



RESOURCE DEVELOPMENT COUNCIL

Growing Alaska through responsible resource development

2016 ANNUAL REPORT

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Resource Development Council



@alaskardc #akrdc2016

About RDC

RDC is a statewide association comprised of individuals and companies from Alaska's oil and gas, mining, forestry, 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 Staff

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Oil and Gas

A dramatic sunset over a vast body of water. The sky is filled with layers of clouds, illuminated from below by the setting sun, creating a rich palette of oranges, yellows, and reds. In the lower-left quadrant, an offshore oil rig is silhouetted against the bright horizon. The water in the foreground is calm, reflecting the warm colors of the sky.

Industry Fact

For the first time in more than a decade, oil production in Alaska increased year-over-year during the 12 months, ending March 2016.

Overview

For the first time since 2002, oil production in Alaska increased year-over-year (April 2015-March 2016). What is particularly noteworthy about the production increase is that it happened during a period of low oil prices. Despite that challenge, Alaska saw enough investment to realize the first production increase in almost 15 years, demonstrating that sustained decline can be reversed given the right investment climate. State of Alaska data shows nearly a one percent increase in average daily production over the 12 months to 512,456 barrels per day.

Alaska production has been in decline since 1988 when the state produced 25 percent of all U.S. oil. With the Trans-Alaska Pipeline now running at three-quarters empty, Alaska now accounts for approximately seven percent of domestic production.

It is not for a lack of resource that production has declined. With an estimated 50 billion barrels of conventional oil remaining to be developed on the North Slope and the Arctic Outer Continental Shelf (OCS), the resource is in place to re-fill the pipeline and recharge Alaska's economy. However, the majority of the remaining oil is located on federal lands and offshore areas where access has been hindered by federal policy, environmental litigation, or an ever-changing and complex regulatory

regime. On state lands, potential changes in tax policy and low oil prices could discourage future investment, leading to less investment and lower production.

Today, more than one-third of Alaskan jobs are tied to the oil and gas industry, which supports 110,000 jobs and \$6 billion in public and private sector jobs. The industry accounts for one-third of Alaska jobs and up to one-half of the overall economy when the spending of state revenues from oil production is considered.

RDC's Efforts

- Published editorials and launched other efforts opposing changes to current oil tax policy.
- Submitted comments on 2017-2022 Outer Continental Shelf leasing program and draft environmental impact statement.
- Testified in support of the Nanushuk project on Alaska's North Slope.
- Submitted comments on Arctic-specific OCS regulations.
- Supported the Development and Production Plan for the Liberty project.
- Opposed ANWR Wilderness lock-up.



- Opposed the proposed Waste Prevention, Production Subject to Royalties, and Resource Conservation Rule.
- Testified in support of Greater Mooses Tooth Unit 1 and 2 Projects in NPR-A.
- Supported AK LNG Project.
- Supported proposed Incidental Harassment Authorization in Cook Inlet
- Published Action Alerts and submitted comments on a wide range of other oil and gas issues.
- Featured updates on issues and projects in *Resource Review* newsletter and hosted public forums with presentations from oil industry executives across the state.
- Published background paper on the oil and gas industry at akrdc.org.

Mining

A photograph of two men in mining gear standing on a rocky, snow-dusted mountain slope. The man on the left is wearing a red safety vest over a brown jacket and blue jeans, holding a rock. The man on the right is wearing a brown jacket, dark pants, and brown boots, also holding a rock. In the background, there are large, jagged mountains covered in snow under a blue sky with scattered clouds.

Industry Fact

The average salary in the mining industry is more than \$100,000 annually.

Overview

Currently, there are six large producing mines in Alaska, and several more in either the exploration or permitting phase, as well as thousands of smaller operations throughout Alaska.

Mining in Alaska produces zinc, lead, gold, silver, coal, and construction materials such as sand and gravel. Alaska also contains many Rare Earth Elements, a much needed resource for the nation.

Mining is not the largest employer in Alaska, but the average salary is over \$100,000 per year, double the state average for all sectors. Mining contributes tens of millions to local governments, and over \$100 million to state government through royalties, rents, fees, and taxes.

Additionally, Alaska's mining industry provides payments to Alaska Native corporations, benefiting all Alaska Native Corporations and the over 220 village corporations across the state.

Money spent on development, such as mine construction and other capital investment has been significantly down from previous years, with exploration expenditures estimated to have been a recent year low.



However, mining continues to offer opportunities in communities where few or no other opportunities exist. Mining works for Alaska, and has, for over 125 years.



RDC's Efforts

- Urged members to testify or comment in support of the Donlin Gold LLC project during the Draft Environmental Impact Statement.
- Opposed the approval of In-stream Flow Reservations (IFR), and urged the State to improve and clarify the IFR process.
- Supported critical minerals access and legislation, as well as access for mineral exploration and development in the Bering Sea – Western Interior, Central Yukon, Gates of the Arctic, and Eastern Interior Resource

Management Plans and Areas of Critical Environmental Concern.

- Supported coal exploration and permits at Wishbone Hill, Chuitna Coal Project, and Healy Valley.
- Commented on the proposed Alaska Department of Natural Resources Water Regulations.
- Urged the Army Corps of Engineers to reject or reconsider its proposed methodology for wetlands mitigation.
- Commented in support of the Palmer Project in Southeast Alaska.
- Advocated for a fair process for the future project such as the Pebble Project, including discouraging the EPA from continuing the premature Bristol Bay Assessment.
- Featuring mining issues and projects in Resource Review newsletter and hosted public forums with presentations from mining industry executives across the state.
- Published background paper on the mining industry at akrdc.org.

Forestry

A photograph of a logging operation in a forest. In the foreground, a large black and yellow CAT excavator is positioned on a pile of logs and debris. To its right, a red skidder is also working with the logs. In the background, another yellow excavator is visible. The ground is covered with a layer of snow, and the forest consists of tall evergreen trees. The sky is overcast.

Industry Fact

More timber is now harvested on Native corporation land in Alaska than all federal and state land combined.

Overview

The Tongass National Forest is amending its 2008 land management plan to set in motion federal policy dictating an accelerated transition to a young growth forest management program, and to do it in a way that preserves a viable timber industry that provides jobs and opportunities for Southeast Alaska residents. Changes in the forest plan are also being made to make the development of renewable energy resources more permissible, including access and utility corridors to stimulate economic development.

Of the Tongass' 16.8 million acres, about 430,000 acres have been harvested over the past 100 years to produce home construction materials, musical instruments, and other wood products. Timber harvests have averaged 35 million board feet (mmbf) in recent years, after falling to a record low of 19 mmbf in 2007. Timber harvests peaked in the 1980s at 520 mmbf, a sustainable harvest level set by the Alaska National Interest Lands Conservation Act. Under the current forest plan, the harvest is capped at 267 mmbf.

In 2015, 38 mmbf of timber was harvested from the Tongass with an additional 32

mmbf on Native corporation land in Southeast Alaska, and 16 mmbf from the Southeast State forest. Elsewhere, 49 mmbf of timber was harvested on Native corporation land on Afognak Island and 3 mmbf on state lands throughout Southcentral Alaska.

The State of Alaska manages forests for multiple uses and sustained yield of renewable resources on 20 million acres of state land, including the Tanana Valley, Haines, and Southeast State Forests. The state conducts personal use, commercial timber, and fuel-wood sales. It emphasizes in-state use of wood for value-added processing.

Last year, the timber industry across the state supported more than 700 direct jobs, including service sector employment. The industry also supported more than 100 federal jobs last year.



RDC's Efforts

- Offered comments on the Tongass National Forest Land Management Plan Revision and Draft Environmental Impact Statement.
- Submitted comments on the Chugach National Forest Plan Revision.
- Joined other organizations in filing a lawsuit



challenging the new Forest Planning Rule.

- Commented on the Southeast State Forest Management Plan.
- Intervened in a lawsuit challenging the Big Thorne Timber Sale.
- Supported federal legislation authorizing states to select and acquire certain National Forest System lands to be managed and operated by the state for timber production and other multiple uses.
- Featured forestry issues and projects in *Resource Review* newsletter and hosted public forums with presentations from executives across the state.
- Published background paper on the forestry industry at akrdc.org.

Alaska Constitution:

Article VIII Section 4. Sustained Yield

Fish, forests, wildlife, grasslands, and all other replenishable resources belonging to the State shall be utilized, developed, and maintained on the sustained yield principle, subject to preferences among beneficial uses.

Industry Fact

Alaska is the top U.S. seafood producer, harvesting 5.7 billion pounds in 2014.

Fishing

Photo courtesy of Alaska Seafood

Alaska remains a global model of excellence in fisheries management. Alaska's state (0-3 miles offshore) and federal (3-200 miles offshore) water fisheries have been strictly regulated and monitored through Alaska Department of Fish and Game, the Board of Fish, and the North Pacific Fishery Management Council, (NPFMC) comprised of federal fisheries administrators, state fisheries agency personnel, and knowledgeable private citizens in the industry. Based on sound scientific research and analysis, the management practice proactively ensures the sustainability of fish resources and associated ecosystems for the benefit of future, as well as current generations.

The 'Alaska Seafood Brand' of being wild, sustainable, and of the highest quality distinguishes itself in the national and global markets, and ranks as the second most commonly specified brand on U.S. menus. In 2014, 5.7 billion pounds of seafood was landed in Alaska with a \$1.7 billion ex-vessel value; payment to commercial fisherman by the seafood processors. Globally, export markets are critical to the Alaska seafood industry, accounting for nearly two-thirds, just over \$2 billion, of sales.

Employment has steadily risen, providing over 63,000 direct seasonal and full-time jobs statewide. The seafood industry brought in

nearly \$130 million in revenue for state and local governments in 2014 and \$54.2 million in Fishery Business and Landing taxes were directly collected by or distributed to 65 communities and boroughs in Alaska.

The Alaska seafood industry has faced significant challenges recently, and will continue to face pressure in the coming year. Among the biggest concerns for the industry are flooded global markets, a strong U.S. dollar, increased labor costs, and an unstable tax regime.

Sportfishing in Alaska is a \$1.4 billion industry, directly and indirectly providing approximately 16,000 jobs statewide, \$545 million in income, and \$125 million in state and local taxes. Sport fishing remains an important recreational activity and economic driver to Alaska.

In 2015, 479,281 sport fishing licenses were sold in Alaska, generating \$19 million in net license sales overall. Forty percent of the sport fishing license purchases were by residents and 60 percent were by non-residents. Nearly 40 percent of adult Alaskans between the ages of 18 – 65 purchase a sport fish license and 52 percent of all households have a sport fishing license holder, which represent some of the highest rates in the nation. Alaska ranks fifth in national non-resident fishing destinations ranked by the number of visiting anglers.



RDC's Efforts

- Testified in opposition to tax increases on the fishing industry.
- Participated in the Western Governor's Association Endangered Species Act workshop.
- Submitted comments on the Draft Recovery Plan of the Cook Inlet Beluga Whale.
- Submitted comments and continued ongoing monitoring of various State of Federal agency efforts to circumvent the NPFMC process.
- Partnered with business organizations to encourage congressional oversight on federal implementation of National Ocean Policy.
- Participated in NPFMC meetings.
- Attended numerous forums on issues facing Alaska fisheries in the Pacific Northwest.
- Featured fishing issues and projects in the *Resource Review* newsletter, hosted public forums featuring fisheries presentations and published background paper on the fishing industry at akrdc.org.

TOURISM

A woman with glasses and a blue sweater is seen from the side, sitting inside a red bus. She is holding a smartphone up to take a picture of a red and white seaplane on a grassy bank next to a lake. The seaplane has 'STOL' on its tail and 'N756MP' on its side. In the background, there are mountains and a clear blue sky. The bus window is visible, framing the scene.

Industry Fact

In 2015, visitors spent \$1.8 billion in Alaska.

Overview

Alaska remains a premier destination among visitors from across the globe. The vastness and countless mountains, streams, lakes and acres of forests and tundra make Alaska a place where there is truly 'something for everyone.'

Approximately 2.07 million people visited Alaska in the year ending September 2015, up 7% from the previous year. About 86% of these visitors traveled during summer, and of all visitors, 48% arrived by cruise ship, 47% by air, and the remainder by highway or ferry.

Tourism continues to be a large private sector employer in Alaska, accounting for over 39,000 direct and indirect jobs. Tourism is a renewable resource with many opportunities yet to be discovered, and requires many full and part-time jobs.

Visitors not only require many people to maintain the businesses they visit, they spent \$1.94 billion during the study period last year. Visitors also pay bed taxes and in some places, sales taxes.

The tourism industry is made of several different components: cruise lines, air service, and highway/ferry traffic to Alaska. There are also thousands of businesses, many of which are small, family-owned, that depend on the



passengers coming to Alaska to take their tours, dine in their restaurants, and stay in their guest rooms.



RDC's Efforts

- Remained engaged with Alaska Alliance for Cruise Travel (AlaskaACT) and promoted its mission to advocate for a positive business environment for Alaska tourism.
- Engaged in tourism promotion to increase awareness of environmentally sound practices, such as wastewater treatment systems and recycling management.
- Alerted and encouraged membership to testify in opposition to industry tax increases.
- Featured tourism articles on issues and news in the *Resource Review* newsletter, and hosted public forums featuring tourism presentations by executives around the state.
- Supported equitable environmental laws for the tourism industry.
- Published background paper on the tourism industry at akrdc.org.
- Supported increased access and infrastructure for tourism across the state.

- **View action alerts and comment letters**
- **Access industry overviews**
- **Be in the know on RDC events**
- **Watch presentations**
- **View corporate and individual members**
- **View RDC board and staff**
- **Read RDC newsletters back to 1978**
- **Look over RDC policy positions**
- **See RDC's involvement in legislative issues**

All this, and more at akrdc.org.



The RDC board and staff continues its active engagement in Juneau each session and special session, testifying and providing written comments on a number of bills. In addition, staff submitted policy positions, and multiple letters regarding the fiscal crisis and other specific legislation, all of which may be found online:

- Oppose HB4005/HB4006 – Pertaining to Mining/Fishing Industry Taxes
- Oppose HB249 – Omnibus tax bill: Motor fuel, Mining, and Fishing
- Oppose HB247/SB130: Oil Tax Bill
- Support SB32 – State Timber Sales
- Oppose HB253 – Mining Tax Bill
- Letters regarding Alaska's fiscal crisis

RDC urged Governor Bill Walker and legislators to achieve a long-term fiscal plan, including efforts to limit unrestricted General Fund spending to a sustainable level. While RDC did not support specific legislation related to the Permanent Fund, it did support some use of the Permanent Fund earnings as part of a fiscal solution.

- Alaska Business Report Card – Visit alaskabusinessreportcard.com



Other issues

Waters of the U.S. Rule (jurisdictional wetlands) • Wetlands compensatory mitigation
AK LNG Project • ESA listings and critical habitat designations • National Ocean Policy
Coastal and Marine Spatial Planning • Health Impact Assessments
Arctic ringed seal • Wood bison • Sustainable fishery management and certification
Multi-sector General Permits • Anti-degradation implementation regulations
State Long-term Energy Plan • Arctic Policy Commission Preliminary Report
Susitna-Watana • Izembek Land Exchange • Cook Inlet Beluga Whale Draft Recovery Plan
National Forest System land management • Resource Conservation Rule • Arctic Infrastructure

Visit akrdc.org for updates on these and other important issues

Events

Annual Meeting – June 2015

The 40th Annual Meeting featured keynote speaker U.S. Senator Lisa Murkowski, and guest speaker U.S. Senator Dan Sullivan. This well-attended event was sponsored by over 130 Alaska companies supporting RDC's efforts to responsibly develop Alaska's natural resources.



Community Outreach Trip – August 2015

RDC board members, staff, and guests traveled to the Interior for a mining and tourism focused trip, with a community reception held at the Doyon Limited headquarters. Near Fairbanks, the group toured the gold producing Kinross-Fort Knox Mine and visited the historic Goldstream Dredge 8, an attraction that informs visitors about the early mining days of Alaska. On day two, a visit to the Sumitomo Metal Mining Pogo gold mine southeast of Fairbanks gave trip participants an impressive up-close look at how an underground mine operates. A tour of the Mining and Petroleum Training Service facility near Delta and a visit to Superior Pellet Fuels in North Pole rounded out a very busy and informative Outreach Trip.

Alaska Resources Conference – November 2015

The 36th Annual Conference, attended by over 1,000 people, featured 30 speakers from across Alaska's resource sectors. The Governor, legislators, state and federal agency officials, industry representatives and students attended two days of panel sessions, a multi-industry trade show, and a VIP reception open to all attendees.

Legislative Fly-in to Juneau – January 2016

RDC board members and staff traveled to Juneau and met with the Governor, legislators, and administration officials to discuss issues affecting RDC members. The two-days of meetings and a reception were well attended by policy makers.

Women in Resources – February 2016

Women RDC board members hosted the 12th annual reception in Juneau. Women legislators, administration officials, business leaders, and policy makers, as well as First Lady Donna Walker attended the event, recognizing Women in Resources.

Breakfast Meetings – September to May

Breakfast forums on the first and third Thursday of the month feature current events and topics, including project updates and renewable energy projects, legislative presentations, industry updates, and more.

