Ranks Alaska Projects

(continued from Page 2)

with those projects. As a result, ranking of projects from a statewide perspective became most difficult.

The Council has been working for some time to develop a mechanism whereby a broad spectrum of Alaskans could regularly be consulted as new information on public policy issues develops. Conducting the survey at the conference provided the Council with an excellent opportunity to achieve broad feedback on the issues since many Alaska urban and rural communities were represented as well as most economic and social sectors.

The key point of statewide response to the survey was met at the conference since for the first time, the annual resource conference drew more delegates from outside the Anchorage area than from within. In addition, over 20 village corporations and native regional corporations were in attendance.

In the next five years, conference delegates and other interested Alaskans will be surveyed on a number of issues relating to resource and economic development in the 49th state.

Notable Quotes

Alaska is going to have to carry the nation in energy development.

—Dr. Robert Putz
Regional Director
U.S. Fish & Wildlife Service

"We're proud of our oil industry; it was built without planning and zoning, no coastal zone management, no wetlands problems, no borough regulations, no hindrances, but yet it's neat, orderly and environmentally sound."

—Mayor Stan Thompson
Kenai Peninsula Borough

"I have to say, right off the bat, that this week begins a week of contrasts for me. Today I'm addressing a concerned and committed group of Alaskans whose top priority is protection and enhancement of Alaska's environment. On Wednesday, I'm speaking to a concerned and committed group of Alaskans whose top priority is the expansion of Alaska's economy, primarily through resource development. And on Thursday, at my annual prayer breakfast, I'll respectfully ask a concerned and committed deity to help me balance those priorities."

—Governor Bill Sheffield

Alaska Urged To Adopt Tighter Posture

Alaska Department of Revenue Commissioner Mary Nordale has warned that Alaska must prepare for a worst-case scenario where world oil prices drop to less than \$15 a barrel, causing state revenues to be slashed by hundreds of millions of dollars.

In an address before the Fifth Annual International Conference on Alaska's Resources in Anchorage last month, Nordale predicted that compounded problems the OPEC countries are now facing will lead to a further deterioration of oil prices.

The Alaska Department of Revenue has projected increases in Alaska oil production over the next five years, but because of falling world oil prices, oil revenues are not likely to rise in the short term. In the long run, prices are estimated to climb, but production will decline, resulting in no significant revenue growth for Alaska.

Nordale urged Alaskans not to raid the Permanent Fund to finance major projects. She said by the year 2000, Permanent Fund earnings are forecasted to exceed unrestricted revenues to the general fund. With oil revenues by 2000 predicted to be under a billion dollars annually, Permanent Fund earnings will make up over half of the total state revenues.

With overall revenues from current resources being significantly lower than what is received today, the Permanent Fund may be Alaska's major source of revenue by the late 1990s, Nordale said.

Nordale stressed that such a revenue picture gives the state and groups like the Resource Devel-

opment Council the impetus to plan for the development of other resources to take the place of lower oil revenues.

Governor Bill Sheffield told conference delegates that the cornerstone of his economic expansion strategy for Alaska calls for stabilizing state spending and increasing contributions to the Permanent Fund. He pointed out that economic expansion depends on the state's resource base, stable regulatory policies and a progressive tax code.

Calling state spending "the biggest single economic influence inside Alaska," Sheffield said declining oil revenues compel the state to develop a stable, long-term spending plan.

Sheffield re-emphasized his support for the export of Alaska oil and state assistance in building the transportation infrastructure to the Red Dog mine.

With a pending severe drop in state revenue sharing, Millett Keller, president of Common Sense for Alaska, urged borough and city governments to begin formulating budgets based on real wealth and less on unearned wealth of oil revenues.

With petroleum revenues peaking in the 1980s and a steady decline projected beyond, Keller said Alaska will experience an accelerated loss of revenues by the end of this decade, prompting a serious financial crisis.

At current rates of expenditure, Alaska is rapidly depleting its Prudhoe Bay oil wealth, and it has no equivalent asset to meet future needs. Keller said this issue must be dealt with at all levels of government, especially the local level where government



Governor Bill Sheffield spoke of cutting state spending and increasing Permanent Fund deposits at RDC's annual conference.

services have become heavily dependent upon state revenues.

"Local governments must position themselves now for a soft landing when the sharp cuts in state revenue sharing dollars occur," Keller said. "Communities must adjust to continuously declining revenues, avoiding runaway growth and spending."

Bridging the revenue gap with soaring increases in local taxes is not the answer, Keller warned, since such action would deter business investment and further darken the prospects for healthy economic development.

Self-supporting, economically stimulating projects must be given top priority over tax-supported public works projects, Keller said.

Harold Heinze, president of Arco Alaska, Inc., echoed Sheffield, Nordale and Keller in urging Alaska to exercise more caution in how it spends its revenues, and that any spending must fit the state's top priorities.

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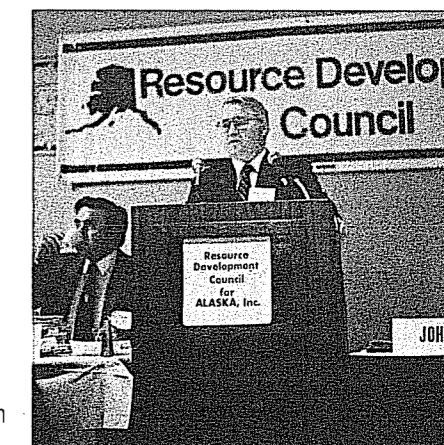
Jude Wanniski

Gold and Oil

Keynote speaker Jude Wanniski pointed out that falling oil prices are directly related to the drop in gold prices, the result of a mistake made by federal regulators who misjudged the consequences of severing U.S. currency from the gold standard. The economist predicted an economic boom in the coming years if gold prices are stabilized and tax rates are dropped to provide individuals and companies the incentives for exploration, production and growth.

Diversification

Allan G. Bleiken, General Manager of the Edmonton Economic Development Authority, reported on six major factors that greatly influence a region's attempts to diversify. He said demand for a product is the most important criteria. Others include labor, transportation, utilities and specialized financial services. Government policies also have a profound influence on investment location decisions.



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Community Leaders Applaud RDC For Building Momentum Toward Development

Community leaders from across Alaska applauded the Resource Development Council for its effort in building momentum toward creating a more active, vocal constituency for economic development.

In a debriefing meeting following the Fifth Annual International Conference on Alaska's Resources, mayors and city managers from Unalaska to Fairbanks believed the conference "built momentum toward this end and stimulated thought on ranking local projects toward economic needs," said Paula Easley, the Council's Executive Director. "Communities admitted having given too little effort to both before the conference," Easley said.

Communities have requested that up to four meetings be held during 1985 wherein the mayors or their representatives meet with the Council to discuss constraints towards economic expansion before the next RDC conference in 1986.

The mayors indicated at the debriefing meeting that they must work at their own level with their own community government and legislators if they are to make progress in these areas. They also requested Council help with resources and support in their efforts to convey the importance of wise spending decisions to elected representatives.

There was a large consensus at the debriefing that "there needs to be a process for ranking capital projects," Easley said. But, "there also is no quick and easy way of doing that ranking."

She noted that communities had their wish lists for the state legislature, but most had never looked at that list "from a point of view of what would sustain the local economy."

"So far the state legislature hasn't looked at Alaska's oil wealth with an eye to encouraging economic self-sufficiency," Easley pointed out. "Part of that is due to the fact that there has been no clear indication of what we want to do in our state."

However, the concept of declining oil revenues has begun to "sink in," and Alaska's communities are very concerned, Easley said. "They want more effort made in dealing with priorities and we'll work with them on it."

Regarding the conference objective of encouraging the formation of local economic development groups that would reach conclusions to economic goals, many community leaders felt they had good, dedicated people working in their economic development committees, but believed something was missing. Some officials felt their efforts at development had not been as productive as they could be and concluded that development committees or commissions had not been given a strong enough mandate. If a concerted effort for development and economic diversification were to take place, it was believed the development coordinators must get more in touch with the community and its leaders.

The community representatives indicated the conference also succeeded with another goal, generating awareness as to the need for major infrastructure investments to enhance development potential. Conference participants agreed to the need for infrastructure investments, but could not answer the key question of how does one convey this message to state leaders?

The objective of fostering a "we're in this together" attitude between communities was also met at the conference. Community leaders indicated they were part of various state and regional associations, but the conference had provided them for the first time a forum to address a large cross-section of Alaskans on their community needs and priorities. Through the conference program, these speakers not only discussed their own priorities and problems, but also learned much about what is happening in other communities.



Over a dozen community leaders met with RDC staff in a debriefing meeting following the conference. Pictured above are Fairbanks North Star Borough Mayor Bill Allen, Wrangell City Manager Jim Gove, Paul Fletcher, Alaska Department of Commerce and Economic Development, Kodiak Mayor John Pugh and Valdez Mayor John Devens. Below, Mac Hartley, with the mining division of Morrison-Knudsen Co., Boise, Idaho, joins Anita Williams and Mike Milhollin of M-K Engineers, Anchorage, in manning the company's exhibit at the Expo.



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We're In This Together

By the hundreds, they came to Anchorage. From Unalaska, Barrow, Kotlik, Napakiak, Egegik, Fairbanks and Kodiak, they came to share ideas. From Wrangell, Bethel, Aniak, Kaltag and Kotzebue they came to listen and solve problems.

No matter if they tended store in Sitka, fished in Bristol Bay or directed corporate affairs from a high-rise office suite in Anchorage, each had one thing in common:

Concern about diversifying their economies. Diversification was the dominant topic of the nearly 500 participants of the Resource Development Council's Fifth Annual International Conference on Alaska's Resources February 13-14 at the Anchorage Sheraton Hotel.

Community leaders from eighteen Alaska cities and boroughs made it clear that diversification of Alaska's local economies is essential to maintain present lifestyles while state oil revenues steadily decline.

Over half those attending the conference came from outside the Municipality of Anchorage to hear community leaders from the Aleutians to the North Slope discuss their economic priorities. In their presentations, community speakers demonstrated renewed determination to find some way of developing and marketing Alaska's extraordinary variety of natural resources. Each warned against dependence on one source of income for a community's well-being, whether that be fur, fish, timber, gold, oil or government.

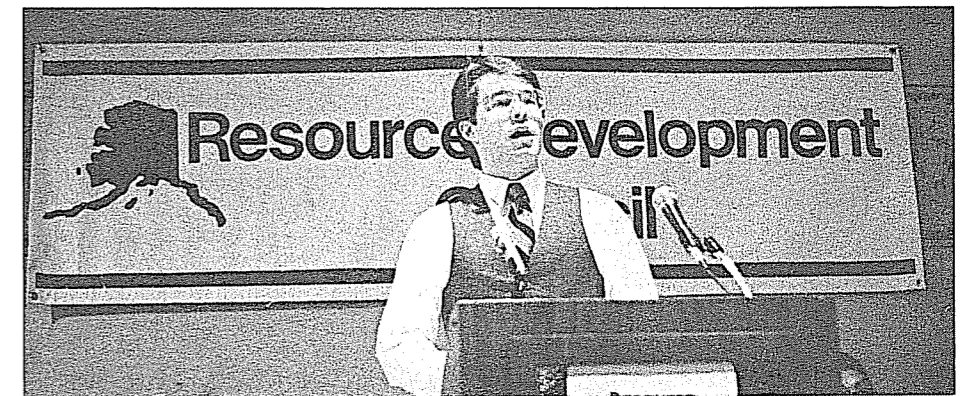
Not one speaker expressed satisfaction with being overly dependent on government spending. Nor were they pleased with the burden of idle resources, one that grows heavier as oil revenues decline.

In their presentations, they spoke for intelligent use of all the possibilities and the need for self-reliance and self-sufficiency. Despite falling state revenues, all were enthusiastic, optimistic and proud of their community's amenities and potential.

In addition to the eighteen community presentations, the conference agenda spotlighted other sessions to generate fresh thinking and innovative ideas in overcoming constraints to economic expansion. Specialized talent from Texas, Washington, D.C., New York, Canada and Alaska offered views and suggestions to the crucial issues before Alaska.

Yet most attending the conference agreed the 18 community presentations provided the big lift for the 1985 agenda and direction for the future.

In the end, communities found the common answer to their common problems was diversification. Each soon came to find that "we're all in this together."



Alaska Pacific Bank economist Scott Hawkins addressed "How Cities Grow" at the February conference.

Alaska Urged To Economize

(continued from Page 3)

Heinze invited Alaska to join the ranks of the oil companies and the OPEC nations in taking steps to economize in light of falling oil revenues. He stressed the time has now arrived for Alaska to adopt a tighter posture toward state spending.

The Arco chief pointed out that Alaska spends nearly \$5,000 for each state resident through its operating budget, compared to \$1,000 per person prior to the Prudhoe Bay bonanza. In two oil producing states similar to Alaska, California spends \$1,700 per capita compared to \$1,000 per capita in Texas.

Heinze said Alaska's figure was expected to be

higher, but such a wide difference indicates the state should be more prudent in its spending.

Since the economic engine that drives the state is powered by oil, Heinze said it is vital that Alaska seek to maintain the health of the petroleum industry.

"Given the necessary encouragement, both in terms of stable tax policies and reasonable regulatory climate, the petroleum industry can be expected to increase Alaska oil production over the next couple of years," Heinze said. But, first Alaska must make certain the industry has the incentive to continue to grow, the Arco president said.

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