

**CITY OF CRAIG
COUNCIL AGENDA
OCTOBER 4, 2018
COUNCIL CHAMBERS 7:00 PM**

ROLL CALL

Mayor Tim O'Connor, Dave Creighton, Jim See, Julie McDonald, Mike Douville, Jan Trojan

CANVASS ELECTION

- Chief Election Judge Recommendations on Questioned Ballots (c.c. approves)
- Tally of valid absentee and questioned ballots
- Certify Election

CONSENT AGENDA

Items listed below will be enacted by one motion. If separate discussion is desired on an item, that item may be removed and placed on the regular meeting agenda.

- City Council Meeting Minutes of August 2nd, 2018
- City Council Meeting Minutes of September 20th, 2018

HEARING FROM THE PUBLIC

- Open for public comment
- Resolution 18-18, Pay Scale Adjustment

REPORTS FROM CITY OFFICIALS

Mayor
Administrator
Treasurer
Aquatic Manager
City Clerk
City Planner
Fire/EMS Coordinator
Harbormaster
Library
Police Chief
Public Works
Parks and Rec
Parks and Public Facilities

READING OF CORRESPONDENCE

- Southeast Alaska By the Numbers
- Federal Subsistence Regional Advisory Council Membership App
- Letter of Support-Klawock Airport Plowing
- Financial Report from POW Arts Extravaganza

CONSIDERATION OF RESOLUTIONS AND ORDINANCES

- Resolution 18-18, Pay Scale Adjustment

UNFINISHED BUSINESS

**CITY OF CRAIG
COUNCIL AGENDA
OCTOBER 4, 2018
COUNCIL CHAMBERS 7:00 PM**

- Roadless Rule Letter/information

NEW BUSINESS

- Consider Limited Engineering Services Contract
- Request for Letter of Support-POW Native Plant Materials Center

ADJOURNMENT

City of Craig Memorandum

Date: October 3, 2018
To: Mayor and City Council
From: Kassi Mackie, City Clerk
Re: Election Results and clerk's recommendations for questioned ballots

321 votes were cast in the 2018 municipal election. There are 880 registered voters in Craig putting the turnout at approximately 36%, which is the highest voter turnout in the last five years. 2017 had 303 votes cast, 2016 had 126 votes cast, 2015 had 206, 2014 had 176, and in 2013 there were 206.

Karen Coffey, Sarah Altland and Amy Hjort were wonderful as always. I am grateful to have them working elections with me.

Voted ballots on election day	253
Voted absentee by mail ballots	13
Absentee by mail ballots not returned	3
Vote by representative	2
Voted absentee in person	46
Voted a questioned ballot	3
<u>Spoiled ballots</u>	<u>4</u>
 TOTAL VOTES CAST	 321

The final count can be found on the attached "Unofficial Results" sheet.

From the Craig Municipal Election of October 2nd, there were three questioned ballots to consider.

2.12.030 Voter qualifications.

A person may vote at any city election who:

- A. Has passed his eighteenth birthday;
- B. Has been a resident of the state for at least 30 days before the election;
- C. Has been a resident of the city for at least 30 days immediately preceding the election, and has been a registered voter with a residence address within the city for at least 30 days immediately preceding the election;
- D. Is a citizen of the United States;
- E. Is not disqualified from voting under Article V of the State Constitution; and
- F. Is registered to vote in state elections.

One of the questioned voters was registered in Ketchikan on election day. Another questioned voter was registered in Fairbanks until September 6th of this year, when the voter updated their registration to Craig. However, this update was not made 30 days prior to the election, therefore would not meet the criteria for voting in the municipal election. The final questioned ballot was executed by a voter not previously registered. Therefore, I would recommend that all questioned ballots not be counted.

1st Recommended Motion: move to reject all questioned ballots.

2nd Recommended Motion: After the final tally of absentee and special needs ballots, move to certify the election.

CERTIFICATE OF RETURNS
CITY OF CRAIG
MUNICIPAL ELECTION OCTOBER 2, 2018

UNOFFICIAL RESULTS

CITY COUNCIL (2) THREE-YEAR TERMS

150 Hannah Bazinet 135 Chanel McKinley
128 Jim See
6 Write-in

CITY COUNCIL (1) ONE-YEAR TERM


179 Michael Douville
43 Write-in

SCHOOL BOARD (1) THREE-YEAR TERM

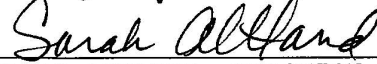
100 Randee Taylor 125 Joel Steenstra
4 Write-in

Proposition 1


51 Yes
200 No




AMY HJORT, ELECTION JUDGE



SARAH ALTLAND, ELECTION JUDGE



KAREN COFFEY, ELECTION JUDGE



KASSI MACKIE, CITY CLERK

ROLL CALL

Mayor Tim O'Connor called the meeting to order at 7:00 p.m. and the roll was taken. Present were, Jan Trojan, Don Pierce, Jim See and Mike Douville. Absent excused was Dave Creighton and Julie McDonald.

Staff present: Jon Bolling, City Administrator; Kassi Mackie, City Clerk; Joyce Mason, Treasurer; Brian Templin, City Planner; Jessica Holloway, Aquatic Center Manager; Hans Hjort, Harbormaster; Chaundell Piburn, EMS Coordinator; Angela Matthews, Librarian; Russel Dill, Public Works Director; Victoria Merritt, Recreation Director; RJ Ely, Police Chief; Doug Ward, Parks and Public Facilities Director

Audience present: Jeff Lundberg, Lisa Radke, Andy Deering and Beverlee Tyner

CONSENT AGENDA

City Council Meeting Minutes of June 21, 2018
Introduction and First Reading of Ordinance 713, Changes to the Sales Tax Code
Introduction and First Reading of Ordinance 714, FY18 Supplemental Budget

PIERCE/DOUVILLE moved to approve the consent agenda.
MOTION CARRIED UNANIMOUSLY

HEARING FROM THE PUBLIC

- Resolution 18-16, Authorizing the Exemption of Seasonal Employees from Participation in the State of Alaska Public Employee Retirement System

Beverlee Tyner was present to discuss the possible sales tax increase proposed by ordinance. Beverlee is in support of the ordinance but believes the council should increase the rate by 1.5% with the additional revenue going to city infrastructure, such as harbors.

Jeff Lundberg reported on the cost recovery efforts that ended yesterday. The recovery brought in 1,884 chinooks equaling \$23,500. It will be fall before the numbers are in for the return this year. Jeff believes that the return numbers are on an upward trend, and 2020 should be a better year for returns.

Mike Douville would like to see the email with rationale for repealing property tax provided by Lisa Radke and Andy Deering.

REPORTS FROM CITY OFFICIALS

Mayor/Fire Department- Mayor O'Connor has been busy with the commercial fishing season.

Administrator- Jon provided a written report and commented that Marko Scheer will be providing rides and tours to the proposed aquafarm site through the weekend.

Treasurer- Joyce provided a report outlying the sales tax returns. Transient tax is also included in the report.

Aquatic Manager- Jessica provided a report.

City Clerk- Kassi reminded the council of the upcoming meeting date and filing period for declaration of candidacy forms.

City Planner- Brian provided a written report.

EMS Coordinator- Chaundell reported attending a training recently. Chaundell will provide a full report to the council at the next meeting. AED Training with staff is upcoming.

Harbormaster- Hans provided a written report and reported working to repair the boat haul-out machine.

Library- Angela has been working on the summer reading program, which will be closing soon. There has been a good turn out for this.

Police Chief- RJ provided a written report and has a new employee who has been working diligently to complete training.

Public Works- Russell provided a written report.

Parks and Rec- Victoria provided a written report. The swap meet has been postponed due to the high number of events happening in the same weekend. Soccer has begun, and volleyball open gym is back. The Salmon Derby Social is taking place towards the end of the month.

Parks and Public Facilities- Doug provided a written report.

READING OF CORRESPONDENCE

- APCM June Report
- Southeast Conference Draft Meeting Agenda
- Public Notice Shaan Seet Marine Access Facility

CONSIDERATION OF RESOLUTIONS AND ORDINANCES

Resolution 18-16, Authorizing the Exemption of Seasonal Employees from Participating in the State of Alaska Public Employees Retirement System

PIERCE/TROJAN

moved to approve Resolution 18-16.

MOTION CARRIED UNANIMOUSLY BY
ROLL CALL VOTE

UNFINISHED BUSINESS

NEW BUSINESS

Consider Adoption of the Craig Multi-Hazard Mitigation Plan

PIERCE/DOUVILLE

moved to adopt the Craig Multi-Hazard
Mitigation Plan.

MOTION CARRIED UNANIMOUSLY

ADJOURNMENT

TROJAN/DOUVILLE

moved to adjourn at 8:08 p.m.

MOTION CARRIED UNANIMOUSLY

APPROVED _____

MAYOR TIMOTHY O'CONNOR

ATTEST _____
KASSI MACKIE, CITY CLERK

CITY OF CRAIG
COUNCIL MEETING
THURSDAY SEPTEMBER 20, 2018

ROLL CALL

Mayor Tim O'Connor called the meeting to order at 7:00 p.m. and the roll was taken. Present were, Jan Trojan, Dave Creighton, Julie McDonald, Jim See and Mike Douville. Absent excused was Don Pierce.

Staff present: Jon Bolling, City Administrator; Kassi Mackie, City Clerk; Joyce Mason, Treasurer; Brian Templin, City Planner; Jessica Holloway, Aquatic Center Manager; Hans Hjort, Harbormaster; Chaundell Piburn, EMS Coordinator; Angela

Audience present: Jeff Lundberg, Lisa Radke, Andy Deering and Beverlee Tyner

CONSENT AGENDA

City Council Meeting Minutes of June 21, 2018
City Council Meeting Minutes of July 18, 2018

DOUVILLE/TROJAN

moved to approve the consent agenda.

MOTION CARRIED UNANIMOUSLY

HEARING FROM THE PUBLIC

- Public Hearing & Resolution 18-17 CDBG Application
- Final Reading and Public Hearing of Ordinance 713, Increasing Sales Tax Rate
- Final Reading and Public Hearing of Ordinance 714, FY18 Supplemental Budget

Brian Templin held a public hearing and community meeting on Resolution 18-17, Community Development Block Grant application for the City of Craig.

Brian explained the grant process and requirements, and funding categories, and the harbor development project that would fit this grant application. Brian asked for public and council input on other potential projects for the city.

Andy Deering asked about utilizing the grant to maintain current harbor facilities. Brian explained that the grant guidelines wouldn't permit such an application. Mike Douville asked whether this grant application was annual. Brian explained that although this is an annual grant, some years the City of Craig is ineligible to apply based on numbers. Lisa Radke asked about the possibility of using the grant funding for a Wastewater Treatment Plant generator. Brian expressed that the generator cannot be hardwired, it must be mobile. There were no other public comments.

REPORTS FROM CITY OFFICIALS

Mayor/Fire Department- Mayor O'Connor reported attendance at Southeast Conference that was very productive.

Administrator- Jon provided a written report and also attended Southeast Conference which was very pertinent to ongoing projects and upcoming issues. Jon will provide a full report in the upcoming council packet.

Treasurer- Joyce provided two reports and mentioned that the PERS representative for the State will be presenting at City Hall tomorrow for anyone interested.

Aquatic Manager- Excused.

City Clerk- Kassi reported on the upcoming Municipal Election scheduled October 2, 2018.

City Planner- Brian provided a written report.

EMS Coordinator- Chaundell provided a written report.

Harbormaster- Hans provided a written report.

Library- Angela provided a written report but was absent from the meeting.

Police Chief- RJ provided a written report and was excused.

Public Works- Russell provided a written report.

Parks and Rec- Victoria was absent.

Parks and Public Facilities- Doug provided a written report.

READING OF CORRESPONDENCE

- APCM July Report
- APCM August Report
- McDowell Group Report on SSRAA
- Rotary Club POW
- MCB Public Notice-Onsite Consumption
- Street Lights-Web Loft
- Roadless Rule NOI
- HOPE Request Letter
- Craig Waverunners

Jim See would requested to pull the MCB Public Notice letter and Web Loft Street Lights for further discussion under New Business.

CONSIDERATION OF RESOLUTIONS AND ORDINANCES

Resolution 18-17, CDBG Application

SEE/MCDONALD

moved to approve Resolution 18-16.
MOTION CARRIED UNANIMOUSLY BY
ROLL CALL VOTE

Ordinance 713, Increasing Sales Tax Rate

DOUVILLE/CREIGHTON

moved to adopt Ordinance 713, Increasing
Sales Tax Rate.
MOTION CARRIED UNANIMOUSLY BY
ROLL CALL VOTE

Ordinance 714, FY18 Supplemental Budget

PIERCE/TROJAN

moved to adopt Ordinance 714, FY18
Supplemental Budget.

Jim See would like to sponsor the Resolution in support of a 1% pay increase for employees to be brought forth at the next council meeting.

MOTION CARRIED UNANIMOUSLY BY
ROLL CALL VOTE

UNFINISHED BUSINESS

Salmon Disaster Fund Update

Jon submitted comments to the State of Alaska during the commenting period for this item and allowed for additional comments from the council after this meeting. The council had nothing to add.

NEW BUSINESS

Consider Approval, 2018 Municipal Election Workers

SEE/DOUVILLE

moved to appoint A. Hjort, S. Altland, and
K. Coffey and alternate K. Mackie as 2018
Municipal Election Workers.
MOTION CARRIED UNANIMOUSLY

Consider Approval, Renee Williams Vehicle for Hire Application

DOUVILLE/MCDONALD

moved to approve Renee Williams Vehicle
for Hire Application contingent on
agreement of business hours, proof of
vehicle insurance, and vehicle inspection by
Shaub Ellison.
MOTION CARRIED UNANIMOUSLY

Consider Development of Public Information Sheet re: Property Tax Referendum

The council was satisfied with the newsletter information. Jan Trojan and Julie McDonald asked about the possibility of including opposing viewpoints. Kassi will research how to do so prior to the next election which will include the sales tax increase.

Consider Formation of Community Economic Development Strategy

DOUVILLE/TROJAN

moved to direct staff to form the 2018 Community Economic Development Strategy Committee as part of the Comprehensive Plan.

MOTION CARRIED UNANIMOUSLY

Consider award of contract for Web Site Design and Management Services

DOUVILLE/TROJAN

moved to direct staff to accept Municode's proposal for development and hosting of a new website for the City of Craig at an initial cost not to exceed \$10,100 including the first year's annual fee. I further move to direct staff to appropriate an additional \$7,600 for this purpose.

MOTION CARRIED UNANIMOUSLY

Consider Resignation of Don Pierce from the Craig City Council

SEE/DOUVILLE

moved to accept Don Pierce's resignation from the Craig City Council effective August 31st, 2018.

MOTION CARRIED UNANIMOUSLY

Web Loft Lights

Jon will work with staff to compile information on costs for installation of street lights at the Web Loft.

MCB Onsite Consumption

Jim See would like for the council to send a letter of opposition to the Marijuana Control board considering this letter. The council decided no action was warranted, as the City has adopted regulations prohibiting public consumption.

ADJOURNMENT

DOUVILLE/TROJAN

moved to adjourn at 9:00 p.m.
MOTION CARRIED UNANIMOUSLY

APPROVED _____

MAYOR TIMOTHY O'CONNOR

ATTEST

KASSI MACKIE, CITY CLERK

**CITY OF CRAIG
MEMORANDUM**

To: Craig City Council
From: Jon Bolling, City Administrator
Date: September 28, 2018
RE: Resolution 18-18

Attached you will find Resolution 18-18. The resolution implements the one percent cost of living adjustment to the city's pay schedule.

This resolution follows discussion by the budget committee during the FY2019 budget development process earlier this year.

Recommendation

Adopt Resolution 18-18.

Sponsor: Councilman Jim See

**CITY OF CRAIG
RESOLUTION 18-18**

**AMENDING THE CITY OF CRAIG FISCAL YEAR 2019 BUDGET TO
INCLUDE A ONE PERCENT (1%) COST OF LIVING ADJUSTMENT FOR
ALL FULL TIME AND PART TIME CURRENT EMPLOYEES.**

WHEREAS, the City of Craig adopted ordinance 711, City of Craig 2019 Operating Budget as of June 7, 2018; and,

WHEREAS, the cost of living adjustment was not included in the budget and this resolution will add the cost of living adjustment to each departments' personnel budget for the aggregate amount of \$36,263.00,

WHEREAS, the City of Craig will revise the pay grade schedule to reflect this one percent increase in salaries and wages for the employees of the city.

NOW, THEREFORE BE IT RESOLVED that the Craig city council amends the Fiscal Year 2019 budget to include the one percent (1%) cost of living adjustment for all full time and part time employees and adopts the pay grade schedule attached to this resolution.

BE IT FURTHER RESOLVED that the effective date of this action is July 1, 2018.

PASSED AND APPROVED by a duly constituted quorum of the city council this 4th day of October 2018.

MAYOR TIM O'CONNOR

KASSI MACKIE- CITY CLERK

**City of Craig Classification Pay Plan
City Council Resolution 18-18**

Grade	Wage (FY14 Rate)	Position Title	Dept. Manager	Supervisor	Salary/ Hourly
1	\$10.66 to \$14.13	Janitor			H
		Park Assistant			H
		Library Clerk I			H
		Life Guard I			H
		ETT I			
		Cashier I			H
		Receptionist I			H
2	\$14.14 to \$17.16	Cashier II			H
		Dispatcher Fill-In			H
		Dispatcher Recruit			H
		EMT I			
		Harbor Billing Clerk I			H
		Harbor Laborer I			H
		Library Clerk II			H
		Assistant Harbormaster I			H
		Life Guard II			H
		Receptionist II			H
		Public Facilities Laborer I			H
		Utility Worker I			H
3	Hourly \$17.17 to \$20.19	Accounting Clerk I			H
		Aquatic Manager I	Y		H
		Cashier III			H
		EMS Coordinator I	Y		H
		EMT II			
		Equipment Operator Training			H
		Harbor Billing Clerk II			H
		Harbor Laborer II			H
		Assistant Harbormaster II			H
		Head Lifeguard I			H
		Librarian I	Y		S
		Library Clerk III			H
		Lifeguard III			H
		Police Dispatcher I			H
		Police Officer Recruit			H
		Public Facilities Laborer II			H
		Receptionist III			H
		Recreation Director I	Y		S
		Water/Sewer Oper Train			H
		Utility Operator II			H
	Salary \$35,713.60 to \$41,994.99				

**City of Craig Classification Pay Plan
City Council Resolution 18-18**

Grade	Wage (FY14 Rate)	Position Title	Dept. Manger	Supervisor	Salary/ Hourly
4	<i>Hourly</i> \$20.20 to \$23.22 <i>Salary</i> \$42,016.00 to \$48,297.39	Accounting Clerk II			H
		Aquatic Manager II	Y		S
		City Clerk I			H
		EMS Coordinator II	Y		H
		EMT III			
		Equipment Operator I			H
		Assistant Harbormaster III			H
		Head Lifeguard II			H
		Librarian II	Y		H
		Planner I	Y		H
		Police Dispatcher II			H
		Police Officer I			H
		Public Facilities Asst II			H
		Utility Operator III			H
Water/Sewer Oper I			H		
5	<i>Hourly</i> \$23.21 to \$26.21 <i>Salary</i> \$48,276.80 to \$54,516.80	Accounting Clerk III			H
		Aquatic Manager III	Y		S
		City Clerk II			H
		Equipment Operator II			H
		EMS Coordinator III	Y		H
		Harbormaster Assistant IV			H
		Harbormaster I	Y		S
		Head Lifeguard III			H
		Park/PF Manager I	Y		S
		Planner II	Y		S
		Police Dispatcher III			H
		Police Officer II			H
		Public Facilities Asst III			H
		Utility Operator IV			H
Water/Sewer Oper II			H		
6	<i>Hourly</i> \$26.26 to \$29.28 <i>Salary</i> \$54,620.80 to \$60,902.19	Aquatic Manager IV	Y		S
		Dispatcher V			H
		Equipment Oper III			H
		Harbormaster II	Y		S
		Planner III	Y		S
		Police Dispatcher IV			H
		Police Officer III			H
		Police Sergeant I			H
Water/Sewer Oper III			H		

**City of Craig Classification Pay Plan
City Council Resolution 18-18**

Grade	Wage (FY14 Rate)	Position Title	Dept. Manger	Supervisor	Salary/ Hourly
7	Hourly \$29.29 to \$32.31 Salary \$60,923.20 to \$67,204.59	Aquatic Manager V	Y		S
		City Clerk III			S
		Equipment Oper IV			H
		Harbormaster III	Y		S
		Parks/PF Manager II	Y		S
		Treasurer I	Y		S
		Chief of Police I	Y		S
		Police Sergeant II			H
		Public Works Director I	Y		S
8	Hourly \$32.32 to \$35.34 Salary \$67,225.60 to \$73,506.99	Chief of Police II			S
		City Clerk IV			S
		Parks/PF Manager III	Y		S
		Planner IV	Y		S
		Public Works Director II	Y		S
		Treasurer II	Y		S
		Police Sergeant III			H
9	Hourly \$35.35 to \$38.37 Salary \$73,528.00 to \$79,809.39	Treasurer III	Y		S
		Chief of Police III	Y		S
		Public Works Director III			S
10	Hourly \$38.38 Salary \$79,830.40	Chief of Police IV	Y		S
		Treasurer IV	Y		S
		Public Works Director IV	Y		S
Contractual		City Administrator	Y		S
Temporary Construction	\$10.00 \$45.00	Laborer			H
		Carpenter			H
		Steelworker			H
Piece Rate	\$25.00 \$30.00 \$35.00				
		EMS Driver			Per Call
		EMS EMT1			Per Call
		EMS EMT2			Per Call

CITY OF CRAIG MEMORANDUM

To: Craig City Council
From: Jon Bolling, City Administrator
Date: September 28, 2018
RE: October Staff Report

1. Summary of Southeast Conference Annual Meeting

Tuesday, September 11

I took the ferry to Ketchikan with a city vehicle. Upon arrival, I delivered a full load of aged city documents to Awesome Shredding for processing.

I then met with Mr. Trevor Sande of R&M Engineering to inspect a wood boiler that the company owns, to determine if the boiler components might fit into plans that the Craig City School District has to analyze the benefits of installing a wood fired boiler at the high school. The conex container-based assembly is designed wood pellet use, and is apparently convertible into a chip burning unit. The equipment included the boiler, feed conveyance system, controls, exhaust, and other components divided between three containers. While at R&M's offices, I walked through the company's wood pellet-making equipment and discussed the Ketchikan-area pellet market with Mr. Sande.

After spending time at the Ketchikan Public Library, I met Mayor O'Connor at Taquan Air, and made plans to meet up the next day.

Wednesday, September 12

Mayor O'Connor and I drove to the Ted Ferry Civic Center to attend the first day of the Southeast Conference annual meeting. A summary of some of the agenda items is below.

- a. Energy. Hydroelectric licensing and projects dominated this discussion. A representative from the National Hydropower Association talked about the permitting process for hydroelectric projects nationwide, primarily as to the association's efforts to streamline licensing and permitting tasks. The director of the Alaska Energy Authority spoke to the authority's array of energy programs in Alaska, some of which the City of Craig has benefitted from. Ms. Karen Petersen and Ms. Devany Plentovich presented information on wood heating programs and projects around Southeast Alaska, and statewide.
- b. Governor Walker comments. Governor Bill Walker addressed the group. He stressed the need for affordable energy in Southeast communities, and touched in his administration's efforts to modify the US Forest Service Roadless Rule. He also talked at some length about manufacture of products in Alaska, and about new mariculture opportunities.
- c. Report from Federal Delegation Staff. Ms. Lucy Murfitt and Mr. Brian Hughes from the US Senate Energy and Natural Resources Committee reported on efforts between the US Forest Service and State of Alaska to modify application of the roadless rule in Alaska. They pair also noted efforts by Congressman Don Young to repeal application of the rule in Alaska, and pending litigation in federal district court in Washington DC regarding application of the rule in the state.

- d. Governor Candidate Forum. Governor Walker returned to the speaker's table and was joined by Mark Begich and Mike Dunleavy, all candidates for governor. The trio responded to questions from the forum moderator regarding state funding, state services, Ballot Measure One, the Alaska Marine Highway System, and other regional and statewide topics.
- e. Southeast by the Numbers. Ms. Meilani Schijvens of Rain Coast Data made her annual presentation on the Southeast Alaska economy. A copy of her publication is included in the council's October 4 packet under Reading of Correspondence. She was followed by Alaska Department of Commerce, Community & Economic Development Commissioner Mike Navarre, who stressed the need to avoid passing costs from the state level down to Alaska communities.
- f. Timber Industry Session. Mr. Chris French from the US Forest Service Washington DC office addressed the conference as to the start of Forest Service/State of Alaska efforts to modify application of the Roadless Rule to the Tongass National Forest, and other planning projects. Following this presentation, Ms. Christine Klein from the University of Alaska Lands Office discussed her organization's efforts to coordinate timber harvest with adjacent property owners around Southeast Alaska, in particular on Kosciusko Island.

At 3:30, Mayor O'Connor and I drove to the offices of the Southeast Regional Aquaculture Association to discuss future cost recovery efforts at Port St. Nicholas. With SSRAA's release of some 225,000 king salmon smolts into PSN this year, and the possibility of the group continuing to release fish at PSN beyond that supported by the City of Craig, there may be a need to coordinate our separate cost recovery efforts beginning in about 2021.

Thursday, September 13

Mayor O'Connor and I arrived at about 7:30 a.m. After discussing casting the city's ballot for the SEC Board of Directors candidates, the day's sessions began.

- a. Alaska Marine Highway System. Commissioner Mark Luiken of Alaska DOT/PF, Alaska Marine Highway System Executive Director Shirley Marquardt, and AMHS General Manager Capt. John Falvey all presented on various activities with the AMHS. Perhaps the most surprising component of this session is the announcement that AMHS plans to add crew quarters to the new Alaska Class ferries now under construction. One of those two ferries is about 95 percent complete, while the second is still under fabrication at the shipyard in Ketchikan. The effort underway to change the AMHS to a public corporation was also discussed at some length.
- b. Mining. Ms. Deantha Crockett of the Alaska Miners Association touched on mining exploration and production activity in Southeast Alaska. She also noted exploration work underway at the Dawson Mine in Hollis. As to POW Island, it is my understanding that UCore, the company active at the Dotson Ridge rare earth element site near Bokan Mountain, is busy planning for a materials sorting facility to be built in Ketchikan.
- c. Visitor Industry. A representative of the Alaska Cruise Line Association reported that the industry expects to see even more cruise ship passengers travel to Southeast Alaska in 2019, topping 1.2 million visitors. These visitors will come on the new class of larger cruise ships. I am also told that the cruise season in Ketchikan will stretch into April and October.

- d. Sealaska Update. Ms. Jaeleen Kookesh of Sealaska Corporation discussed the corporation's logging efforts for 2018. The company expects to harvest between 40 and 60 mmbf of timber during the year. Sealaska also continues to advocate for approval from Congress of a bill that would create or change land selection options in the region. The City of Craig commented some months ago on this same legislation, asking Sen. Murkowski to reconsider some of the changes proposed in the legislation.
- e. Oil and Gas. Both the president of the Alaska Gasline Development Corporation (a State of Alaska public corporation) and a representative from ConocoPhillips Alaska addressed the assembly on the merits of construction of a natural gas pipeline from the Alaska North Slope to Nikiski.
- f. Seafood. Mr. Steve Reifentstahl of NSRAA briefed the group on his organization's hatchery production, and highlighted the success of the chum salmon fishery at Crawfish Inlet on Baranof Island. It is my hope that the Craig area will enjoy similar success with the nascent release of chum salmon at Port Asumcion. During his presentation, Mr. Reifentstahl noted that wild and hatchery salmon in Southeast account for about two percent of the krill/plankton biomass predation. He was followed by the director of the Alaska Seafood Marketing Institute, who discuss his agency's efforts to increase demand for Alaska seafood in domestic and international markets. Finally, Ms. Julie Decker of the Alaska Fisheries Development Foundation presented on kelp and shellfish mariculture development efforts around Southeast Alaska, including the site proposed for Doyle Bay near Craig.
- g. Legislative Candidates Forum. Candidates for various Alaska House of Representatives seats took questions from the audience during this hour long session. A state fiscal plan and balanced budget featured prominently.
- h. Telecommunications Panel. This group discussed cellular telephone and internet services around Southeast Alaska. A representative from AT&T told the group that LTE-level cell phone service will come to Craig in the next year or so, an upgrade from the current nominal 4G service. Mr. Tom Brady from Microcom reported on his company's efforts to develop a series of low earth orbiting satellites to provide communications alternatives for remote sites around Alaska.

Friday, September 14

Friday morning offered a series of concurrent meetings. I attended the meeting of the Southeast Alaska Solid Waste Authority, of which the City of Craig is a member. The group discussed follow up on the recent scrap metal collection effort, made under contract with Waste Management, Inc. Following that discussion, the membership considered options for addressing how best to manage grant funding available to SEASWA from the State of Alaska.

The authority also heard comments from a representative of the City and Borough of Sitka about their interest in formally joining the authority. The community also expressed its need for a new baler, a need also shared by Thorne Bay, Wrangell, and Petersburg. The group discussed the merits of sharing a procurement process to acquire the balers.

Following the concurrent meetings, the conference held its annual membership business meeting. During that meeting Dennis Watson assume the chairmanship of the conference, which he will hold until September 2019. The 2019 annual meeting is slated for Sitka, although no date has yet been set.

2. Meeting with Shaan-Seet Inc. Representatives

On September 7 I met with Danna Jacober and Adrian LeCornu from Shaan-Seet Inc. Topics discussed included the proposed power line burial project at the city's industrial park, SSI's rock quarry on St. John's Island, the city's downtown harbor project, SSI's improvements to their trailer court's water distribution system, the status of the Port St. Nicholas Road fee project, and installation of a bear-proof dumpster at the trailer court. The corporation offered to provide written support for the downtown harbor project, and we talked about coordinating efforts on other projects. Since that meeting, Shaan-Seet Inc. has selected a new president, Mr. Ed Douville. I sent a letter to Mr. Douville congratulating him on the new position, and offering to work with the corporation on the projects identified above.

3. Seafood Producers Cooperative

SPC recently mobilized off of City Dock, as they do each year in September. The company holds an access permit issued by the Craig city council that allows SPC to use City Dock as a buying station in 2019 and 2020. In addition, we expect to have back in 2019 Mr. Daniel Jackson, who has operated the ice house the past several summers under a cost sharing agreement with SPC.

The company has a new plant manager, and my two points of contact at the cooperative for the past ten years are leaving the organization. Despite the personnel change, I expect SPC will continue to want to operate off City Dock in the coming years. I also expect a continued cost sharing effort on summer ice house labor. I am not as certain about continued local salmon processing: it is possible that in 2019 SPC will return to its past practice of tendering fish from Craig to Sitka for processing. Between now and next spring I will meet with replacement staff to talk about SPC's future operations in Craig.

4. Travel Schedule

None scheduled.

City of Craig Memorandum

To: City Mayor & City Council

From: Joyce Mason, Treasurer

Date: September 27, 2018

RE: Monthly Report

The City hall server installation is near complete. The accounting software needs to be copied over to the new server and the backup system installed. We are waiting on the hardware to complete the backup system. The files will be backed up weekly to a hosting server in Kent, Washington. If in the event of data loss the system could be recovered in hours rather weeks or not at all. This service is \$650 a month which is much less than if data had to be recreated if lost.

Sales Tax forms have been mailed this week for the summer quarter. Hopefully we will see the result of implementing the bed tax. Utility billing has been cleaned up and we are currently at a 96% collection rate. Harbor permanent moorage invoices will be mailed the first week of October.

The auditor will not be able to do the field work till November or December this year so a final report will be issued in March.

If you have any questions please contact me at finance@craigak.com

City Of Craig

Memorandum

To: Mayor Tim O'Connor; Craig City Council

From: Jessica Holloway, Aquatic Manager

RE: September/October Report

Date: September 26, 2018

School has started. The Craig Middle school has been utilizing the pool for P.E. since the first week of school. Every day there are kids in the pool or in the fitness room. The school contacted me in the first week wanting to continue the exercise program that I have been doing for a student. This year he is in the water daily along with land fitness as well. I have also added another student on Fridays with him. We are hoping that in time that we might be able to add her to our daily routine as well.

School lessons start on October 1st. Those lessons will continue daily until the end of January. I have made contact with the other schools on the island and I am waiting for their numbers to begin scheduling them to start in February.

On September 22nd the Aquatic center donated pool time for the Emergency preparedness fair. Doug Jensen had the PIG in the water. The PIG is a mock cockpit of a plane. It is used to help demonstrate how to exit a pilot seat when you are submerged under water. Those who showed up seemed to have a good time.

On September 3rd I started an Aqua Aerobics class on Monday and Wednesdays along with an on land fitness class on Tuesday and Thursdays, both classes start at 9:00a and go for 45mins each. I have obtained a subscription to the online Beachbody workouts and that is what we are working from.

On October 6th the swim team will participate in a virtual meet with a team in Indiana. The swim team was able to compete with this team last year by recording and e mailing there meet and receiving the same from the Indiana team. This year they are hoping to live stream it.

All in all with the exception of being busy everything has been running very well. We are still actively looking for a full time and a part time employee but to this date there hasn't been any interest.

Please if you have any questions or comment feel free to email me at pool@craigak.com or call 826-2794.

Submitted by Angela Matthews

9/1/18-9/26/18

Volunteer Hours: 26

Patron Visits: 1081

Circulation: 1844

Computer Usage: 245

Tests Proctored: 1

Meetings: 7

OWL Video Conferences: 1, Attendance: 20

Alaska Digital Library Usage: 50

Story Times: 6/ Attendance: 94

Inter-Library Loans: 18

Library Programs:

- Every Friday, 10:00 am: Preschool Story Time
- Every Thursday, 10:00am: Head Start Story Time
- Dolly Parton Imagination Library—Continuous Registrations
- September 14th: OWL Programming with Alaska Zoo

OWL Programming

On September 14th we connected with Alaska Zoo's Ed-zoo-cation Program for a presentation called "Arctic Discoveries: Harbor Seals Dive!" There were a couple technical difficulties that prevented their audio from coming through the system, so we conducted the whole thing over speakerphone. Despite that slight complication, it was a wonderful event! Victoria brought her after school kids and several more dropped in, so we had 20 kids total. I am very much looking forward to future programs; we are already scheduled for "Howl-O-Ween", another Alaska Zoo presentation, and in December if all goes well we will even be able to speak to a scientist in Antarctica who is studying a colony of penguins. Stay tuned!

Rasmuson Grant

The library recently received \$18,000 from the Rasmuson Foundation for technology updates, new audiobooks, and new shelving. With this grant we will be able to replace all four of our public use computers and increase our audiobook collection significantly (both hard copies and digital titles). I will be moving forward with purchases beginning in October.

Story Times

In addition to our Friday morning community story times, we also provide story time on Thursday mornings to the Craig Head Start. We all really enjoy it!

**CITY OF CRAIG
MEMORANDUM**



Date: September 28, 2018
To: Honorable Tim O'Connor, Craig City Council
Fr: RJ Ely, Police Chief
Re: Staff Report / September 2018

RJ Ely

ACTIVITY

Activity for August 29, 2018, through September 27, 2018. Dispatch Center took the following amount of calls for service:

Craig	830
Klawock	230
AST	4

DEPARTMENT OF MOTOR VEHICLES

Had a few hardware failures, with DMV Computer, was closed almost 1 full day. Able to fix, reopen and during closure, took in several drop offs.

DISPATCHER(S)

Still looking for a part time / fill in dispatcher.

OFFICER(S)

Fully staffed

OTHER

Funding secured for two officers, Ofc. Page and Ofc. Bixler to travel to Ketchikan and attend Sexual Assault Response Training (SART). Once both have completed the training, they will join the POW SART Team.

Sgt. Medina will attend DataMaster Supervisor Re-Certification, end of October in Anchorage. Once completed, he will not have to re-cert for 3 years.

Alex Kramarczuk has been hired, to fill the vacancy with the Ketchikan District Attorney's Office. There office is now fully staffed. DA McGillicuddy will continue to cover POW Cases.

ProComm was able to come to CPD, install new Bimb Card / Radio Consolette, configure new equipment and tested. All is working and we now are able to fully utilize and monitor ALMR and Digital Encrypted Frequencies.

Towards end of October, will have Apsin Audit and State has agreed to offer Training, at no cost, while they are here, for Apsin, NCIC, DVPO's, etc.

Victoria Merritt
Craig Recteation
To Craig City Council
September 26, 2018

Dear Council and Mayor Oconnor,
I am on my way to Colorado to take care of my late mothers estate and will not beAble to attend the council meeting. Michelle Winrod is filling in for me. I will be Back on October 15th. Plans are set for the Big upcoming Event! Thanks for all the help from the Police Department, Parks and Public Facilities and many more. Come join the fun!

Harvest Festival!



**Hay Rides and Sugar Pie Pumpkins for Elementary Kids! 1:30.
Chili Cook Off!**

**Jam Extravaganza! Bounce House and Bouncy Slide! Games!
Races! Food! Obstacle Course!
Fun for the whole family!**

**Sign up for your fundraising booth at
Craig City Hall. \$10 each. Call Victoria
for more information. 401-1227**



We had a wonderful summer and are now into fall activities. I worked the Island Wide Art Extravaganza and it was a great success. 55 local artists exhibited their wares. A special tribute to the Healing Heart totem pole was included. A great community event. The March for Recovery BBQ was held at the Craig City Gym due to finally having a rainy day. Lots of participation.

After school is well attended. We have been having 10 to 26 daily. Some come only for the gym events. Dodgeball is still the favorite thanks to the Craig Police. We are adding more gym activities and played kick ball last Wednesday. I am investing in large quantities of ear plugs for the gym time. We also go skating, Friday movies and lots of beach and outdoor time when we can. Attendees are from kindergarten to high school, mostly elementary students. We will be doing some outdoor survival with a grant from the POW Heath Network.

Volleyball, karate and magic continue. The next interagency meeting will be on October 16th at noon at the Youth and Recreation Center. EMS will hold a halloween carnival at the City Gym in conjunction with their haunted house. Gymnastics to be announced. A dance class is in the works.

The Fall Bazaar will be on Saturday November 24, the winter Bazaar on December 8. We will light the Christmas tree in between. The POWER concert will be Sunday December 9th at 3pm at the Craig High School Auditorium. Ballet in January and the winter volleyball league.

I will be doing my radio show while I am gone and will be available by phone or text and will check email.



Parks & Public Facilities

9/28/2018

Staff Report –September 2018

To: Craig Mayor and City Council

From: Douglas Ward

We continue to address day to day issues as they arise.

Projects completed:

- Install 120v circuit and conduit to False Island crane.
- Install wifi access point in fire hall annex.
- Annual maintenance on Medical clinic AHU.
- Install CAT5 cable from library to city hall.
- Install LED lighting in haul out building.
- Build Heart shaped stand for Art Festival.
- Pressure wash Healing Heart Totem..

Projects currently in progress:






















- Annual wood boiler maintenance.
- Install credit card machine on city dock.
- Build new box covers for planters along Helipad road.
- Install wireless bridge from burn pit to P.D.
- Installation of security cameras throughout Harbor Facilities.

Work Orders Completed Since Last Report:



Parks & Public Facilities

9/28/2018

-  High-1795-Install mogul bases and LED bulbs in haulout building.xls
-  High-1796-Install wifi access point in Firehall Annex.xls
-  High-1797-Help harbors with printer setup.xls
-  High-1799-Hang bulletin board and flower hanger in HR office.xls
-  High-1800-Build flower holding easel for Totem park art festival.xls
-  High-1801-Check out light not working in mens room.xls
-  High-1802-Move swings at Triangle park for ground work.xls
-  High-1803-clean out gutters .xls
-  High-1804-Replace fluid master in womens restroom.xls
-  High-1805-Fix eyewash at Peacehealth.xls
-  High-1806-Remove old fence take to burn pit.xls
-  High-1807-repair leaking faucet in mens shower.xls
-  High-1808-Repair leaky faucet in kitchen.xls
-  High-1809-Install brush threshold and artwork on front door.xls
-  High-1812-Install cat5 cable from library to city hall.xls
-  High-1813-clean up fallen alder at cemetery.xls
-  High-1814-Move tables and chairs to webloft for Salmon fest.xls
-  High-1815-Install door in back of webloft.xls
-  High-1816-Pressure wash air filters for pool ah.u.xls
-  High-1817-Troubleshoot Credit Card machine. Run 120v circuit and conduit.xls
-  High-1818-Repair broken aluminum harbor handcarts.xls
-  High-1819-Install electric door strikes and hang bulletin boards.xls
-  High-1820-Screw down loose board on boardwalk.xls

SOUTHEAST ALASKA by the Numbers 2018



VISITORS
PAGE 5

MARITIME, SEAFOOD
PAGE 6,7

HEALTH, MINING
PAGE 8

TIMBER, CONSTRUCTION
PAGE 9

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PAGE 10

DEMOGRAPHICS
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BUSINESS SURVEY
PAGE 13-14

SEPTEMBER 2018

CHANGES 2014 TO 2017

SOUTHEAST ALASKA'S ECONOMY



REGIONAL POPULATION
DECREASED BY **1,600**
PEOPLE TO 72,915
-2%



LABOR FORCE
DECREASED BY **54**
JOBS TO 45,640 JOBS
-0.1%



STATE GOVERNMENT
JOBS DECREASED BY
700 JOBS TO 4,823
-12%



PASSENGER ARRIVALS
FROM OUTSIDE THE
REGION INCREASED BY
+13% 173,000
PEOPLE



HEALTH CARE WAGES
IN THE REGION
INCREASED BY **\$22**
MILLION A GAIN OF
13%

Southeast Alaska has been experiencing rough economic times, but there are bright points in the region. While the state sector has struggled, we have seen sustained growth in the tourism industry, and there are indications the economy is beginning to stabilize.

Dramatic cuts reduced state sector employment in the region by 15% since 2012, a loss of 850 jobs, and an estimated \$50 million in lost annual wages. By comparison, the rest of the state experienced a 7.5% decline in state jobs during the same period. State spending cuts have curtailed growth in other industries, especially construction.

The regional population declined for the third year in a row, by a combined 1,600 people. About half the population loss consisted of children and 20-somethings leaving Juneau, the community most impacted by cuts in state employment.

The seafood industry has been struggling. A poor 2016 harvest led to the loss of 500 jobs; and while the 2017 harvest was on par with 10-year averages, neither the jobs nor the Chinook returned. Chinook harvest levels are the lowest on record. Additionally, the fishing industry is facing the potential impacts of the president's seafood tariffs.

The ferry system continues to face significant cuts, reducing ridership by 20% in the last

three years, and bringing 35% fewer visitors to the region. Layoffs were announced at the Ketchikan shipyard, and Ocean Beauty is permanently closing its Petersburg cannery. Just under half of regional business leaders called the Southeast business climate "poor" or "very poor" in 2018, up from 29% in 2015.

But not all indicators are bad. There were 380 more jobs in 2017 than in 2016, and we are less than 400 jobs below peak employment levels of 2013. This is almost entirely thanks to massive growth in tourism – specifically cruise ship tourism. Between 2010 and 2019, cruise passenger numbers are projected to increase by 55%, with 1.36 million cruise visitors expected to sightsee here in 2019. Jobs in the visitor industry increased by nearly 2,000 year-round equivalent workers since 2010, and visitors to Southeast spent \$657 million here last year.

Jobs are poised to expand in health-related fields. Mining and tribal government employment grew last year. Oil prices are improving, and there is hope that this, combined with a permanent fund restructure, will stabilize the government sector.

Looking forward, Southeast Alaskans remain optimistic about the future, with two-thirds of Southeast Alaska business leaders expecting their prospects to be positive or to improve in 2019.

A Message from Southeast Conference

Incoming President Dennis Watson



Dennis Watson served as Craig Mayor for 26 years, he was Chairman of the Statewide Conference of Mayors, he served as the president of the Southeast Conference of Mayors several times, was a commercial salmon fisherman for 40 years, and is currently the General Manager of the Inter-Island Ferry Authority.

My first Southeast Conference meeting was in 1979. I remember

Southeast Conference feeling a bit overwhelming in the beginning because there were so many issues in the region that I was not familiar with, and they were complex. I was very young and ruffled a lot of feathers back then. I stormed out of a meeting early on, only to have the person I was upset at chase me down. He said, "Are you going to call me a name and stomp off, or are you going to have a beer with me?" I've never forgotten that. Because we can disagree, but at the end of the day it's far more productive if we sit down and work through these difficult issues than to leave them hanging. That's what Southeast Conference is all about – diverse people coming together for the sake of our region. After nearly 40 years of involvement in the organization it is my turn to serve as president of Southeast Conference.

I'm really happy with the course that Southeast Conference is taking. It's working really well right now, we have really good mechanisms in place, and I want to stay on the track we are on. We have legacy issues we have always supported. The ferry system has always been the heart of Southeast Conference. We also have areas that are new to Southeast Conference, such as mariculture, which has great potential and is a great fit for our region. Once the mariculture movement comes to fruition it will go a long ways toward smoothing out the seasonal nature and cyclical economic swings associated with so many Southeast Alaska communities. Southeast Conference is growing, but at the same time we can't take on too many issues and still be effective. We need to remain open-minded, but not get ourselves in the position where we have too much on our plate. I am one of the old grey beards now, and I am glad to see that there are young people coming into Southeast Conference. It's the direction that Southeast Conference is moving, and I hope even more young people will become involved.

Executive Director Robert Venables



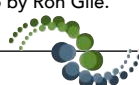
What a year! Southeast Conference and its members have not been deterred by the challenges of tough economic times. We have seen major steps forward in the past year. The christening of Alaska's first ever locally-constructed ferry was a major milestone for Southeast. We've seen a big step up in tourism visitations with more increases on the way. The regulatory regime in Washington D.C. seems to be turning the corner with more of a willingness to receive input from the citizens who work in and on these federal lands. The introduction of HB 412 was a major milestone for the AMHS Reform initiative.

But in spite of the good news, the grim realities remain that the state and region are still beset by fiscal uncertainty, population numbers are still declining, regulations continually complicate due process, and there is still much work to be done. And where we've seen success in sectors like tourism, we must remain vigilant to nurture those gains and build on the progress. And there is much work to be completed in transforming AMHS into a reliable entity again. Our challenge is to bolster the weak economic sectors while sustaining and nurturing the successful and promising economic engines.

So this year we continue to "Navigate the Southeast economy". That's been our goal since 1958 when our first board gathered and advocated for the creation of the Alaska Marine Highway System. Our partnership with Central Council brings a wide array of resources to ensure the greatest support possible is available to communities and businesses in the region. With our collective efforts to partner and plan strategically, we have already laid the foundation to support and strengthen the capacities that can lead to an economic rebound as part of our regional planning efforts. Our annual meetings allow our regional stakeholders an opportunity to gather information, network, and collaborate toward success. Our members and partners are the strength of Southeast Conference – and the reason for our successes, past, present and future. Together we set the stage for future generations to live work and play in healthy communities in Southeast Alaska!

The mission of Southeast Conference is to **undertake and support activities that promote strong economies, healthy communities and a quality environment in Southeast Alaska**. As the state and federally designated regional economic development organization, Southeast Conference serves as the collective voice for advancing the region's economy. We have 200 member organizations representing 1,200 people from 32 regional communities. We started 60 years ago with a group of people supporting the establishment of a regional transportation system, leading to the formation of the Alaska Marine Highway System. Our members stayed together through more than a half-century to focus on concerns unique to the region.

Credit: Front cover photo of Elfin Cove by Bo Ryan Photography. Back cover photo by Ron Gile.



THREE YEARS OF CHANGE: 2014 to 2017

Table tracks key Southeast indicators over the past 3 years, along with associated changes.

DEMOGRAPHICS	2014	2017	% CHANGE 2014-2017	CHANGE 2014-2017
Population ¹	74,518	72,915	-2%	-1,603
Ages 65 and older ²	9,243	10,579	14%	1,332
Under Age Five ²	4,622	4,227	-8%	-389
Twenty somethings ²	9,398	8,640	-8%	-767
K-12 School District Enrollment ³	11,804	11,480	-1%	-159
GENERAL ECONOMIC CONDITIONS				
Total Labor Force (jobs, includes self-employed & USCG) ^{1,5,6}	45,694	45,640	-0.1%	-54
Total Job Earnings ^{1,5,6}	\$2.174 billion	\$2.196 billion	1%	\$21.8 million
Total Private Sector Payroll ^{1,6}	\$1.408 billion	\$1.427 billion	1%	\$18.8 million
Average Annual Wage ¹	\$47,593	\$48,113	1%	\$520
Annual Unemployment Rate ¹	7.10%	6.30%	-1%	-1%
TOP ECONOMIC SECTORS				
GOVERNMENT				
PUBLIC SECTOR: 35% OF ALL EMPLOYMENT EARNINGS				
Total Government Employment ^{1,5}	13,602	13,256	-3%	-346
Federal Employment ^{1,5} (8% of all employment earnings)	2,110	2,110	0%	0
State Employment ¹ (14% of all job earnings)	5,504	4,823	-12%	-681
City and Tribal Employment ¹ (14% of all job earnings)	5,988	6,323	6%	335
Total Government Payroll (includes USCG) ^{1,5}	\$765.8 million	\$769.0 million	0.4%	\$3.2 million
Total State of Alaska Payroll	\$311.3 million	\$286.1 million	-8%	-\$25.2 million
VISITOR INDUSTRY				
KEY INDUSTRY: 11% OF ALL EMPLOYMENT EARNINGS				
Total Visitor Industry Employment ^{1,6}	6,923	7,739	12%	816
Total Visitor Industry Wages/Earnings ^{1,6}	\$188.5 million	\$231.4 million	23%	43
Total Southeast Alaska Passenger Arrivals	1,362,737	1,535,755	13%	173,018
Cruise Passengers ¹⁰	967,500	1,089,700	13%	122,200
Total Air Passenger Arrivals from Outside SE ¹¹	372,197	427,300	15%	55,103
Total AMHS Passengers from Outside SE ¹²	23,040	14,955	-35%	-8,085
COMMERCIAL FISHING & SEAFOOD INDUSTRY				
KEY INDUSTRY: 10% OF ALL EMPLOYMENT EARNINGS				
Total Seafood Employment (includes fishermen) ^{1,6}	4,372	3,829	-12%	-543
Total Seafood Employment Earnings ^{1,6}	\$259.0 million	\$216.5 million	-16%	-\$42.5 million
Pounds of Seafood Processed ⁷	232.9 million	227.8 million	-1%	-2,621,641
Pounds Landed (commercial seafood pounds by SE residents) ⁸	300.9 million	301.7 million	0%	788,852
Estimated Gross Earnings (ex-vessel value of pounds landed) ⁸	\$275.7 million	\$288.8 million	5%	13,103,172
Shared Fish Taxes ¹³	\$5.8 million	\$3.8 million	-34%	-\$1.96 million
HEALTH CARE INDUSTRY (PUBLIC & PRIVATE HEALTH)				
KEY INDUSTRY: 9% OF ALL EMPLOYMENT EARNINGS				
Health Care Employment ^{1,6}	3,323	3,426	3%	103
Health Care Wages ^{1,6}	\$174.5 million	\$196.7 million	13%	\$22.2 million
MARITIME ECONOMY (Includes employment from all industries)				
TOP SECTOR: 27% OF PRIVATE SECTOR EMPLOYMENT EARNINGS				
Private Maritime plus USCG Employment ^{1,5,6}	6,768	6,275	-7%	-493
Private Maritime plus USCG Wages ^{1,5,6}	\$395.5 million	\$369.4 million	-7%	-\$26.1 million
OTHER SELECTED STATISTICS				
2014				
2017				
% CHANGE				
CHANGE				
Construction Employment ^{1,6} (6% all employment earnings)	2,168	1,932	-11%	-236
Mining Employment ¹ (4% of all employment earnings)	783	886	13%	103
Price of Gold ⁷	\$1,266	\$1,257	-1%	-\$9.00
Total Southeast AMHS Ridership ¹²	242,648	193,121	-20%	-49,527
Cost of Living: Consumer Price Index ¹	215.805	218.873	1%	3.07
Housing Starts: Housing Permitted /Completed ^{4,1}	321	175	-45%	-146
Avg. Daily Volume ANS Oil Production (mbbls/day) ¹⁴	512,810	526,687	3%	13,877
Annual Avg. Domestic Crude WTI Oil Prices (in \$/Barrel) ¹⁴	\$97.88	\$54.25	-45%	-44

Sources: ¹Alaska Department of Labor (ADOL); ²ADOL Southeast Alaska Population by Age, 2014 to 2017; ³Alaska Department of Education and Early Development; ⁴Based on the quarterly Alaska Housing Unit Survey, a survey of local governments and housing agencies; ⁵US Coast Guard; ⁶2016 US Census Nonemployer (self-employment) Statistics; ⁷Kitco Metals Inc.; ⁸ADF&G Southeast Alaska Commercial Seafood Industry Harvest and Ex-Vessel Value Information, 2014-2017; ⁹McDowell Group & Cruise Line Agencies of Alaska; ¹⁰US Bureau of Transportation Statistics (RITA); ¹¹Alaska Marine Highway System data; ¹²Shared Taxes and Fees Annual Report FY16, ADOR; ¹³Alaska Department of Revenue Crude Oil and Natural Gas Prices.

The Whole Southeast Alaska Economy 2017

In 2017, Southeast Alaska gained 380 year-round equivalent jobs and \$17 million in workforce earnings over 2016. Approximately a quarter (26.1%) of regional workers are non-residents.

Annual Average Jobs

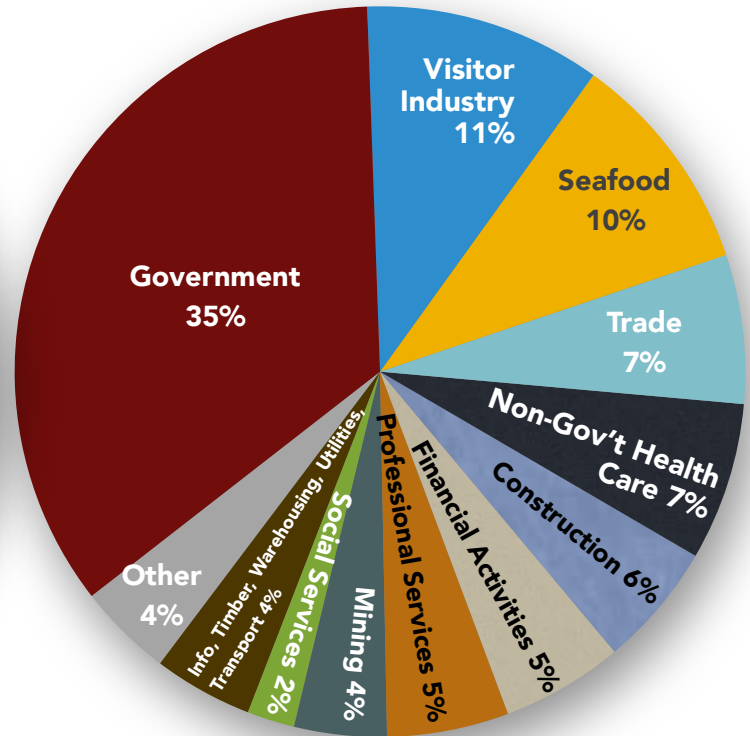
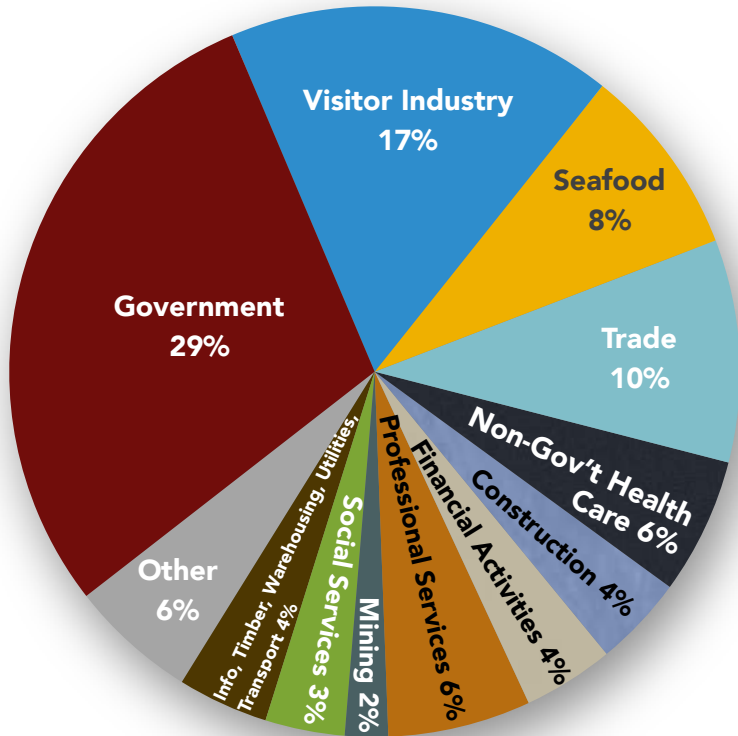
45,640 Jobs

UP 380 JOBS IN 2017 +1%

Employment Earnings

\$2.2 Billion Workforce Earnings

UP \$17 MILLION +1%

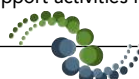


2017 Southeast Alaska Employment Earnings

	EMPLOYMENT RELATED EARNINGS			EMPLOYMENT NUMBERS		
	Wages (2017)	Self-Employment Earnings (2016)	Total Earnings	Annual Average Employment (2017)	Self-Employed (2016)	Total Employment
Government (includes Coast Guard)	\$713,886,153	\$55,131,954*	\$769,018,107	12,609	647*	13,256
Visitor Industry	\$197,406,906	\$33,948,000	\$231,354,906	6,817	922	7,739
Seafood Industry	\$66,697,431	\$149,790,000	\$216,487,431	1,567	2,262	3,829
Trade: Retail and Wholesale	\$116,815,553	\$28,338,000	\$145,153,553	3,914	560	4,474
Health Care Industry (private only)	\$135,691,727	\$14,364,000	\$150,055,727	2,487	245	2,732
Construction Industry	\$86,843,047	\$35,025,000	\$121,868,047	1,351	581	1,932
Financial Activities	\$52,944,548	\$65,595,000	\$118,539,548	1,101	863	1,964
Professional and Business Services	\$75,114,752	\$43,339,000	\$118,453,752	1,570	1,299	2,869
Mining Industry	\$89,447,347	\$1,025,000	\$90,472,347	875	11	886
Social Services	\$41,705,348	\$4,419,000	\$46,124,348	1,352	228	1,580
Information (publishing, broadcasting, telecomm.)	\$22,538,233	\$1,411,000	\$23,949,233	517	54	571
Timber Industry	\$16,698,257	\$2,036,000	\$18,734,257	302	52	354
Warehousing, Utilities, & Non-Visitor Transport	\$41,206,826	\$12,719,000	\$53,925,826	766	137	903
Other	\$66,902,298	\$24,854,000	\$91,756,298	1,619	932	2,551
Total	\$1,723,898,426	\$471,994,954	\$2,195,893,380	36,847	8,793	45,640

Sources: Alaska Department of Labor 2017 Employment & Wage data; 2016 (latest available) US Census Nonemployer (self-employment) Statistics; 2017 US Coast Guard employment & wage data. *These cells in Government refer to 2017 active duty Coast Guard personnel employment and wages, and not self-employment data.

Notes: Seafood Industry includes animal aquaculture, fishing & seafood product preparation (NAICS 1125, 1141, 3117), and Southeast Alaska resident commercial fishermen (nonresident fishermen & crew excluded; resident fishermen who did not report income are excluded). Visitor Industry includes leisure & hospitality, and visitor transportation (air, water, scenic) (NAICS 71, 72, 481, 487, 483). Timber includes forestry and logging support activities for forestry, and wood product manufacturing (NAICS 113, 1153, 321).



THE VISITOR INDUSTRY

Chart: Southeast Alaska Cruise Passengers 2009-2019



Visitor Industry 7,740 Annual Avg. Jobs

UP 160 JOBS IN 2017 +2%

In 2017 the visitor industry continued to be the largest private sector industry, both in jobs and, since 2016, in total workforce earnings (see chart on page 4). The visitor industry accounted for 17% of regional employment (7,740 annual average jobs) and nearly a quarter (24%) of all private sector employment. Since 2010, visitor industry employment has grown by 32%, with 1,900 new jobs. Those working in the visitor industry earned \$231 million in 2017—or 11 percent of all regional employment income. The average annualized wage in the visitor industry is \$29,900 (significantly lower than the average regional wage of \$48,000).

In 2017, 1.5 million air, ferry, and cruise passengers came to Southeast Alaska from outside the region, a 13% increase over 2014. Airline passenger traffic from outside the region grew 15%, and cruise passenger traffic to the region increased by 13%. During this period, ferry arrivals from outside the region fell by 34% due to decreases in funding and service.

CRUISE SHIP TRAFFIC

Most visitors to the region (70%) come by cruise ship, and cruise passenger traffic has seen massive increases in recent years.

Between 2010 and 2019, the number of cruise passengers arriving in the region is projected to increase by a staggering 55%, including one-year growth of 17 percent expected from 2018 to 2019. Southeast Alaska is expected to receive 4.3% of all global cruise ship passengers in 2018.

In 2018, 34 cruise ships are scheduled to visit the region, carrying 1.165 million passengers on 519 voyages. Ships are getting larger. To handle this change Juneau recently built two new Panamax docks, giving the capital city capacity to host four 1,000-foot plus vessels at a time. The City of Ketchikan is working on a similar berth expansion.

In 2018 Norwegian Cruises added the Norwegian Bliss to the fleet, the first cruise ship custom designed for Alaska waters. It the largest cruise ship to serve Alaska with a length of 1,094 feet, and a capacity of 4,004 passengers and 1,716 crew. Windstar Cruises restarted service to the region in 2018 after a more than 20-year absence, and Princess added a ship.

In 2019, Viking Cruises, Cunard Cruise Line and the upscale Azamara Cruises will each send ships to Alaska for the first time, and the Norwegian Joy, sister ship to the Bliss, will reposition from China.

KEY ECONOMIC DRIVER

Southeast Alaska is the most visited part of

the state, with two-thirds of all tourists coming to the region. One-third of all Alaska visitor spending occurs in Southeast, where visitors spent an estimated \$657 million in 2016. Average spending by visitor was \$487 per person according to the Alaska Visitors Statistic Program. In Juneau, those arriving by plane spent nearly four times as much as those arriving by cruise ship.

INCREASED JET SERVICE

For the third year in a row, in 2017 Southeast Alaska saw a record-breaking number of airline passengers from outside the region, with 427,300 arrivals. This year is likely to shatter records again; as of July 2018, airline passenger arrivals were up 3% over the first half of 2017.

VISITOR OUTLOOK

The visitor industry has the strongest outlook of all Southeast Alaska industries. Alaska's popularity as a visitor destination has continued to grow. In 2018 Glacier Bay was rated the best cruise designation in the world by cruisers. More Americans are traveling due to a strong national economy and international travel destinations are increasingly perceived to have security risks. Cruise passenger arrivals are expected to continue to rise as larger, higher-capacity vessels visit the region. Air arrivals are also expected to grow. Along with increased visitors, the number of jobs and associated income in this sector will continue to rise.

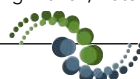
Glacier Bay was the highest-rated cruise destination in the world in 2018. *Cruise Critic*



Sources: Combination of ADOL 2017 Employment and Wage data and 2016 US Census Nonemployer (self-employment) Statistics; McDowell Group; US Bureau of Transportation Statistics (RITA); Alaska Marine Highway System; Cruise Line Agencies of Alaska; Cruise Market Watch; Cruise Critic; Juneau International Airport Passenger Statistics; Economic Impact of Alaska's Visitor Industry. Forecast 2020 U.S. Department of Commerce, US Office of Travel and Tourism Industries. OMB budgets.

Note: In this analysis, the visitor industry includes leisure and hospitality businesses, along with air, water & scenic transportation companies.

Photo Credit: Panorama of downtown Ketchikan Grey82 / Shutterstock.com



SOUTHEAST MARITIME: 6,275 Jobs

Private and US Coast Guard Maritime Employment & Workforce Earnings



Fishing & Seafood Processing

Jobs: **3,829**
Wages: **\$216.5 M**
Change in jobs 2014-17: **-12%**



Marine Tourism

Jobs: **1,079**
Wages: **\$36.4 M**
Change in jobs 2014-17: **+18%**



US Coast Guard

Jobs: **780** (Active Duty and Civilian)
Wages: **\$67.9M**
Change in jobs 2014-17: **+2%**



Marine Transportation (Excluding Tourism)

Jobs: **371**
Wages: **\$26.3M**
Change in jobs 2014-17: **-7%**



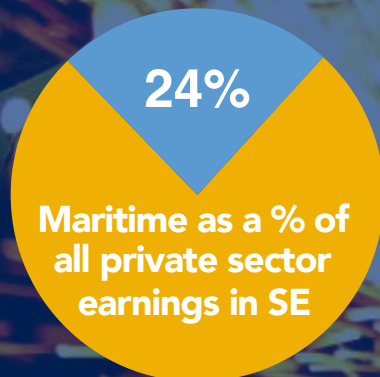
Ship Building, Repair, Marinas

Jobs: **326**
Wages: **\$16.4 M**
Change in jobs 2014-17: **+41%**



Marine-Related Construction

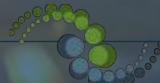
Jobs: **23**
Wages: **\$1.9 M**
Change in jobs 2014-17: **-65%**



Southeast Private & USCG Maritime Economy 2014-2017

Total Jobs 2017: **6,275**
Total Wages 2017: **\$369 Million**
Change in jobs since 2014: **-493**
Change in jobs by percent: **-7%**
Change in earnings since 2014: **-\$26 Million**
Change in earnings by percent: **-7%**

Photo by Vigor Ketchikan.
For methodology, notes, and sources, see [www.raincoastdata.com/sites/default/files/Maritime by the Numbers.pdf](http://www.raincoastdata.com/sites/default/files/Maritime%20by%20the%20Numbers.pdf)



THE SEAFOOD INDUSTRY

VALUE & POUNDS OF SEAFOOD LANDED SOUTHEAST ALASKA 2008 TO 2017



Southeast Seafood Industry 3,829 Jobs

DOWN 6 JOBS IN 2017

As a whole, the regional 2017 fishing season was average, with total pounds landed and catch value similar to regional 10-year averages. The Southeast Alaska seafood harvest in 2017 was 302 million pounds with an ex-vessel value of \$289 million. The season was significantly better than the 2016 season, which was the worst in more than a decade. Despite an improved harvest, the 500 seafood jobs lost in 2016 failed to return in 2017.

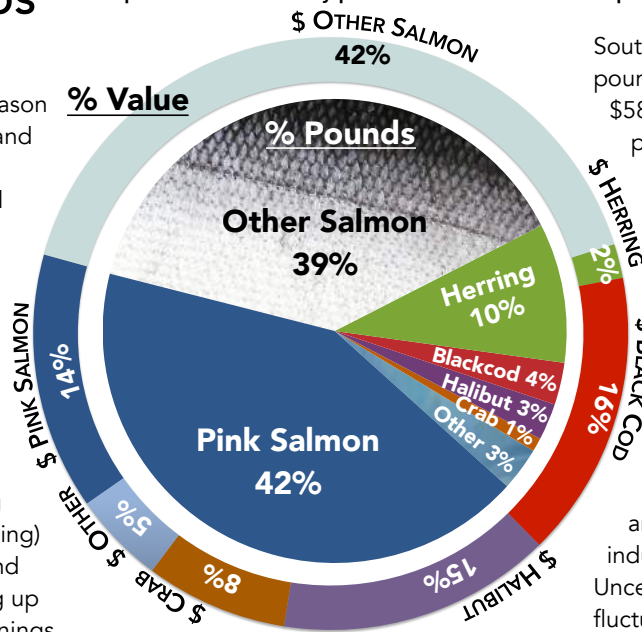
KEY ECONOMIC DRIVER

The regional seafood industry (including commercial fishing and seafood processing) generated 3,829 annual regional jobs and \$216 million in earnings in 2017, making up 8% of jobs in the region and 10% of earnings (down from 12% two years ago). Those working in our region's seafood industry earned \$216 million dollars in 2017. These figures exclude nonresident commercial fishermen and crew members.

The majority of the statewide catch of Chinook, coho, keta (chum), shrimp, Dungeness crab, and the dive fisheries occurs in Southeast Alaska. In 2017, the five salmon species represented 81% of the regional seafood catch by volume, but just over half of total ex-vessel value (\$162 million). Halibut and black cod, at 7 percent of the total catch, accounted for nearly one-third of total catch value in 2017.

SEAFOOD LANDED IN SE ALASKA BY SPECIES, 2017

Outer ring = % of harvest by dollar value: \$289 million
Inner pie = % of harvest by pounds landed: 302 million pounds



Southeast Alaska processed 227 million pounds of seafood, with a wholesale value of \$580 million, a 37% increase in seafood pounds processed over 2016. State-shared fisheries taxes for processing activity in FY17 generated \$3.8 million for regional communities, a 41% increase over FY2016.

SEAFOOD INDUSTRY OUTLOOK

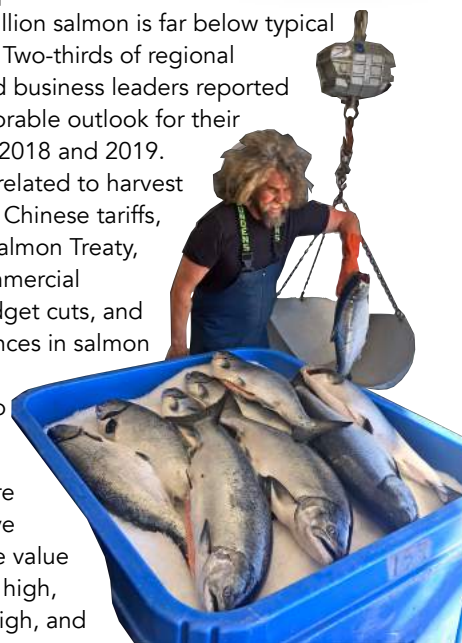
The preseason forecast for 2018 of 37 million salmon is far below typical years. Two-thirds of regional seafood business leaders reported an unfavorable outlook for their industry in 2018 and 2019. Uncertainty related to harvest fluctuations, Chinese tariffs, the Pacific Salmon Treaty, ADF&G commercial fisheries budget cuts, and global advances in salmon farming all contribute to concerns.

Still, there are many positive signals. "The value of fish is still high, demand is high, and it's still a great way to make a living," reports Julianne Curry, the Public Affairs Manager for Icicle Seafoods.

Despite being average as a whole, there was significant variability across fisheries in 2017. Southeast Alaska's 2017 king salmon season was the worst in 56 years of record-keeping, and the Alaska Department of Fish and Game (ADF&G) projects 2018 will be even worse. The sockeye salmon harvest was one of the poorest on record, 47% below 10-year average harvest levels, as was Dungeness crab. In contrast, 31% more halibut was caught over the 10-year average, along with 15% more keta, and a lot more shrimp.

SEAFOOD PROCESSING

In 2017, shore-based seafood facilities in



Sources: Combination of ADOL 2017 Employment and Wage data; 2016 US Census Nonemployer (self-employment) Statistics; ADF&G Seafood Production of Shorebased Plants in Southeast Alaska; ADF&G Southeast Alaska Commercial Seafood Industry Harvest and Ex-Vessel Value Information; Run Forecasts and Harvest Projections for 2018 Alaska Salmon Fisheries and Review of the 2017 Season; ADF&G March 2018; Shared Taxes and Fees Annual Report FY17, ADOR; Alaska Commercial Salmon Harvests and Ex-vessel Values, ADF&G. Seafood Industry includes animal aquaculture, fishing, & seafood product preparation (NAICS 1125,1141,3117) and Southeast Alaska resident commercial fishermen (nonresident fishermen & crew who did not report income are excluded). Photo Credits: Top: Amalga, by Alaska's Four Season Photography. Right: Hoonah Cold Storage by Peter Metcalfe.



Southeast Healthcare Industry 3,426 Jobs

UP 80 JOBS IN 2017 +2.5%

Regional healthcare employment is increasing after a half-decade of decline. Wages for the industry are up considerably, growing by \$22 million, or 13%, over the past three years. Southeast Alaska's 3,426 healthcare workers, comprising 7.5% of the workforce, earned 9% (\$197 million) of all regional wages in 2017.

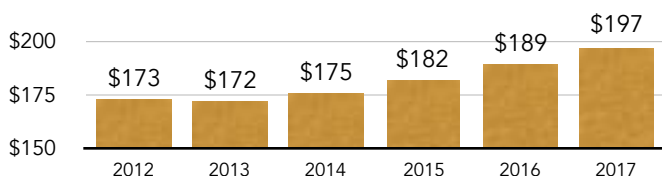
Healthcare wages had previously been relatively flat amid uncertainty over national healthcare policy and proposed Medicare cuts, and cuts to state Medicaid. But with a greater portion of the US population now accessing healthcare, more healthcare workers and physicians are needed, and there are simply not enough entering the workforce. Wages within the region adjusted upwards to remain competitive. Medical and nursing schools still graduate a similar number of students as they did two decades ago and baby boomers are leaving the work force. Southeast Alaska providers are now adjusting wages up to remain competitive, resulting in the increase in total wages.

HEALTHCARE INDUSTRY OUTLOOK

Healthcare needs in the region have been increasing due to an aging populace, and regional providers are experiencing increasing patient volumes. Early employment numbers for 2018 show significant job gains in the healthcare sector. In the first half of 2018, employment in the private healthcare sector is up 7 percent, or nearly 200 jobs. Recent business climate survey findings are likewise optimistic. Sixty percent of healthcare business leaders say they expect the healthcare sector to improve over the next year.



Total Southeast Alaska Healthcare Wages in Millions



Sources: ADOL 2017 Employment and Wage data; Kitco Metals Inc; Coeur Mining Inc. 2017 Annual Report; Hecla Mining Company 2017 Annual Report.

Photo credits: Ketchikan PeaceHealth and Hecla Greens Creek Mine.

Southeast Mining Industry 886 Jobs

UP 90 JOBS IN 2017 +11%

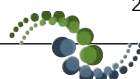
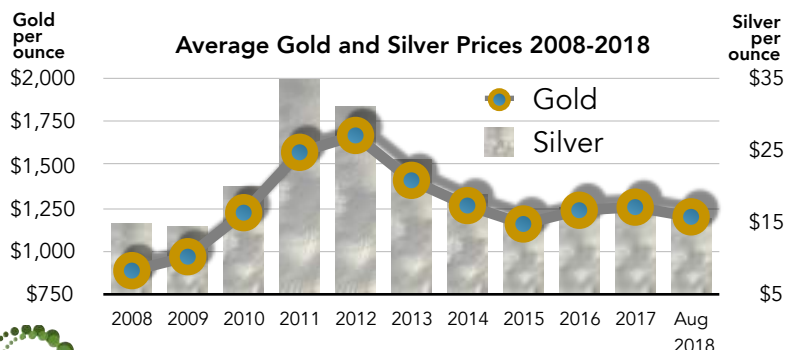
Despite significant job growth in 2017, regional mining indicators are mixed. In 2017 there were 886 annual average mining jobs in Southeast Alaska, up 11% over 2016, with a payroll of \$90 million. Two large mines operating in the region account for most mining employment. In July 2018 Hecla Greens Creek employed 431 full-time permanent employees (+13 from 2016), while Kensington had a staff of 389 (+64 from 2016). Average annual wages of \$102,000 in 2017 are down slightly from \$104,000 in 2016, but mining jobs remain the highest-paying in the region of any sector.

Hecla Greens Creek is one of the largest silver mines in the world, while the Coeur-owned Kensington is exclusively a gold mine. At Hecla Greens Creek production was down in 2017: silver was down 10% to 8.4 million ounces, zinc was down 9%, and gold production was down 6%. Production at Kensington was also down from last year, by 7%, with 115,094 ounces of gold produced in 2017.

The Dawson Mine Project, with 25 employees, is the region's next-largest mining employer. Located near Hollis on Prince of Wales Island, Dawson is a gold and silver project operated by Sundance Mining.

MINING INDUSTRY OUTLOOK

The mining sector is expected to grow slightly in 2017 and 2018. Mike Satre of Greens Creek cautions against too much optimism, noting that prices for gold, silver, lead and zinc have fallen since the start of the year.





Southeast Timber Industry 354 Jobs

DOWN 12 JOBS IN 2017 -3%

Regional timber jobs declined in 2017, continuing a trend that has reduced employment by 90 percent over the last 25 years. The workforce is down to 354 in 2017, with total earnings of \$18.7 million.

The 2014 Big Thorne timber sale enabled the last remaining mill in Southeast Alaska, Viking Lumber on Prince of Wales Island, to continue to operate. In August of 2017, a land exchange between the Mental Health Trust and the US Forest Service opened approximately 20,000 acres of land on Prince of Wales and Shelter Cove for development and timber harvest. In 2016, Sealaska, the regional Alaska Native corporation, received 362,000 acres of land under the provisions of ANCSA, and is using approximately one-third as a “working forest” including harvest activity. Today, most of the region’s timber jobs are with Sealaska and Viking Lumber.

TIMBER OUTLOOK

Regional timber supplies remain low, but the Mental Health Trust land exchange created a base level of supply, and timber jobs are expected to remain stable in the next year.

The US Forest Service is proceeding with the State’s petition to exempt the Tongass National Forest from the Roadless Rule. As a first step the Governor must appoint a task force for advice during the State’s participation in the National Environmental Policy Act process.



Southeast Construction Industry 1,932 Jobs

DOWN 100 JOBS IN 2017 -5%

For the fourth year in a row construction employment is down. Jobs fell by 100 last year to 1,932, a combined loss of 340 jobs, or 15% decline, over four years and a \$27.5 million corresponding drop in wages. Early employment data indicate construction-related employment will drop another 100 jobs in 2018. Construction workers in the region earned \$122 million in 2017—or 6% of all Southeast Alaska employment earnings.

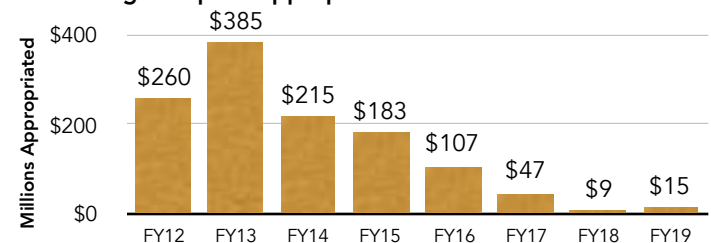
Housing construction was also down in 2017, as 200 fewer units were permitted or completed than in the year prior, a 53% decline. This change was mostly due to a decrease in construction in Juneau.

CONSTRUCTION OUTLOOK

Legislative capital appropriations in the region dropped 96% from \$385 million in FY13 to just \$15 million in the FY19 budget. Large projects that received public funding before the 2014 oil price collapse created a construction boom that helped delay the impact of falling state spending and decreased federal spending. But few new and future projects have funding, and employment levels are expected to continue falling.

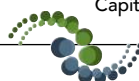


State Budget Capital Appropriations for Southeast Alaska



(Note that some DOT Public Facilities funding can no longer be broken out in a way that adequately compares to previous years.)

Sources: Combination of Alaska Department of Labor 2017 Employment and Wage data and 2016 US Census Nonemployer (self-employment) Statistics; State of Alaska Capital Budget FY12-19. **Photography credit:** Viking Lumber & Rain Coast Data



Government Jobs 2017

Local 5,350 Jobs +214
 State 4,820 Jobs -116
 Federal 2,110 Jobs +2
 Tribal 975 Jobs +100



SOUTHEAST ALASKA GOVERNMENT



Government as a percentage of all Southeast Employment Earnings 2017

Government 13,250 Jobs

UP 200 JOBS IN 2017 +1.5%

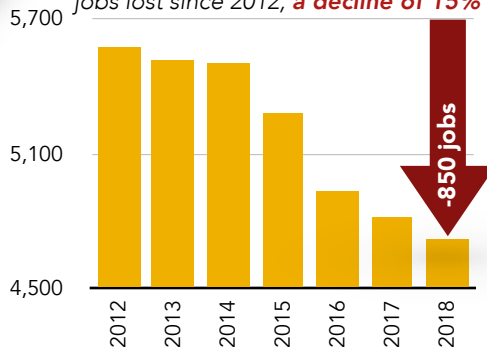
Government wages made up 35% of all regional employment earnings (\$769 million) and 29% of the region's jobs (13,250) in 2017.

STATE GOVERNMENT LOSSES

State government employment and spending have continued to decline, significantly impacting the regional economy. In Southeast Alaska, 13% of all direct wages come from the state. From 2012 through July 2018, 850 state jobs in the region were lost. This is a loss of \$50 million in annual wages and 15% of all regional state jobs; three-quarters of these losses came out of Juneau. Historically, oil paid for up to 90% of the state budget; today, oil covers about 30 percent.

Southeast State Jobs

State jobs in the region are down for the 6th year in a row, for a total of 850 jobs lost since 2012, a decline of 15%



STATE BUDGET CHALLENGE

Declining oil production and prices devastated the State of Alaska budget. State revenues fell by 70 percent from FY13 to FY 18; the budget was cut 40 percent over this period, leading to significant losses in state employment. The state has operated in deficit mode for the past five years, using more than \$14 billion in savings to cover budget gaps. Investor confidence and the state's credit rating have faltered.

LOCAL GOVERNMENT

Communities across the region are struggling financially, and relying on savings to cover shortfalls stemming from cuts to state funding and services. Despite these challenges, local government employment has grown slightly, in part as local entities assume programs and services the state has cut.

TRIBAL GOVERNMENT GROWS

Tribal government, which includes 18 entities in the region, has grown significantly, adding 100 jobs in 2017. Between 2014 and 2017, tribal wages grew by 16% to \$41 million. Richard Peterson, President of the Central Council of the Tlingit & Haida Indian Tribes of Alaska, says increased capacity has led to greater economic development and grant opportunities for tribes.

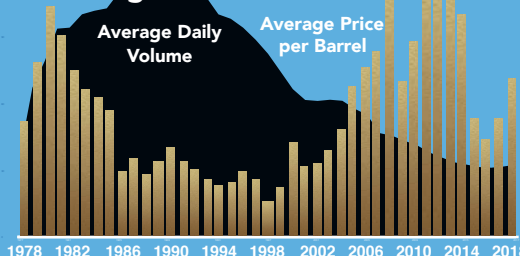
GOVERNMENT OUTLOOK

Early job reports from 2018 are mixed. State employment is predicted to decline by 2% from 2017, while all other government employment is expected to be flat, for an overall loss of 100 jobs in the region.

Avg. Daily Volume of the Trans Alaska Pipeline System and Inflation Adjusted Price Per Barrel, 1978-2018

Oil revenues accounted for up to 90 percent of the state's unrestricted revenues

How we got here



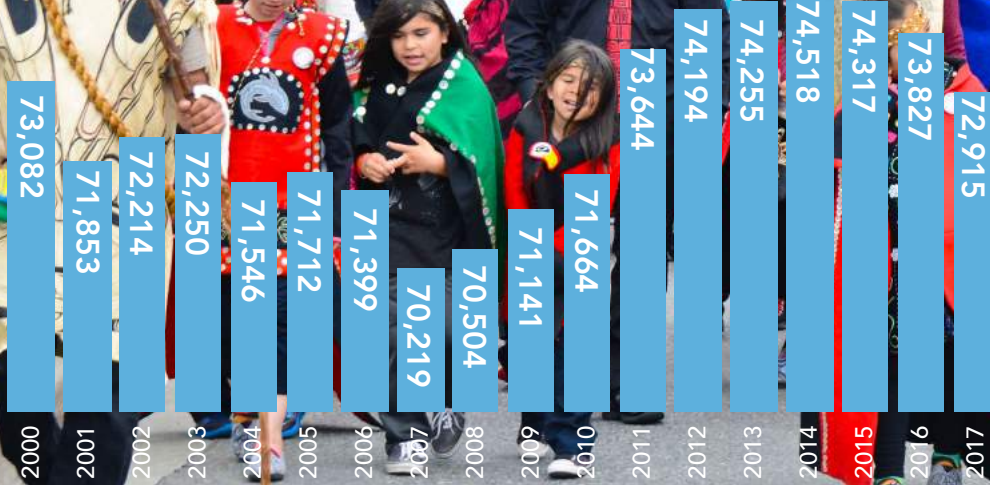
FEDERAL GOVERNMENT

Federal government employment losses are compounding state job cuts, but appear to have stabilized. Since 2005, federal employment in the region has fallen by 600 jobs (28%) worth \$50 million in wages. Federal spending decline also means fewer projects and programs that support the region.

Legislation restructuring the \$65 billion Alaska Permanent Fund passed in May 2018, opening the door for use of fund earnings to pay for state services. Although the potency of public backlash about reduced dividends remains uncertain, and additional cuts or new revenues are likely still needed, the measure is viewed as helping stabilize the state budget.

Sources: ADOL 2017 Employment and Wage data; U.S. Coast Guard; Alaska Department of Revenue. Photo Credit: Michael Penn.

DEMOGRAPHICS



POPULATION CHANGE 2014 TO 2017

	2014	2017	CHANGE
Juneau Borough	33,020	32,269	-2%
Ketchikan Borough	13,872	13,754	-1%
Sitka Borough	9,085	8,748	-4%
Petersburg Borough	3,207	3,147	-2%
Haines Borough	2,550	2,459	-4%
Wrangell Borough	2,415	2,387	-1%
Metlakatla	1,447	1,422	-2%
Craig	1,207	1,089	-10%
Skagway Borough	979	1,034	6%
Klawock	805	833	3%
Hoonah	788	773	-2%
Kake	627	604	-4%
Yakutat Borough	632	552	-13%
Gustavus	519	544	5%
Thorne Bay	532	533	0%
Angoon	420	404	-4%
Hydaburg	407	374	-8%
Coffman Cove	176	199	13%
Tenakee Springs	127	135	6%
Hollis	93	128	38%
Naukati Bay	120	119	-1%
Klukwan	84	93	11%
Hyder	93	90	-3%
Kasaan	73	80	10%
Pelican	77	67	-13%
Port Alexander	45	55	22%
Edna Bay	47	43	-9%
Whale Pass	40	43	8%
Port Protection	55	34	-38%
Game Creek	18	18	0%
Elfin Cove	16	14	-13%
Point Baker	13	13	0%
Remainder	929	858	-8%
Total	74,518	72,915	-2%

Population 72,915

DOWN 900 PEOPLE 2016 TO 2017 -1%

Between 2014 and 2017 Southeast Alaska's population decreased by 1,600. The losses were region-wide, with seven of eight boroughs reporting population declines. Only the borough of Skagway grew.

JUNEAU IS THE LOSS LEADER

Population losses were most significant in Juneau. Dramatic cuts in state employment contributed to a reduction of 900 residents over the past two years. These losses appear to be mostly comprised of young families. Between 2015 and 2017 the capital community lost more than 300 children and 400 20-somethings

SCHOOL ENROLLMENT DOWN

Regionally, K-12 enrollment decreased for the 20th time in 22 years. Since 1997 annual enrollment shrank by 3,400 students, a 23% decline across Southeast Alaska.

COMMUNITY CHANGE

Only one of the region's 34 communities - Hollis - saw consistent growth over the past three years, while every other community experienced population declines in at least one of those years. Among larger communities, Skagway and Gustavus had the most significant longer-term growth. Since 2010 both communities have grown by 27% each for gains of 223 and 115 people respectively.

AGING CONTINUES

Since 2010 the most pronounced demographic shift has been aging of the population. The 60-plus population grew by 4,500 people, a 38% increase over 2010 due to aging in place. Nearly a quarter of people in the region are now aged 60 or older. In Haines and Wrangell, it is nearly one-third. Since 2010, the number of Southeast Alaskans in their 40s shrank by 1,900 (-17%). There are 600 fewer teenagers (-7%), and 400 fewer children under five (-9%).

POPULATION OUTLOOK

As long as the state continues to reduce jobs, and payments to communities, job losses are likely to continue, and these will continue to be paired with population declines.



Sources: Alaska Department of Labor (ADOL); ADOL Southeast Alaska Population by Age, Sex and Borough/Census Area, 2010 to 2017; Alaska Department of Education and Early Development; Alaska Population Projections. Photography credits: Peter Metcalfe & Rain Coast Data

SOUTHEAST ALASKA REGIONAL OVERVIEW

78%

THE FEDERALLY-MANAGED TONGASS NATIONAL FOREST
MAKES UP NEARLY 4/5TH OF ALL SOUTHEAST ALASKA

Southeast Alaska Land Ownership
Circle size = Number of Acres

16%

OTHER FEDERAL HOLDINGS
MAKE UP NEARLY ALL THE REST
(MOSTLY GLACIER BAY)

3.4%

ALASKA NATIVE ORGANIZATIONS
ARE THE REGION'S NEXT LARGEST
LAND OWNER

2.5%

STATE OF ALASKA
LANDS INCLUDE THOSE MANAGED AS
PART OF THE MENTAL HEALTH TRUST

0.25%

MUNICIPAL LAND HOLDINGS

0.05%

PRIVATE LAND OWNERS

THE REGION

The Southeast Alaska panhandle extends 500 miles along the coast from Metlakatla to Yakutat, encompassing approximately 33,500 square miles of land and water. The saltwater shoreline of Southeast Alaska totals approximately 18,500 miles. More than 1,000 islands make up 40 percent of the total land area. The region is home to 34 communities. The three largest communities—Juneau, Ketchikan, and Sitka—together are home to 75 percent of the regional population.

CULTURE

The dominant culture in the region is indigenous. Alaska Natives—the Tlingit, Haida, and Tsimshian—make up nearly a quarter (22.4%) of the region's population. The Tlingit have resided in the region for 11,000 years. The region's mild climate, abundant food and raw materials supported the development of highly organized and culturally advanced societies with extensive trade routes. The hospitable climate also allowed time for the development of rich artwork.

ECONOMIC TRENDS

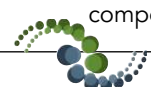
Starting in the 1880s, the economy of Southeast Alaska experienced a century of growth that intensified after statehood in 1959. From statehood into the 1990s, population and employment levels in Southeast more than doubled as the workforce expanded in the areas of mining, government, fishing, tourism, and timber. In the beginning of the 1990's seafood and timber directly accounted for a fifth of the regional economy. However, over that next decade pulp mills and sawmills in the region closed, laying off 3,200 workers. During the same period, the value of salmon declined and catch levels fell. Total Southeast Alaska wages hit bottom in 1997. The population continued to decline through 2007. Between 2008 and 2015 the region experienced a significant economic recovery, rebounding to record numbers of jobs, wages, and residents. However, the state budget crisis and the loss of 850 State of Alaska jobs changed the economic trajectory of the region.

LAND OWNERSHIP

A lack of privately owned land and land available for development is unique to Southeast Alaska and impacts the ability of the region to nurture the private sector. (See infographic on the left.) Southeast Alaska's land ownership is dominated by the federal government, which manages 94 percent of the land base. Most of this (78%, or 16.75 million acres) is the Tongass National Forest. The remaining federal lands are mostly in Glacier Bay National Park. The State manages 2.5 percent of the total land base (511,500 acres), including the Alaska Mental Health Trust Authority and University of Alaska lands. Boroughs and communities own 53,000 acres—a quarter of one percent of the regional land base. Alaska Native organizations, including village, urban, and regional corporations and the Annette Island Reservation, own 3.4 percent (728,100 acres) of the land base. Other private land holdings account for 0.05 percent of the land base. In 2017, communities received nearly \$19 million in federal Payment In Lieu of Taxes and Secure Rural Schools funding to compensate for federal ownership of the regional land base.



Sources: Personal communications with State of Alaska; US Forest Service; Sealaska. Economies in transition: An assessment of trends relevant to management of the Tongass National Forest, USDA 1998. Photo Credit: Peter Metcalfe



SOUTHEAST ECONOMIC OUTLOOK SURVEY

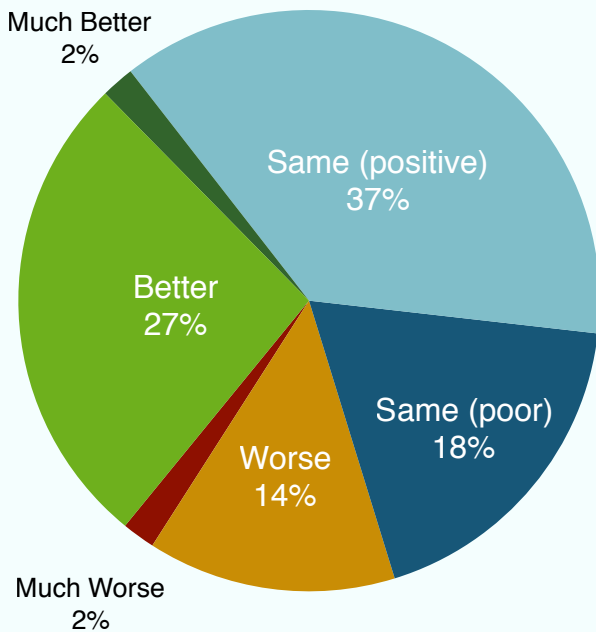
“What is the economic outlook for your business or industry over the next year (compared to the previous year)?”

CURRENT REGIONAL BUSINESS CLIMATE SURVEY

In the Spring of 2018, 232 Southeast Alaska business owners and top managers from 27 communities responded to Southeast Conference’s Business Climate and Private Investment Survey. Just over half (55%) of respondents were positive about the economy, calling the business climate “good” or “very good,” a decrease of 12% from 2015. Just under half (44%) of business leaders called the Southeast business climate “poor” or “very poor” in 2018 — up from 29% in 2015. Those in the visitor industry were most likely to be positive about the current economic climate, with 70% calling it good or very good. Those in the financial service sector were the least positive.

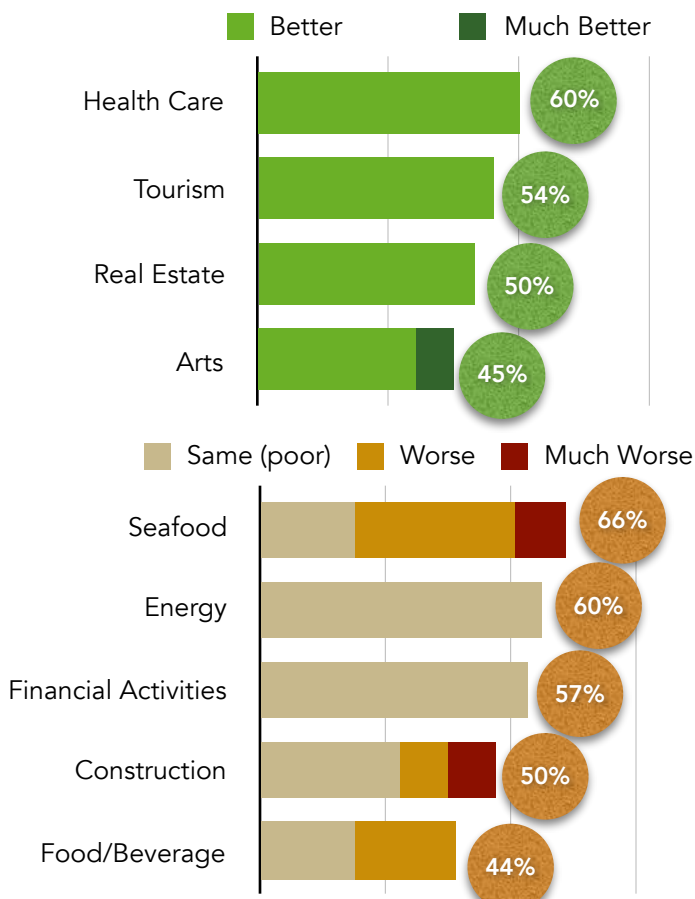
SOUTHEAST ALASKA ECONOMIC OUTLOOK

Southeast Alaska business leaders are largely optimistic about the future. More than half (55%) of survey respondents expect their prospects to remain status quo, 29% expect their prospects to improve in the coming year, and 16% expect decline. Businesses in Skagway and Haines reported the brightest outlook; while Petersburg and Hoonah leaders reported a deteriorating economic outlook. The healthcare and tourism industries reported the most positive outlook by industry, with more than half of respondents foreseeing improvement. The least optimistic sector was the seafood industry; 66% of respondents expect their industry to remain poor or to decline. Other industries with more pessimistic outlooks include energy, financial services, and the construction sector.

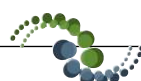
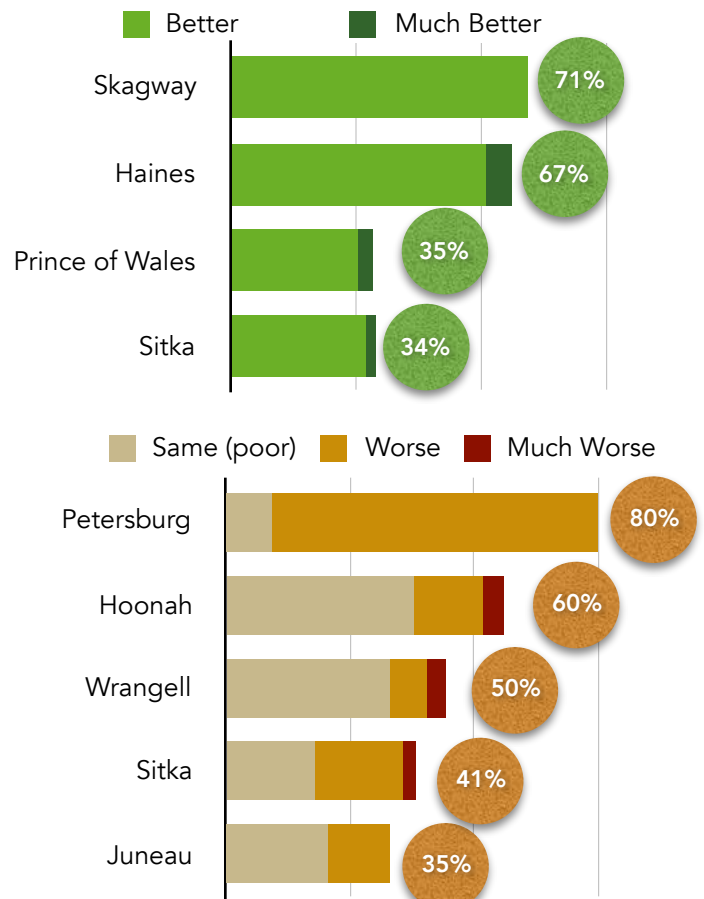


What is the economic outlook for your business or industry compared to last year?

By Industry



By Community



VOICES OF SE BUSINESS LEADERS

How has the economy impacted your business? Excerpts of survey responses by industry:

Visitor Industry: "Business is up about 15% so far this year with hopes of breaking through 17% by season's end."

"Local, business and government travel were all down this winter. However, summer business is strong."

Seafood: "I am a young fisherman. There is no feasible way that I can afford to diversify my fishing business by buying halibut quota. It is prohibitively expensive and I can't afford to buy into it (or other fisheries). ADF&G has a few questionable practices regarding King Salmon protection. The Southeast gillnet fishery has minimal impact on kings in July, and yet we are being penalized through the end of the month with severely diminished fishing time."

Information Technology: "Lack of fiscal certainty and general uncertainty in the market causes us to be more conservative, especially in hiring. Our major concern is a decline in contracting. A related concern is that if the state does decide to contract out additional work we will not have the resources to put forward - and work will be moved down south if we won't have the capacity."

Mining: "We will be looking for skilled and non-skilled labor to grow our business. Our concern is that labor is moving out of the area due to lack of jobs, making it difficult for us to fill the positions required to grow our business."

Retail Trade: "Overall business is down close to 15%. The good news is the rate of decline has slowed and seems to be bottoming out."

Construction: "Our company is in year 4+ of a 20% decrease in hours per employee to maintain cash flow as we read the signs of the stagnant and declining economy ahead of the decline in oil prices and market crash. The current political climate continues to place more regulations on businesses."

Energy: "Energy (kWh) sales are down for at least the fifth year in a row, even though we grew by about 50 customers over the same period. We believe this is due to investments in more efficient lighting and appliances."

Financial Activities: "We are continuing to grow in total asset size, income has increased, and we are looking at adding additional locations in the next few years."

Food/Beverage Industry: "We are down 23% in 2017. 2016 was down 12%. Much more and we will be out of business. The State budget crisis is affecting how people are spending money now."

Professional & Business Services: "I've actually had to travel more for business and also had to cultivate clients out of region. Money is tighter here in SE, people/organizations/businesses have to prioritize differently and often don't seek organizational or management support even when they need it."

Real Estate: "Housing in Sitka is still tight. Our residential properties enjoy 100% occupancy. Lack of good land for development and the high price of buying and converting existing properties to moderate priced housing units are our biggest challenges."

Arts: "We have reduced staff, which means we have to reduce services which reduces revenue. Nonprofits all across the country are having to change their structure to meet the needs of the communities we exist for."

To read all 140 business leader responses, download the [Southeast Alaska Business Climate Survey 2018](#)

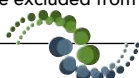
ALASKA NON RESIDENCY

Just over a quarter of all Southeast Alaska workers are not Alaskans.

When jobs and income are reported, these include workers who do not reside full time (or even in some cases part time) in Alaska. Nonresident workers in the region earned an average of \$19,017 each in 2016, and altogether they earned \$239 million, accounting for 23% of all wage earnings that year. The region's nonresident workforce primarily works in the highly seasonal seafood and visitor industries. Nearly three-quarters of the region's seafood processing workers were not Alaska residents in 2016. They earned \$31 million that year, spending some of it in the communities in which they worked, and bringing a portion of those earnings home with them at the end of the summer. Skagway has the highest concentration of non-Alaska resident workforce, where 65% of all workers are non-Alaskans. Juneau has the lowest percent of nonresident workforce participation at 19%. Government jobs have the highest level of local employees. Residency is measured by PFD eligibility status.

NON ALASKA RESIDENTS BY AREA AND INDUSTRY		
Southeast Industries	Non Alaskan workers	% Non Alaskan
Seafood Processing	2,801	74%
Arts, Entertainment, and Recreation	779	51%
Mining	490	47%
Accommodation and Food Services	1,929	41%
Retail Trade	1,362	25%
Local Governments	627	8%
State of Alaska Government	327	6%
Borough or Area	Non Alaskan workers	% Non Alaskan
Skagway Municipality	1,095	65%
Petersburg Borough	839	40%
Haines Borough	595	39%
Sitka, City and Borough	1,888	32%
Ketchikan Gateway Borough	2,633	28%
Hoonah-Angoon Census Area	322	28%
Yakutat, City and Borough	109	26%
Wrangell, City and Borough	316	26%
Prince of Wales-Hyder Census Area	830	25%
Juneau, City and Borough	3,941	19%
Total Southeast Alaska	12,568	26%
Total Alaska	89,411	22%

Sources and notes: Nonresidents Working in Alaska: 2016. Alaska Department of Labor and Workforce Development. February 2018. **Note:** Approximately 10% of nonresident workers go on to apply for a PFD. Self-employment earnings and federal wages are excluded from this analysis.



SOUTHEAST 2020 STRATEGIC PLAN SUMMARY

The Southeast Alaska 2020 Economic Plan, is a five-year strategic plan for the region. The membership worked together to develop an overall vision statement, 46 objectives, and 7 priority objectives, along with regional and industry specific SWOT analyses. More than 400 people representing small businesses, tribes, Native organizations, municipalities, and nonprofits were involved in various elements of the planning process. In 2018 this work received a national NADO Innovation Award. The Plan's objectives are listed below.

Transportation

- ★ **Priority** Minimize Impacts of Budget Cuts to AMHS and Develop Sustainable Operational Model.
- Road Development.
- Move Freight to and from Markets More Efficiently.
- Ensure the Stability of Regional Transportation Services Outside of AMHS.



Visitor Industry

- ★ **Priority** Market Southeast Alaska to Attract More Visitors.
- Improve Access to Public Lands.
- Increase Flexibility in Terms of Permit Use.
- Increase Yacht and Small Cruise Ship Visitations.
- Improve Communications Infrastructure.
- Advocate for Funding to Maintain Existing Recreational Infrastructure.
- Grow Cultural and Arts Tourism.



Energy

- ★ **Priority** Promote Priorities Of The Regional Energy Plan Including Infrastructure and Diesel Displacement
- Support Community Efforts to Create Sustainable Power Systems That Provide Affordable/Renewable Energy.
- Complete Regional Hydrosite Evaluation for Southeast Alaska.



Timber Industry

- ★ **Priority** Provide an Adequate, Economic and Dependable Supply of Timber from the Tongass National Forest to Regional Timber Operators.
- Stabilize the Regional Timber Industry.
- Work with USFS to Direct Federal Contracts Toward Locally-Owned Businesses.
- Support Small-Scale Manufacturing of Wood Products in Southeast Alaska.
- Continue Old-Growth Harvests Until Young-Growth Supply is Adequate.
- Community-Based Workforce Development.
- Update Young Growth Inventory.



Maritime

Maritime Industrial Support

- ★ **Priority** Maritime Industrial Support Sector Talent Pipeline: Maritime Workforce Development Plan.
- Continue to Grow the Regional Maritime Sector.
- Increase Access to Capital for the Regional Maritime Industrial Support Sector.
- Support Capital Investments in Expanded Marine Industry Support Infrastructure.
- Harbor Improvements.
- Examine Arctic Exploration Opportunities That the Region as a Whole Can Provide.



Seafood Industry

- ★ **Priority** Mariculture Development.
- ★ **Priority** Full Utilization and Ocean Product Development.
- Increase Energy Efficiency and Reduce Energy Costs.
- Regional Seafood Processing.
- Seafood Markets.
- Sea Otter Utilization and Sustainable Shellfish.
- Maintain Stable Regulatory Regime.
- Seafood Workforce Development.



Other Objectives

- Housing:** Support Housing Development.
- Food Security:** Increase Production, Accessibility, and Demand of Local Foods.
- Communications:** Improved Access to Telemedicine in Southeast Alaska.
- Marketing:** Market Southeast Alaska as a Region.
- Solid Waste:** Regional Solid Waste Disposal.
- Education:** Partner with University & K-12 to Meet Workforce Needs
- Arts:** Increase Recognition of Southeast Alaska's Thriving Arts Economy.
- Mining:** Minerals & Mining Workforce Development.
- Research:** Attract Science and Research Jobs to Southeast Alaska.
- Cultural Wellness:** Support Activities and Infrastructure That Promote Cultural Wellness
- Healthcare:** Meet Regional Needs.





SOUTHEAST CONFERENCE

Southeast Conference Board

Jan Hill – President

Mayor, Haines Borough

Dennis Watson – Vice President

General Manager, Inter-Island Ferry Authority

Alec Mesdag – 2nd Vice President

Director of Energy Services for AEL&P

Chelsea Goucher – Past President

Sales Representative, Alaska Marine Lines

Rorie Watt – Treasurer

City Manager, City & Borough of Juneau

Stephen Bradford – Secretary

Assembly Member, Ketchikan Gateway Borough

Henrich Kadake – Director

Chair, Kake Tribal Corporation

KC Hostetler – Director

Regional Sales & Community Marketing Manager, Alaska Airlines

Bryce Dahlstrom – Director

Vice President, Viking Lumber

Maegan Bosak – Director

Community Affairs Director, City and Borough of Sitka

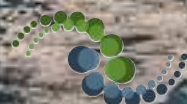
Markos Sheer – Director

CEO Premium Aquatics

Dennis Gray Jr. – Director

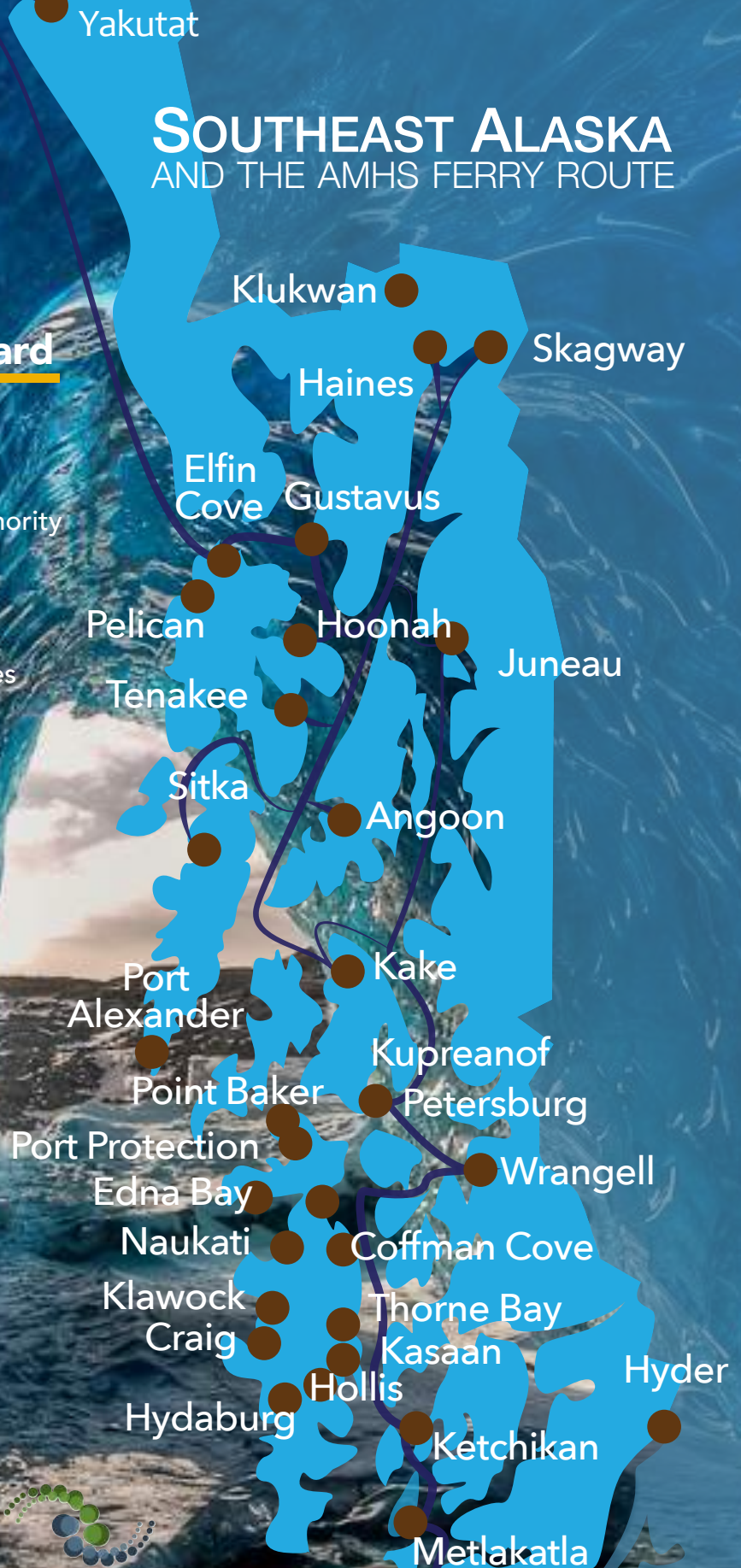
City Administrator for City of Hoonah

Publication sponsored by



Publication by Rain Coast Data

SOUTHEAST ALASKA AND THE AMHS FERRY ROUTE





FEDERAL SUBSISTENCE REGIONAL ADVISORY COUNCIL

**Membership Application &
Nomination Packet for 2019**

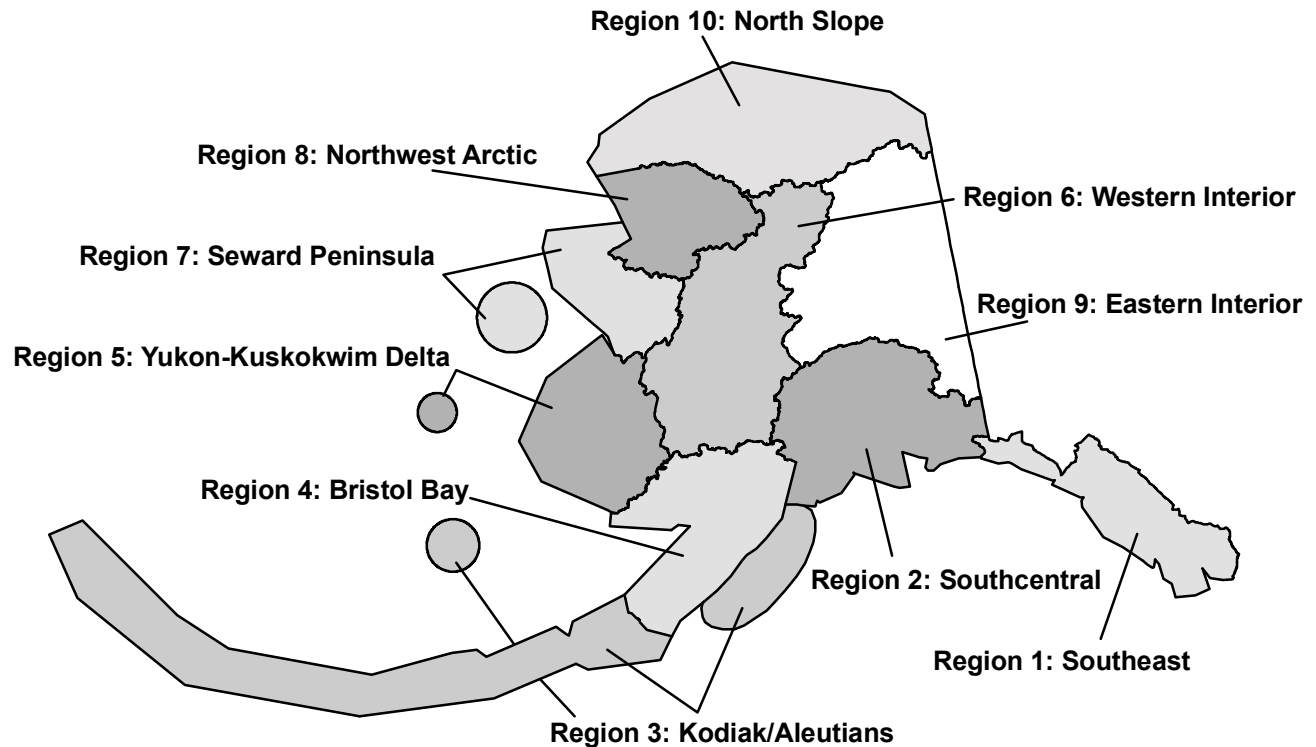
**CLOSING DATE
February 8, 2019**

U.S. Fish and Wildlife Service, Office of Subsistence Management
Federal Subsistence Management Program



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Federal Subsistence Resource Regions



**Completed applications
must be received by
February 8, 2019:**

Send to:

Carl Johnson
Council Coordination Division Chief

U.S. Fish and Wildlife Service
Office of Subsistence Management
1011 E. Tudor Road, MS 121
Anchorage, Alaska 99503-6199

E-mail: subsistence@fws.gov

Fax: (907) 786-3898

Questions?

(800) 478-1456 or (907) 786-3676

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Federal Subsistence Regional Advisory Council

MEMBERSHIP INFORMATION

Membership applications or nominations for seats on the 10 Federal Subsistence Regional Advisory Councils are being accepted now through **February 8, 2019**.

The Regional Advisory Councils provide advice and recommendations to the Federal Subsistence Board about subsistence hunting, trapping, and fishing issues on Federal public lands. Membership on the Councils is one way for the public to become involved in the Federal subsistence regulatory process.

Each Council has either 10 or 13 members, and membership includes representatives of subsistence use and commercial/sport use.

Council Membership

Regional Advisory Council members are usually appointed to three-year terms. The Councils meet at least twice a year; once in the fall (August through October) and once in the winter (February or March). Council members are not paid for their volunteer service, however, their transportation and lodging are pre-paid and per diem is provided for food and other expenses under Federal travel guidelines.

Council Responsibilities:

- **Review and make recommendations to the Federal Subsistence Board** on proposals for regulations, policies, management plans, and other subsistence-related issues;
- **Develop proposals that provide for the subsistence harvest of fish and wildlife;**
- **Encourage and promote local participation** in the decision-making process affecting subsistence harvests on Federal public lands;
- **Make recommendations on customary and traditional use determinations** of subsistence resources; and,
- **Appoint members** to National Park Subsistence Resource Commissions.

Membership Criteria Who Qualifies?

- ✓ RESIDENT of the region member represents
- ✓ RESOURCE KNOWLEDGE – Knowledge of the region’s fish and wildlife resources
- ✓ SUBSISTENCE USES – Knowledge of the region’s subsistence uses, customs, and traditions
- ✓ OTHER USES – Knowledge of the region’s sport, commercial, and other uses
- ✓ LEADERSHIP SKILLS – Leadership and experience with local and regional organizations
- ✓ COMMUNICATION SKILLS – Ability to communicate effectively
- ✓ AVAILABILITY – Willingness to travel to attend two or more Regional Advisory Council meetings each year (usually in October and February) and occasionally attend Federal Subsistence Board meetings.

“Sharing common values and developing solutions to resource problems helps to bridge cultures by developing trust and respect through active communication and compromise. Our meetings allow warm renewal of decades of friendships and acquaintances.... Basically, membership on a Regional Advisory Council comes down to a lot of hard work, mutual respect, willingness to compromise, and a sense of humor. As a result, one develops the ultimate satisfaction of being able to help folks you care about.”

*-Pat Holmes, Council member,
Kodiak/Aleutians Regional Advisory Council*

2019 Application Timeline	
Feb 8	Deadline for submitting membership applications and nominations.
Feb - Apr	Regional panels conduct interviews, then meet to rank and rate candidates.
Jun - Jul	Interagency Staff Committee and Federal Subsistence Board reviews panel reports and develops recommendations.
Aug	Concurrence gained of the Secretary of Agriculture.
Aug-Dec	Secretary of the Interior reviews recommendations and conducts vetting of nominees.
Dec 3	Secretary of the Interior issues appointment letters.

Subsistence Council Coordinators

The Subsistence Council Coordinators facilitate the work of the Regional Advisory Councils and serve as the primary contacts for the Councils. They are:

Southeast, Region 1 and Southcentral, Region 2:

DeAnna Perry, Juneau
 (907) 586-7918; fax: (907) 586-7877
 e-mail: dlperry@fs.fed.us

Southcentral, Region 2 & Bristol Bay, Region 4:

Donald Mike, Anchorage
 (800) 478-1456 or (907) 786-3629; fax: (907) 786-3898
 e-mail: donald_mike@fws.gov

Western Interior, Region 6 & Seward Peninsula, Region 7:

Karen Deatherage, Anchorage
 (800) 478-1456 or (907) 786-3564; fax: (907) 786-3898
 e-mail: karen_deatherage@fws.gov

Kodiak/Aleutians, Region 3 & Northwest Arctic, Region 8:

Zach Stevenson, Anchorage
 (800) 478-1456 or (907) 786-3674; fax: (907) 786-3898
 e-mail: zachary_stevenson@fws.gov

Yukon-Kuskowkwim Delta, Region 5 & North Slope, Region 10:

Eva Patton, Anchorage
 (800) 478-1456 or (907) 786-3358; fax: (907) 786-3898
 e-mail: eva_patton@fws.gov

Eastern Interior, Region 9:

Katya Wessels, Anchorage
 (800) 478-1456 or (907) 786-3885; fax: (907) 786-3898
 e-mail: katerina_wessels@fws.gov

Federal Subsistence Board

The Federal Subsistence Board is the decision-making body that oversees the Federal Subsistence Management Program. It is made up of the regional directors of the U.S. Fish and Wildlife Service, National Park Service, Bureau of Land Management, Bureau of Indian Affairs, the U.S. Forest Service as well as three public members appointed by the Secretaries of the Interior and Agriculture: two represent rural subsistence users and one is the Federal Subsistence Board chairman. The Secretaries have delegated the authority to manage fish and wildlife for subsistence uses on Federal public lands and waters in Alaska to the Federal Subsistence Board. Federal Subsistence Regional Advisory Council recommendations on the harvest of fish and wildlife receive deference in Board deliberations.

Completing the Application

It is crucial that you complete as much as possible of the application/nomination form. Provide your full legal name, as much contact information as possible, and your date of birth. All of this information is very important for completing your application process and in assisting the Secretaries of the Interior and Agriculture in making their final decision. If you are nominating someone to serve on a Regional Advisory Council, you should inform that individual that you are planning to nominate them in order to ensure that they are interested in serving.

Here are some tips on how to answer some of the more detail-oriented questions in the application/nomination form.

For each of the following questions, as applicable, make sure to state how many years experience you have or how many years of knowledge you have, and how you obtained that experience or knowledge.

Knowledge of fish and wildlife resources in the region. For question No. 1, be as specific as possible as to what fish, shellfish and wildlife you are familiar with in your region and what you know about them. Include what sort of uses you participate in and what species you harvest.

Knowledge of subsistence customary and traditional uses of resources in region. For question No. 2, describe what customary and traditional uses you are familiar with, how you learned them, how you process your harvest, and if and how you share your traditional knowledge with others.

Knowledge of sport and commercial uses of fish and wildlife resources in region. For question No. 3, please describe your experience or knowledge in commercial and/or sport fishing and hunting, what species you take, whether you guide hunting and/or fishing clients, and for what species. Identify whether your knowledge is based on personal experience or from what you have learned from others.

Participation in meetings regarding fish and wildlife resource issues. For question No. 4, identify what type of meetings you have attended, how many meetings you have attended, and for how many years. Also describe your level of involvement at those meetings, and whether you represented another organization at those meetings.

Participation in councils, boards, committees or associations. For question No. 5, provide the complete names of any of these types of organizations you have participated in, any offices or positions held, and how many years you participated in the organization. Identify any awards or recognition you may have obtained while serving with these groups.

Communicating information back to people of your region. For question No. 6, describe in detail your ideas on how you would share information you have learned at the Regional Advisory Council meetings back to the people of your region.

Use of Federal public lands for hunting, fishing and trapping. For question No. 7, identify which Federal public lands you use, and provide as much detail as possible how you use these public lands; for example, describe what fish you catch and what methods you use.

Once you have completed the application, please submit it to the Office of Subsistence Management to the address indicated on page 2 of this pamphlet. If you choose to fax in your application, please also mail in the original application. Fax copies do not always come through clearly in the transmission.

Important Considerations

An applicant/nominee must be a resident of the region the Council represents.

An applicant/nominee must be willing to travel at least two times a year, for 3-5 days at a time, to attend Regional Advisory Council meetings.

Information about the Application Process

Overview

Every autumn, the Office of Subsistence Management opens the application process for people interested in serving on 1 of 10 Regional Advisory Councils in Alaska. Applications are distributed via mail and available at all Council meetings, Alaska Federation of Natives conference and on the Federal Subsistence Management Program website at www.doi.gov/subsistence. A person may apply to serve on the Council or be nominated by another individual or an organization. Applications may be mailed, faxed or emailed using the contact information provided on this flyer.

How an Application/Nomination is Processed

1. Once the application period is closed, all applicants are sent a letter acknowledging receipt of their application and an explanation of the next steps in the process.
2. For each of the 10 subsistence regions, an Interagency Nominations Review Panel (Panel) is created to process the applications. Each Panel consists of Federal staff from the agencies most active in that region, including the U.S. Fish and Wildlife Service, Bureau of Indian Affairs, National Park Service, Bureau of Land Management, and U.S. Forest Service. The Panel is chaired by the Subsistence Council Coordinator assigned to that region. The Panel performs the following functions:
 - a. Interview applicants/nominees and references or regional key contacts to learn more about the candidate's knowledge and experience. Interviews are conducted in February through early April each year. The Panel creates a short biography based on the information gathered from the interview and the submitted application form.
 - b. The Panel meets by mid-April to discuss the candidates for that region, score the candidates based on the five criteria established by the Board (listed previously), and then rank the candidates based on their final score. The candidate with the highest score is ranked first, the second highest is ranked second, and so on.

- c. The Panel then submits a written report to the Interagency Staff Committee (ISC) with recommendations for appointment to the Council.

3. The ISC meets in May or June to consider the recommendations from the 10 Panels. In addition to the five criteria considered by the Panels, the ISC considers gender and geographic diversity within the Council membership. The ISC then submits its recommendations to the Board.

4. The Board meets in June or July to consider the recommendations of the ISC. The Board then develops its nominations to forward to the Secretary of the Interior, with the concurrence of the Secretary of Agriculture, for appointment to the Councils. That information is transmitted to the Secretary of the Interior in August each year.

5. The White House Liaison for the Secretary of the Interior receives the names and contact information of all nominees and begins a vetting process that includes examination of State and Federal citations and convictions. Sometimes, even though a candidate was considered qualified by the Board, a candidate is disqualified as part of this vetting process. When a candidate is disqualified by the Secretary of the Interior, the reason for disqualification is not provided to the Federal Subsistence Board or U.S. Fish and Wildlife Service, Office of Subsistence Management. After vetting is completed, the Secretary of the Interior issues appointment letters, which are typically signed on December 3.

Confidential process

The information provided by all applicants and nominees is governed by The Privacy Act and is protected from release. All aspects of this nominations process, from who has applied to the vetting process, are kept strictly confidential.

Federal Subsistence Regional Advisory Council Membership APPLICATION/NOMINATION FORM

APPLICANT'S FULL NAME:

MR./MS.: _____

FIRST

MIDDLE

LAST

Full mailing address:

Contact Information:

Home: (907) _____

Work: (907) _____

Fax: (907) _____

E-mail: _____

Birthdate: _____

Where is your (or nominee's) primary place of residence? (Please note that members must reside in the region they represent.)

PLEASE ANSWER THE FOLLOWING QUESTIONS (ATTACH ADDITIONAL PAGES IF NEEDED):

1) Describe your (or nominee's) knowledge of fish and wildlife resources in the region.

2) Describe your (or nominee's) knowledge of subsistence and customary and traditional uses of resources in the region.

3) Describe your (or nominee's) knowledge of sport, guided sport, commercial and other uses of fish and wildlife resources in the region.

4) Do you (or nominee) participate in meetings on fish and wildlife issues (for example, meetings of State fish and game advisory committees, Federal Subsistence Regional Advisory Councils, commercial or sport hunting or fishing organizations, marine mammal commissions, Tribal or corporation resource use groups, caribou working groups, subsistence resource commissions, coastal resource service areas, waterfowl conservation committees)? **If so, please describe your (or nominee's) involvement.**

5) Have you (or nominee) served in an official capacity on councils, boards, committees, or associations within the past 10 years? If yes, please describe the role you served while working with these groups (i.e. Chair, Vice Chair, member).

6) The seat you are applying for represents users throughout the region. How would you (or nominee) find out about fish and wildlife concerns people have and get information back to those people?

7) Do you (or nominee) use Federal lands for hunting, trapping, fishing, guiding or transporting, gathering, teaching of traditional knowledge, or other use of fish and wildlife resources? If yes, please describe which Federal lands you use:

8) Will you (or nominee) travel to and attend Regional Advisory Council meetings at least two times each year? (Regional Advisory Council meetings are usually held in October and February. Transportation and lodging are pre-paid; per diem is provided for food and other expenses.)

Yes _____ No _____

9) Are you (or nominee) willing to attend Federal Subsistence Board meetings occasionally? (Board meetings are generally held in January or April. Transportation and lodging are pre-paid; per diem is provided for food and other expenses.)

Yes _____ No _____

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Office of Subsistence Management
1011 E. Tudor Road, MS 121
Anchorage, Alaska 99503-6199



“Like” us on Facebook!

www.facebook.com/subsistencealaska



September 25, 2018

To: Community of Prince of Wales Island
From: Scott Van Valin, Owner/Director of Operations

Re: New Klawock Airport Maintenance Hours

Island Air Express was recently notified by the State of Alaska Department of Transportation Juneau office that the Klawock Airport will no longer be plowed by the DOT after 1:00 PM each day. The State told me that our only option after 1:00 PM is to call an afterhours phone number and have the runway plowed at a cost to Island Air Express of \$1000 per hour. This option is not financially viable to Island Air Express. The States decision to NOT plow the airport after 1:00 PM will drastically disrupt the service Island Air Express conducts to and from the Klawock Airport during the winter months and in turn it will drastically affect our reliable passenger, freight, & mail service to the communities & residents of Prince of Wales Island. The States decision will also cripple the already extensive wait time for medivac service off the island.

The flight cancelations caused by not plowing the runway after 1:00 PM will not only cause major travel disruptions, it will also cause a financial burden on the island residents traveling whom will now have the additional expense of hotels and meals at their departure city when flights are canceled because of the unplowed runway at Klawock Airport.

Amazingly I have found that there are quite a few people in the State offices still don't realize the Klawock Airport is the ONLY airport serving eight communities located on the third largest island in the United States, an island encompassing over 2500 square miles. The Klawock airport also has close to two hundred medevac flights per year, many of these are conducted after 1:00 PM, and many during the hours of darkness. Island Air Express operates 12 scheduled flights per day at Klawock Airport between Ketchikan, Petersburg and Juneau. Of the 12 daily flights we operate 6 flights are operated AFTER the 1:00 PM plow cutoff time the state has recently established. Our last flight arrives from Juneau, Petersburg, & Ketchikan at 8:30 PM a full 7.5 hours after the last potential opportunity of plowing of the airport.

Please assist by making your voice heard so Island Air Express can continue providing reliable passenger, freight & mail transportation for Prince of Wales Island community through winter by contacting the State Department of Transportation Commissioner, the Governor's Office, Senator Lisa Murkowski, Senator Dan Sullivan's Office, or any other contact you feel will help get our winter plow services back to normal hours at the Klawock Airport. Winter is very near, and this problem needs to be resolved ASAP!

Here are some useful State of Alaska contacts:

Bill Walker- Governor	governor@gov.state.ak.us	(907)465-3500
Marc Luiken- Commissioner of ADOT	dot.commissioner@alaska.gov	(907) 465-3900
John Binder- Deputy Commissioner of ADOT	john.binder@alaska.gov	(907) 269-0730
Troy LaRue- Operations Manager Statewide Aviation	troy.larue@alaska.gov	(907) 269-0724
Jeremy Worrall- Airport Operations Superintendent	jeremy.worrall@alaska.gov	(907) 451-5230

Thank you in advance for your help with this issue.

Best regards,

Scott Van Valin

Owner/ Director of Operations



DOT&PF Statement on Klawock Airport Winter Operations

September 27, 2018

It is DOT&PF's understanding that a private air carrier at the Klawock Airport has added flights that fall outside of DOT&PF's normally scheduled hours of operation. This air service is of great benefit to passengers and the Prince of Wales economy.

Protecting safety and supporting commerce are essential functions for DOT&PF.

Negotiations about snow plowing for commercial entities do not affect medivacs.

It has always been DOT&PF's policy to provide immediate services for medivacs and emergency situations at no additional charge to the emergency transport carrier. DOT&PF will continue to offer complete support at the Klawock Airport for all medical and lifesaving operations.

The Klawock Airport is legally considered an unattended airport. However, DOT&PF does offer services at the airport during the Klawock Maintenance Station's regular daily hours of operation.

DOT&PF is maintaining the same number of service hours at the station as in previous winters.

The newly added commercial flights pose a logistical challenge for winter operations around Prince of Wales Island on days with snow fall events.

DOT&PF's ability to offer regular winter operations at the airport outside the long-established service hours is constrained. Staff serving the airport are also detailed to plowing roads between the eight communities and 355 lane miles of roadway on Prince of Wales Island. The winter operations are essential functions for safety, transporting children to school, the movement of goods and freight, and more.

DOT&PF has offered the air carrier additional after-hours operations as needed to serve commercial flights at an hourly rate set by regulation (17 AAC 45.035). Based on the letter sent to the community by the air carrier, it appears that the carrier objects to the offer. The air carrier has met once with DOT&PF. The department hopes to continue working with the air carrier towards resolution within the department's bounds of regulation and duty to public service.

DOT&PF is committed to protecting the safety of the traveling public and supporting commerce.

(See facts below about DOT&PF's service on Prince of Wales Island.)

DOT&PF staff on Prince of Wales accomplish wide-ranging responsibilities with limited resources.

- 6 Employees
- 355.8 lane miles of roadway responsibility
- 19.3 lane miles of airport responsibility
- Regular operating hours at the Klawock Maintenance Station are from 5:00 am – 1:30 pm Monday through Friday
 - This schedule allows DOT&PF to plow a road prior to the school buses departing as well as monitor roads for homeward bound buses.

DOT&PF provides service to eight communities on Prince of Wales Island. All of these communities have schools. The DOT&F winter staffing schedule is based on providing safe routes for school buses and parents to transport children to school.

- Klawock
- Craig
- Thorne Bay
- Whale Pass
- Naukati Bay
- Hydaburg
- Coffman Cove
- Hollis

Ketchikan Area Arts & Humanities Council
Prince of Wales Art Extravaganza P&L
 January 1 through September 26, 2018

	<u>Date</u>	<u>Name</u>	<u>Paid Amount</u>
Ordinary Income/Expense			
Income			
3026 - Corporate Sponsorship			
	05/09/2018	First Bank	750.00
	06/11/2018	City of Craig	1,500.00
			<hr/>
Total 3026 - Corporate Sponsorship			2,250.00
Donations, Fundraising			
3060 - Donations			
	05/02/2018	Whale Tail Pharmacy	250.00
	05/14/2018	Klein, Gretchen	250.00
	08/21/2018	Martin, Arthur Ivan Sergeevitch	250.00
	08/21/2018	Pilburn, Chaundra	100.00
	08/24/2018	Morrison, Thomas Lewis	250.00
	08/28/2018	Hailey, Mary	250.00
	09/18/2018	Reeves, Cynthia	250.00
	09/18/2018	Cash.	929.00
	09/24/2018	Klein, Gretchen	500.00
			<hr/>
Total 3060 - Donations			3,029.00
Total Donations, Fundraising			<hr/>
			3,029.00
3080 - Workshop/Entry Fees			
	05/02/2018	Klinkert, Cathy	25.00
	05/02/2018	Taylor, James	25.00
	05/02/2018	May, Camille	25.00
	05/02/2018	Buoy, Tamara	25.00
	05/02/2018	Kage, Makenzi	25.00
	05/08/2018	Hamar, Bonnie	50.00
	05/11/2018	Hamar, Stephanie	25.00
	05/11/2018	Rosenthal, Jeri	25.00
	05/11/2018	Peterson, Travis	25.00
	05/11/2018	Wargi, Joan	25.00
	05/11/2018	Magnuson, Judy	25.00
	05/11/2018	Botello, Cecilia	25.00
	05/11/2018	Wendell, Jo	25.00
	05/11/2018	Sharp, Martha	25.00
	05/11/2018	McFarland, Jeannie	25.00
	05/28/2018	Maldonado, Lucy	25.00
	06/06/2018	Metcalfe, Terri.	25.00
	06/21/2018	Kain, Kristine	25.00
	07/02/2018	Johnson, Jo-Anne	25.00
	07/18/2018	Brock, Stephanie	25.00
	07/18/2018	Peavey, Kathy.	50.00
	07/18/2018	Owen, Aurora	25.00

	<u>Date</u>	<u>Name</u>	<u>Paid Amount</u>
	07/18/2018	Solomon, Rohn	25.00
	07/18/2018	Hamar, Bonnie	25.00
	07/18/2018	Whitehead, Kurt	25.00
	07/18/2018	Coffey, Paul	25.00
	07/18/2018	Kain, Kristine	25.00
	07/18/2018	Trojan & Son, LLC	50.00
	07/19/2018	Noel, Christine	25.00
	07/19/2018	Vogeli, Madelaine	25.00
	07/27/2018	McElfresh, Robert	25.00
	07/27/2018	Holter, Brian	25.00
	07/27/2018	Braz, Richard	25.00
	07/30/2018	Cates, Lisa	50.00
Total 3080 · Workshop/Entry Fees			<u>950.00</u>
Total Income			<u>6,229.00</u>
Gross Profit			6,229.00
Expense			
4050 · Marketing			
	05/14/2018	North Creative Design	1,377.50
	08/21/2018	North Creative Design	47.50
Total 4050 · Marketing			<u>1,425.00</u>
4210 · Printing/Ticket prep			
	05/02/2018	North Creative Design	180.00
Total 4210 · Printing/Ticket prep			<u>180.00</u>
4220 · Hospitality/Travel - Programs			
	07/30/2018	Thomas, Robin	1,200.00
	09/24/2018	Thomas, Robin	2,800.00
Total 4220 · Hospitality/Travel - Programs			<u>4,000.00</u>
4320 · Rental Expense			
	07/03/2018	Craig Tribal Association	460.00
	07/03/2018	Craig Tribal Association	100.00
Total 4320 · Rental Expense			<u>560.00</u>
Total Expense			<u>6,165.00</u>
Net Ordinary Income			<u>64.00</u>
Net Income			<u><u>64.00</u></u>

CITY OF CRAIG MEMORANDUM

To: Craig City Council
From: Jon Bolling, City Administrator
Date: September 28, 2018
RE: Discussion on US Forest Service Roadless Rule

In 2001, the Clinton Administration adopted what is known as the Roadless Rule. The regulation imposed new restrictions on development activities in what are known as inventoried roadless areas (IRAs) in national forests in the United States. In the Tongass National Forest, there are 110 such areas, comprising about 55 percent of the forest. These areas do not include land designated as Wilderness.

Shortly after adoption of the rule, a number of lawsuits were filed in federal court to block implementation of the rule. One of those litigants was the State of Alaska. The City of Craig joined in the state litigation, assisting both with cash and other support. That case was eventually decided by the federal Ninth Circuit Court of Appeals in favor of the Forest Service in 2016, some fifteen years after the case was first filed.

In the meantime, another Roadless Rule case was filed in Washington DC Federal District Court. The city is among the litigants in that case as well, again contributing both cash and other support to eliminate the existing roadless policy from the Tongass. That case is active, and has gone back and forth to and from the district court following initial decisions and appeals. Others joining with the city and State of Alaska in this litigation are the Alaska Forest Association, Southeast Conference Alaska Electric Light & Power, Alaska Power and Telephone, Alaska Miners Association, Citizen's Pro Road, Alaska Marine Lines, Inc, Alaska Exploration & Mining Association, Durette Construction Company, First Things First Foundation, Juneau Chamber of Commerce, Ketchikan Gateway Borough, Southeast Stevedoring Corp., Chris Gerondale, Southeast Roadbuilders, Inc., Hyak Mining Company, Inside Passage Electric Cooperative, and the Southeast Alaska Power Agency.

In addition to the litigation, the city has also adopted at least one resolution supporting elimination of Roadless in the Tongass.

In short, the city has consistently supported repeal of the roadless rule since 2001.

On a related note, the city has typically supported timber sale offerings from POW Island, including the Logjam and Big Thorne sales, both of which were litigated, and both of which the city joined in to defend in court, using both cash and staff time.

The city's past positions on roadless and timber sales has been based in part on the desire to see the mills on POW continue to have access to timber from the national forest. This is particularly true as to Viking Lumber, which provides dozens of local jobs, is a source of wood fuel for the city's wood fired boiler facility, and to which the city leases wood drying equipment. The city has also supported elimination of the rule to avoid additional difficulties for future hydroelectric and potential mining projects on POW.

In January, Governor Walker petitioned the Forest Service to give notice that the State of Alaska seeks an exemption from the nationwide rules governing management of IRAs. In response to the petition, the US Secretary of Agriculture directed the Chief of the Forest Service to enter into state-specific rulemaking for management of roadless areas in the Tongass. That state-specific rulemaking effort is now underway, with the signing of a memorandum of understanding by the State of Alaska and US Department of Agriculture that is intended to govern the rulemaking process. Part of that process is the appointment by the governor of a group to “inform the state’s input” on implementation of the Roadless Rule in Alaska. After consultation with the mayor, I submitted my name for consideration of appointment to the group. Ultimately the U.S. Secretary of Agriculture will make a final decision on how to implement roadless in Alaska. Both the State of Alaska and the US Forest Service seek public comment on the Alaska roadless rule process.

While the above history is important to keep in mind, any given city council is free to establish its own position on a matter of public policy. Now that another public process is underway regarding roadless, the city council should have a discussion on what position, if any, it wishes to take regarding this matter. In any case, the city should be prepared to articulate some statement on roadless, as we likely will be asked at some point to speak on the record.

Attached, as additional background information, are copies of the state’s petition, the US Department of Agriculture’s response, the memorandum of agreement governing the rulemaking process, and Governor Walker’s administrative order creating the roadless advisory group. Also attached is a map of roadless areas on the Tongass.

In addition to the pending litigation in the Washington DC Federal District Court and the new Alaska-specific rulemaking effort, a section of the federal “Farm Bill” that is pending approval by Congress would prevent application of roadless to the Tongass National Forest. The Alaska congressional delegation supports the Farm Bill provision. The Farm Bill is awaiting action in Conference Committee before being sent back to the House and Senate for final approval, and then on to the president. There is no way to know at this point if the Roadless Rule provision currently in the bill will remain there when the conference committee completes its work.

Recommendation

Discuss the merits of the Alaska-specific Roadless Rule effort initiated by the State of Alaska and consider adoption of a statement or resolution on the subject.

Copy of State's Petition



THE STATE
of **ALASKA**
GOVERNOR BILL WALKER

Department of Natural Resources

COMMISSIONER'S OFFICE

550 W 7th #1400
Anchorage, AK 99501
Main: 907.269.8431
Fax: 907.269.8918

January 19, 2018

U.S. Department of Agriculture
Attention Sonny Perdue, Secretary of Agriculture
1400 Independence Avenue, S.W.
Washington, DC 20250

Dear Secretary Perdue,

Enclosed you will find a request from the State of Alaska to consider a petition for rulemaking on the applicability of the 2001 Roadless Rule to the Tongass National Forest in Alaska. The history of the exemption and the ensuing legal challenges are covered in detail in our petition and exhibits. The State also lays out clear and sound rationale for why an exemption should be addressed through the rulemaking process.

The State appreciates your interest in this topic. We see this as one of many significant opportunities to work with you to support a diverse and robust forest products sector in Southeast Alaska. Rebuilding this sector will create jobs and prosperity for our rural communities located in the Tongass National Forest.

The State looks forward to participating in the process and is available to answer questions you or your staff may have on this subject.

Sincerely,

A handwritten signature in cursive script that reads "Andrew Mack".

Andrew T. Mack
Commissioner

cc:

Bill Walker, Governor of Alaska
U.S. Senator Lisa Murkowski, Chairman, Senate Energy & Natural Resources Committee
U.S. Senator Daniel S. Sullivan
U.S. Representative Don Young
Tony Tooke, Chief USFS
Cathy Giessel, State Senator and Chair Senate Resources Committee
Geran Tarr, State Representative and Co-chair House Resources Committee
Andy Josephson, State Representative and Co-chair House Resources Committee

Before the Department of Agriculture
Washington, DC 20250

To: George Ervin "Sonny" Perdue, Secretary of Agriculture

From: The State of Alaska, Department of Natural Resources

Re: The Department of Agriculture Roadless Area Conservation Rule and
The 2016 Tongass National Forest Land and Resource Management Plan

Date: January 19, 2018

**STATE OF ALASKA
PETITION FOR USDA RULEMAKING TO EXEMPT THE
TONGASS NATIONAL FOREST FROM APPLICATION OF
THE ROADLESS RULE AND OTHER ACTIONS**

I. SUMMARY

In a 2003 Record of Decision (ROD) Ex. 1, the USDA promulgated a regulation (Tongass Exemption) exempting the Tongass National Forest (Tongass) from the Roadless Area Conservation Rule (Roadless Rule). In this ROD, the USDA provided in-depth analysis of the requirements and limitations of the Tongass Timber Reform Act (TTRA) and the Alaska National Interest Lands Conservation Act (ANILCA) if the Roadless Rule were applied to the Tongass. After this statutory analysis, the USDA concluded that the best way to implement the spirit and the letter of these laws was to exempt the Tongass from the Roadless Rule.

The USDA also concluded that exempting the Tongass was consistent not only with the intent of Congress, but also with sound management of the Tongass because roadless areas in the Tongass are adequately protected without adding the additional restrictions in the Roadless Rule. USDA stated that roadless areas are common, not rare in the Tongass and the vast majority of the 9.34 million acres of roadless areas have restrictions on road building and timber harvest irrespective of the Roadless Rule. Even without the Roadless Rule, only about four percent of the Tongass is designated as suitable for timber harvest. *See* ROD, Ex. 1.

In its decision to exempt the Tongass, USDA weighed the value of imposing these unnecessary additional restrictions against the very significant social and economic costs to Southeast Alaska that were discussed in depth in the 2001 Roadless Rule decisional documents. When USDA reconsidered the same facts in this second rulemaking that it had considered in 2001, the USDA this time concluded that the needs of the people of

Alaska outweighed adding more restrictions when roadless areas in the Tongass are adequately protected without the Roadless Rule.

After environmental interest groups challenged the Tongass Exemption in 2009, the USDA aggressively defended the rule in its 2010 opening brief in the Federal District Court for the District of Alaska. *See* USDA Brief Ex. 2. USDA argued that “the Tongass Exemption was a well-reasoned decision, supported by the evidence” and that after reweighing the same economic, social and environmental factors considered in the 2001 ROD, USDA concluded that “the roadless values on the Tongass could be protected and social and economic impacts minimized by exempting the Tongass from the Roadless Rule. USDA Brief at 1-4.

The District Court nevertheless invalidated the Tongass Exemption, but upon appeal, a three-judge panel of the Ninth Circuit Court of Appeals reversed and upheld the Exemption. However, in a 6-5 *en banc* decision, the Ninth Circuit struck down the Tongass Exemption on a procedural ruling, holding that the USDA failed to adequately explain its change of position from the 2001 Roadless Rule to the 2003 Tongass Exemption. *See En Banc* Opinion, Ex.3. The Court did not find any substantive legal infirmities with the Tongass Exemption, that is, the Court did not hold that the USDA analysis or rationale could not support exempting the Tongass, or that the USDA reached the wrong decision, but only that USDA failed to provide an adequate explanation of its change of position from 2001. No judge questioned the fact that the USDA had a right to change position on exempting the Tongass, if the change was adequately explained. *Id.*

The rationale USDA provided for exempting the Tongass in the 2003 ROD and again in the 2010 USDA Brief remains valid today. The extensive damage resulting from the application of the Roadless Rule to the economic and social fabric of Southeast Alaska remains as real today as it was 15 years ago, while the Tongass roadless values remain more than adequately protected without the Roadless Rule. Therefore, for the reasons more fully explained below, the State of Alaska (State) respectfully requests that the Secretary of Agriculture grant this petition and direct the USDA and USFS to immediately undertake a rulemaking to consider once again exempting the Tongass from the Roadless Rule.

In addition, the State requests that the Secretary also direct the USFS to undertake a revision to the 2016 Tongass Land & Resource Management Plan (TLMP). In a recent amendment to the TLMP, the USFS implemented the Roadless Rule by including many of the most restrictive provisions and prohibitions of the Roadless Rule into the fabric of the TLMP. As a result, even if the Tongass is once again exempted from the Roadless Rule, these Roadless provisions would remain in the TLMP and be independently applicable unless also removed from the TLMP. A Forest Plan amendment or revision under the 2012 USFS planning rules is the mechanism for the Executive Branch to

remove these provisions. The State also requests that the provisions inserted into the TLMP in 2016 requiring a rapid transition from old growth to young growth timber harvest also be revised.

II. HISTORY OF THE TONGASS EXEMPTION

Controversy over federal management of the Tongass goes back many decades. The most relevant history regarding whether to exempt the Tongass from the Roadless Rule begins at the turn of the 21st Century in the waning days of the Clinton Administration. Entire books have been written on the high-profile policy and legal battles over the Tongass spanning many decades, and the basic facts have been set forth in many legal briefs and judicial decisions. *See e.g.* USDA Brief Ex.2 at 1-5; State Brief in the Federal District Court for the District of Columbia (State Roadless Rule Brief), Ex. 4 at 1-3; and *State of Alaska v. USDA*, case 11-1122 RLJ, Opinion filed 9/20/17, Ex. 5 at 7-15. Therefore, only a very brief summary is presented here in addition to the more comprehensive discussions in the attached exhibits.

Beginning with an interim rule in 1999, as the USDA developed the Roadless Rule, the administration's preferred approach was to exempt the Tongass or to limit its application. USDA Brief, Ex. 2 at 1-2. It was not until the final decision in the 2001 ROD, at the very conclusion of the rulemaking process, that USDA unexpectedly fully and immediately applied the Roadless Rule to the Tongass. *Id.*

During the rulemaking process, USDA recognized that the Tongass would be so uniquely and severely impacted by the Roadless Rule that what was effectively a separate rulemaking within a rulemaking was conducted for the Tongass. USDA recognized that the Roadless Rule would severely interfere with seeking to meet timber demand as required by Tongass Timber Reform Act, that the social and economic impact on Southeast Alaska would be severe, and that adequate protections were in place to protect the environmental values of the Tongass without the Roadless Rule. *Id.* at 2-5. These were the rationale stated throughout the process for choosing limited, if any, application to the Tongass as the USDA preferred alternative; at least until the surprise ending when in the final ROD the Roadless Rule was made immediately fully applicable to the Tongass. *Id.* For example, the USDA preferred alternative in the draft environmental impact statement was "Tongass exempt". *Id.*

Many lawsuits immediately followed promulgation of the Roadless Rule, including one by the State of Alaska challenging its application to Alaska national forests. In 2003, a temporary rule exempting the Tongass (Tongass Exemption) was promulgated to satisfy a settlement of Roadless Rule litigation between USDA and the State of Alaska. It is this temporary rule that was invalidated by the Federal District Court in Alaska in 2011. The rulemaking to promulgate permanent exemptions for both

national forests in Alaska – also a term of the settlement agreement – was never commenced after the 2005 State Petitions Rule replaced and effectively (at least temporarily) repealed the Roadless Rule nationwide. *Id.*

However, a federal court in California invalidated the State Petitions rule in 2006 and reinstated the Roadless Rule nationwide even though it had been invalidated by a federal court in Wyoming and was enjoined nationwide. The reinstatement of the Roadless Rule was, however, explicitly made subject to the Tongass Exemption rule, and therefore the Tongass remained exempt until the District Court in Alaska invalidated it in 2011. *Id.*

The Tongass Exemption rule then remained in litigation until the United States Supreme Court on March 29, 2016 declined the State's Petition for Certiorari for review of the Ninth Circuit *en banc* decision invalidating the Tongass Exemption rule due to the argued inadequate explanation of USDA's change in policy.

Following the loss of the Tongass Exemption, the State and many supporting intervenors continue to appeal the Roadless Rule and the Roadless Rulemaking decision to apply the rule to the two national forests in Alaska in the United States Court of Appeals for the District of Columbia Circuit. If the Court rules in the favor of the State, three different remedies are possible depending upon which claim(s) the case is decided; the Roadless Rule could be invalidated nationwide, it could be invalidated as applied to Alaska or it could be invalidated solely as applied to the Tongass.

III. CONTINUING RATIONALE FOR EXEMPTING THE TONGASS

A. Good Policy

Rationales for exempting the Tongass from the Roadless Rule in a new USDA rulemaking are not entirely equivalent to Alaska's legal claims and arguments challenging the Roadless Rule in federal court. The most important difference is that USDA can enact or change policy via a rulemaking whether such action is legally mandated or just good policy as determined by the agency. The *en banc* decision of the Ninth Circuit striking down the Tongass Exemption did not in any way cast doubt on USDA's authority to set policy on the Roadless or on the Tongass other than to clarify the extent to which the agency must explain its rationale in the record of decision. *See En Banc Opinion Ex. 3.*

Therefore, the first and most compelling reason that USDA should grant this petition to undertake a rulemaking to restore an exemption for the Tongass is that it remains good policy. The 2010 USDA brief (Ex. 2) supporting the policy decision to exempt the Tongass remains as persuasive today as it was then. No federal court has

opined that there was any issue with the policy choice to exempt the Tongass, but instead ruled only on the procedural flaw of not including a sufficient explanation for the change in policy from the 2001 ROD. The State is therefore requesting that USDA now correct this procedural problem through a new rulemaking and in effect reinstate the Tongass Exemption based on the same sound policy decision it made in 2003. All of the rationales that USDA offered for exempting the Tongass in the 2003 ROD remain valid today. ROD Ex. 1.

B. Compliance with Federal Law

In 2003, USDA offered rationales for exempting the Tongass as policy decisions that the State contends are legal requirements that mandate a Tongass or Alaska exemption. In particular, this includes compliance with ANILCA and the TTRA.

USDA devoted a considerable portion of the 2003 ROD to discussion of these two statutes and ultimately stated that the Tongass Exemption Rule

“reflects the Department’s assessment of how to best implement the letter and spirit of congressional direction along with public values, in light of the abundance of roadless values on the Tongass, the protection of the roadless values already included in the Tongass Forest Plan, and the socioeconomic costs to the local communities of applying the roadless rule’s prohibitions.” Ex. 1 at 75142.

USDA further stated that ANILCA and the TTRA “provide important congressional determinations, findings, and information relating to management of National Forest System lands on the Tongass.” *Id.*

More specifically, USDA explained that in ANILCA Congress set aside another 5.5 million acres of the Tongass wilderness and found that this additional wilderness set aside represents “a proper balance between the reservation of national conservation system units and those public lands necessary and appropriate for more intensive use and disposition” and that no additional conservation areas will be needed in the future on the Tongass. *Id.* Congress attempted to prevent the Executive Branch from circumventing this directive by prohibiting “future executive branch action which withdraws more than five thousand acres, in the aggregate, of public lands within the State of Alaska” without the approval of Congress. 16 U.S.C. §3213(a).

There is a fine line between the USDA’s statement in the 2003 ROD that the Tongass Exemption implements “the letter and spirit of congressional direction” and the State’s legal argument in the current litigation that by failing to exempt the Tongass from the Roadless Rule USDA has violated ANILCA by withdrawing millions of acres from

more intensive use without the consent of Congress. State Roadless Rule Brief, Ex.4 at 43-44. USDA may view exempting the Tongass as policy to implement the letter and the spirit of congressional direction in ANILCA or as a legal mandate to comply with ANILCA. Either way, complying with congressional intent as set forth in ANILCA is a powerful rationale for a new rulemaking to restore the Tongass Exemption.

The TTRA presents a similar rationale for a new rulemaking. In 1990, Congress amended ANILCA with the TTRA, which included a directive to the USDA Secretary to “seek to provide a supply of timber from the Tongass National Forest, which (1) meets the annual market demand for timber and (2) meets the market demand for timber for each planning cycle” consistent with multiple use and sustained yield management and the requirements of the National Forest Management Act. ROD, Ex.1 at 75142. USDA analyzed the demand numbers for the Tongass timber and the effect of the road construction and timber harvest prohibitions of the Roadless Rule and concluded that “the roadless prohibitions operate as an unnecessary and complicating factor limiting where timber harvesting may occur.” *Id.* at 75141.

The State fully concurs with the USDA policy decision that further timber harvest restrictions were not necessary and complicated compliance with the TTRA directive to seek to meet timber demand. However, as with ANILCA, the State continues to argue in federal court that the timber harvest and road construction restrictions of the Roadless Rule limit the ability of the Tongass Forest Supervisor to plan and execute timber sales to the extent that it is impossible to even seek to meet timber demand. Intentionally tying your own agency’s hands with such unnecessary restrictions that ensure failure to meet timber demands is a violation of the TTRA provisions to seek to meet demand. The State’s full argument why the TTRA legally mandates a Tongass Exemption from the Roadless Rule is presented in the State Roadless Rule Brief, Ex. 4 at 38-43.

As with ANILCA, in 2003 USDA viewed an exemption as policy to implement the letter and the spirit of TTRA while the State determined that TTRA legally mandates an exemption. But again, implementing the directive of Congress is a powerful rationale for a new rulemaking under either analysis.

C. Compelling Case for Exemption Rulemaking

Addressing the serious socioeconomic consequences to Alaskans and complying with ANILCA and TTRA are all compelling rationale for a Tongass Exemption today, as they were in 2003. Other rationales offered by USDA in the 2003 ROD and supported by counsel in the 2010 USDA brief also remain valid today. As noted above, the Ninth Circuit did not invalidate the Tongass Exemption due to flawed rationales, but rather only because of an inadequate explanation for the change in policy. The State respectfully

submits this petition for a rulemaking to exempt the Tongass from the Roadless Rule in the interest of the socioeconomic well-being of its residents.

IV. CONTENT OF REQUESTED RULE

The Tongass Exemption Rule that was invalidated by the Ninth Circuit was a single sentence under 36 CFR § 294.14. The invalidated language in CFR § 294.14 can be replaced by new similar language as simple as: “This subpart does not apply to the Tongass National Forest.”

V. OTHER REQUESTED ACTION

In 2016, the USFS completed an extensive amendment process to the TLMP. Among the changes that were made to the TLMP, significant changes included the implementation of the Roadless Rule and the implementation of the Transition Strategy intended to rapidly shift timber harvest in the Tongass from primarily old-growth to young-growth timber. The State was among many objectors to this TLMP amendment based on a wide range of procedural issues and substantive issues in forestry, transportation and resource development. The State’s August 30, 2016 formal objection to the 2016 TLMP amendment is attached as Exhibit F. The exhibits filed with the objection can be accessed on the USFS Tongass website at:

<https://cloudvault.usda.gov/index.php/s/l6my9KpoJk90wUa>.

The State’s objections did not result in changes to the final TLMP.

In addition to requesting that USDA commence a rulemaking to exempt the Tongass from the Roadless Rule, the State also requests that the USDA Secretary direct the USFS to commence a new amendment or revision process for the TLMP as amended in 2016. The State asks that this new TLMP process reconsider all of the objections in the State’s objection letter in Exhibit 6. However, section III “The Amended Forest Plan violates the TTRA and ANILCA” is of particular relevance to this petition. Ex. 6 at 6.

This section explains that the Roadless Rule violates both the TTRA and ANILCA as is also discussed above. *Id.* It also explains that in adopting this TLMP amendment “USFS now compounds this violation of federal law by selecting an alternative that not only fully implements the Roadless Rule in the management plan governing the Tongass, but also implements a transition plan to young-growth timber with a rapid phase out of the old-growth timber on which the timber industry is dependent.” *Id.*

As a result of implementing the Roadless Rule restrictions in the TLMP, along with additional restrictions on old-growth timber harvest outside of roadless areas, a new

Tongass Exemption rule alone will not provide relief to Southeast Alaska. The Roadless Rule and the 2016 TLMP now each independently restrict road construction and timber harvest to such a degree as to have devastating socioeconomic effects on Alaskans. A more complete discussion of the effects of the TLMP on Alaska and the reasons why the TLMP violates TTRA and ANILCA are set forth in Exhibit 6.

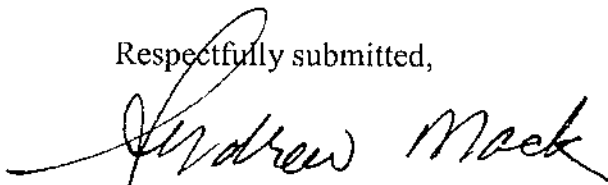
VI. CONCLUSION

Beginning in 2003, USDA has recognized that roadless values in the Tongass are well protected without the Roadless Rule. USDA has also recognized that the prohibitions on road construction and timber harvest in the Roadless Rule come with severe socioeconomic consequences to Alaskans that outweigh any value of adding unnecessary restrictions to those already in place. With this understanding, USDA exempted the Tongass from the Roadless Rule from 2003 until 2011 when a federal court invalidated the Exemption based on a procedural flaw in the 2003 ROD. During this court battle, USDA fully defended USDA's above stated rationale for the exemption.

Subsequent to the court imposing the Roadless Rule on the Tongass, the situation has only been compounded by the USFS's incorporation of the restrictions on roadbuilding and timber harvest into the TLMP. Therefore, both an exemption rulemaking and a TLMP plan revision or amendment are now necessary to reinstate USDA's policy of Tongass exemption set forth in the 2003 ROD.

For the reasons set forth above, the State of Alaska respectfully requests that this petition for rulemaking be granted and that the USDA promptly commences a rulemaking proposing a rule to permanently exempt the Tongass National Forest from application of the Roadless Rule. The State also requests that the Secretary of Agriculture direct the USFS to commence a TLMP revision or amendment to remove provisions of the Roadless Rule that have been incorporated into the plan and to reconsider the State objections set forth in Ex. 6 that were not addressed in the final TLMP.

Respectfully submitted,



Andrew T. Mack, Commissioner
State of Alaska, Department of Natural Resources
550 West Seventh Avenue, suite 1400
Anchorage, AK 99501-3561
907.269.8431
andy.mack@alaska.gov

US Department of Agriculture's Response to State's Petition



United States Department of Agriculture

Office of the Secretary
Washington, D.C. 20250

APR 25 2018

The Honorable Andrew Mack
Commissioner
Department of Natural Resources
550 West 7th
Suite 1400
Anchorage, Alaska 99501

Dear Commissioner Mack:

Thank you for your letter of January 19, 2018, regarding the request from the State of Alaska to consider a petition for rulemaking on the applicability of the 2001 Roadless Rule to the Tongass National Forest. I apologize for the delayed response.

Thank you for including the petition and the exhibits illustrating the history of the exemption and ensuing legal challenges. We share your interest in exploring options to help create jobs and prosperity for rural communities in Southeast Alaska, and the forest-products sector has long been part of this economy. We want to ensure that we continue to contribute to the health of the rural economy in Alaska by investing in the sustainability, health, and productivity of our National Forest.

We look forward to working with you in the future to explore and discuss the petition and the options to address application of the 2001 Roadless Rule on the Tongass National Forest. Additionally, Interim Chief Victoria Christiansen is reviewing your concerns regarding the 2016 Tongass Forest Plan and is working to address them.

Again, thank you for writing. If you have any further questions, please have a member of your staff contact the Office of External and Intergovernmental Affairs at (202) 720-7095.

Sincerely,

A handwritten signature in blue ink that reads "Sonny Perdue".

Sonny Perdue
Secretary

Memorandum of Agreement Governing the Rulemaking Process

MEMORANDUM OF UNDERSTANDING BETWEEN
THE STATE OF ALASKA
AND
UNITED STATES DEPARTMENT OF AGRICULTURE, FOREST SERVICE

THIS MEMORANDUM OF UNDERSTANDING is hereby made and entered into by and between the State of Alaska by and through the Office of the Governor (hereinafter the "State"), and the United States Department of Agriculture, Forest Service, (hereinafter the "Forest Service") on behalf of the United States Department of Agriculture (hereinafter the "Department").

A. PURPOSE:

This Memorandum of Understanding ("MOU") is established by the undersigned parties to document the cooperation between the parties on the establishment of rules governing the management of inventoried roadless areas located within the National Forests in Alaska. The Governor of the State of Alaska submitted a petition (per the requirements of § 553 of the Administrative Procedure Act) to the Secretary of Agriculture, seeking exemption from the nationwide rules governing management of inventoried roadless areas on the Tongass National Forest in Alaska. On June 1, 2018, the Secretary of Agriculture directed the Chief of the Forest Service to initiate a state-specific rulemaking for roadless management direction for the Tongass National Forest in Alaska on behalf of the Department.

In accordance with the Council on Environmental Quality regulations (40 C.F.R. §§ 1501.6, 1508.5), the State of Alaska is hereby established as a cooperating agency in the preparation of analysis and documentation under the National Environmental Policy Act ("NEPA") associated with this rulemaking. The state-specific rulemaking process will include publishing a proposed rule for public review and comment and preparing an Environmental Impact Statement.

For the purpose of this MOU, the applicable "inventoried roadless areas" are those in Alaska that are described and defined in the 2001 Roadless Area Conservation Rule (66 FR 3243, 3272, Jan. 12, 2001), and "Alaska roadless areas" are those in Alaska that an Alaska-specific roadless rule would apply. It is anticipated that the parties will reach a mutual agreement regarding an Alaska roadless area database for those roadless areas in Alaska prior to the development of specific regulatory language.

B. AUTHORITY:

This agreement is authorized pursuant to the Organic Administration Act of 1897, 16 U.S.C. §551; Multiple Use, Sustained Yield Act, 16 U.S.C. §§528-531; Forest and Renewable Resource Planning Act of 1974, as amended by the National Forest Management Act of 1976, 16 U.S.C. §§ 1601-1614; see also 23 U.S.C. 201, 205, Administrative Procedure Act 5 U.S.C. §553, 7 C.F.R. §1.28; 40 C.F.R. Parts 1500-1508.

The State of Alaska is authorized to enter into this agreement pursuant to Alaska Statute AS 41.17.055. §.

C. STATEMENT OF MUTUAL BENEFIT AND INTERESTS:

The USDA Forest Service manages National Forest System lands to maintain and enhance the quality of the environment to meet the Nation's current and future needs. Forest Service land management supports recreation, water, timber, fish, wildlife, wilderness, aesthetic values and a variety of resource development activities for current and future generations. Currently there are over 21.9 million acres of National Forest in the State of Alaska, of which approximately 14.7 million acres are considered inventoried roadless areas as defined by the 2001 Roadless Area Conservation Rule.

The State of Alaska is responsible for representing its citizens in matters affecting them. State governments are important partners in management of the nation's land and natural resources. State agencies have knowledge and expertise relative to natural resources, economic growth and development, resource planning, transportation, and other matters, all of which may be affected by Forest Service management.

Both parties are committed to and will benefit by resolving conflicts over roadless area management through increased communication, sharing of information, participation, cooperation, and coordination in implementing their respective missions as part of the state-specific rulemaking process.

D. BOTH PARTIES SHALL:

1. Establish a State-Forest Service Executive Steering Committee to coordinate the various aspects of implementation of this MOU and rulemaking process and the State and Forest Service involvement in NEPA Interdisciplinary teams.
2. Establish and maintain clear lines of communication, working through the principal contacts named in this MOU.
3. Cooperate in the development of specific regulatory language for a proposed state-specific rule to establish management direction for Alaska roadless areas.
4. Jointly develop a detailed work plan that sets out required action steps, milestones, and time frames associated with all aspects of this rulemaking effort.
5. Cooperate in the preparation of analyses and documentation, development of the description of the proposed action and any alternatives, and the compilation of any required ecological, social, and economic resource information associated with this state-specific roadless rulemaking.
6. Coordinate the development of the proposed state rule with the existing land management planning efforts in progress within the State of Alaska.

E. THE FOREST SERVICE SHALL:

1. Take the lead in preparation of analysis and required documentation for the rulemaking, including preparation of an Environmental Impact Statement.

2. Coordinate the logistics of the federal review and clearance process involved with rulemaking.
3. If the rule is determined by the Office of Management and Budget ("OMB") to be "significant" per Executive Order 12866, the Forest Service will take the lead in developing a civil rights impact analysis and benefit-cost analysis.
4. Assess responsibilities under the Tongass Timber Reform Act (TTRA), the Alaska National Interest Lands Conservation Act (ANILCA), and the ecological, social, and economic factors for Southeast Alaska, as requested by the State in its roadless petition.
5. Ensure the point of contact for the State is regularly briefed to ensure the State is aware of the progress, issues, and changes associated with the development of the final rule.
6. Designate a representative who will work with the State of Alaska to provide technical information and support as necessary for development and analysis of a proposed rule and alternatives.

F. THE STATE SHALL:

1. To the extent possible, perform the duties and obligations of a cooperating agency (40 C.F.R. § 1501.6) in the preparation of a final rule and associated documents.
2. Provide to the Forest Service input for a limited range of alternatives that would implement Alaska's preferred management direction for Alaska roadless areas.
3. Assist in public engagement.
4. Perform the duties and obligations of a cooperating agency in the preparation of the NEPA documentation associated with developing a rule for Alaska roadless areas.
5. Cooperate with the Forest Service in other procedures required in a rulemaking process (i.e., those procedures outside of the NEPA process).
6. Lead a collaborative public process by convening a group to inform the State's input as a cooperating agency in the USDA's rule making process. The State shall select the group and shall include a diverse mix of state-specific interests which may, include one representative from:
 - Federally recognized Tribe in Alaska,
 - Alaska Native Claims Settlement Act Corporation,
 - Environmental or conservation organizations,
 - Timber industry,
 - Mining industry,
 - Tourism industry,
 - Commercial fishing industry,
 - State and local government, *and*
 - Other commercial interests, those holding land use permits, or the public at large.
7. On behalf of the Governor, have the State Principle Contact, Chris Maisch, direct the State's participation as "Cooperating Agency" for the environmental analysis associated with this rulemaking, coordinating input from all relevant State agencies, including but not limited to, the following:
 - Department of Natural Resources (including the Office of Project Management & Permitting as related to ANILCA),

- Department of Environmental Conservation,
 - Department of Commerce, Community and Economic Development,
 - Department of Fish and Game, *and the*
 - Department of Transportation and Public Facilities.
8. Provide input at specific points in the rulemaking process, including but not limited to:
- Review the purpose and need statement and proposed action.
 - Review public input, key issues, and alternatives/rule language.
 - Review Forest Service responsibilities under Tongass Timber Reform Act (TTRA) and Alaska National Interests Land Claim Act (ANILCA) and ecological and socioeconomic factors for southeast Alaska.
 - Review analysis for the draft environmental impact statement (DEIS) to review alternatives/rule language.
 - Review public input and any outstanding issues raised concerning the DEIS.
 - Review final EIS alternatives/and preferred alternative.

G. IT IS MUTUALLY UNDERSTOOD AND AGREED BY AND BETWEEN THE PARTIES THAT:

1. APPROVAL. The Secretary of Agriculture, or the Secretary's designee, shall make the final decision for any Alaska roadless area management rule.
2. FREEDOM OF INFORMATION ACT (FOIA). Any information furnished to the Forest Service under this instrument is subject to the Freedom of Information Act (5 U.S.C. §552).
3. FEDERAL ADVISORY COMMITTEE ACT (FACA). In order to meet the intergovernmental committee exception to FACA, all participants of any NEPA ID team must be a full-time or part-time officer or employee of the Federal Government or elected officer of the State, local, or tribal government (or their designated employee with authority to act on their behalf), acting in their official capacity (41 C.F.R. 102-3.40(g)).
4. ALASKA PUBLIC RECORDS ACT. All records provided to the State participants related to the execution and performance of this MOU may be subject to the provisions, requirements, and exemptions of the Alaska Public Records Act, Alaska Statute AS 40.25.110.
5. PARTICIPATION IN SIMILAR ACTIVITIES. This instrument in no way restricts the Forest Service or the Cooperator(s) from participating in similar activities with other public or private agencies, organizations, and individuals.
6. COMMENCEMENT/EXPIRATION/TERMINATION. This MOU takes effect upon the signature of the Forest Service and State and shall remain in effect until December 31, 2020 or until a state-specific roadless area management rule is approved by the Secretary of Agriculture, or the Secretary's designee. This MOU may be extended or amended upon written request of either the Forest Service or the State and the subsequent written concurrence of the other. Either party may terminate this MOU with a 60-day written notice to the other party.
7. IMPLEMENTATION AND MONITORING. The Forest Service and the State agree that there may be benefits to continuing the relationship represented by this MOU.

Both parties agree to consider extending this MOU or developing a new MOU once the State-specific rule is approved.

8. **DISPUTES.** Disputes between the Forest Service and the State concerning any aspect of this rulemaking and associated environmental analysis will be resolved through good faith efforts between the parties to the MOU. Nothing in this MOU or in this provision alters the legal rights of the parties to seek other means of resolving disputes including judicial review.
9. **RESPONSIBILITIES OF THE PARTIES.** The Forest Service and the State and their respective agencies and officers will handle their own activities and contribute their own personnel and financial resources, in pursuing these objectives, with exception of any funding that might be provided the State separately by the U.S. Department of Agriculture. Each party will carry out its separate activities in a coordinated and mutually beneficial manner.
10. **PRINCIPAL CONTACTS.** The principal contacts for this instrument are:

Forest Service Project Contact

Mary Snieckus
Project Lead
Forest Service
Washington Office
202-205-0824
marysnieckus@fs.fed.us

Cooperator Project Contact

Chris Maisch
Alaska State Forester
Division of Forestry
Alaska Department of Natural Resources
907-451-2666
chris.maisch@alaska.gov

Ken Tu
ID Team Lead
Forest Service
Rocky Mountain Region
303-275-5156
kktu@fs.fed.us

Robin Dale
Alaska Region Roadless Coordinator
Forest Service
Alaska Region
907-586-9344
rdale@fs.fed.us

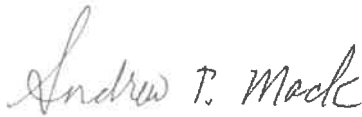
11. **NON-FUND OBLIGATING DOCUMENT.** Nothing in this MOU shall obligate either the Forest Service or the State to obligate or transfer any funds. Specific work projects or activities that involve the transfer of funds, services, or property among the various agencies and offices of the Forest Service and the State will require execution of separate agreements and be contingent upon the availability of appropriated funds. Such activities must be independently authorized by appropriate statutory authority. This MOU does not provide such authority. Negotiation, execution, and administration of each agreement must comply with all applicable

statutes and regulations.

12. FUNDING ASSISTANCE TO THE STATE. The Forest Service may provide financial assistance to the State in association with actions undertaken pursuant to this MOU. However, those agreements will occur separately from this document
13. ESTABLISHMENT OF RESPONSIBILITY. This MOU is not intended to, and does not create, any right, benefit, or trust responsibility, substantive or procedural, enforceable at law or equity, by a party against the United States, its agencies, its officers, or any person.
14. ADMINISTRATIVE.
 - Nothing in this MOU will be construed to alter the legal rights and remedies that each party would otherwise have. The parties explicitly agree that participating as a cooperating agency under this MOU will not limit the right of the State to seek administrative and judicial review of any final rule promulgated in this rulemaking process.
 - Nothing in this MOU will be construed to extend jurisdiction or decision-making authority to either party to this MOU, beyond that which exists under current law, regulations, or ordinances.
 - Nothing in this MOU will be construed as limiting or affecting the authority or legal responsibilities of any party, or as binding any party to perform beyond the responsive authority of each, or to require them to assume or expend any sum in excess of appropriation available.
 - The provisions in this MOU are subject to the applicable laws and regulations of the State of Alaska, the applicable laws of the United States, and the applicable regulations of the Secretary of Agriculture.
15. AUTHORIZED REPRESENTATIVES. By signature below, the coordinator certifies that the individuals listed in this document as representatives of the cooperator are authorized to act in their respective areas for matters related to this agreement.

THE PARTIES HERETO have executed this agreement.

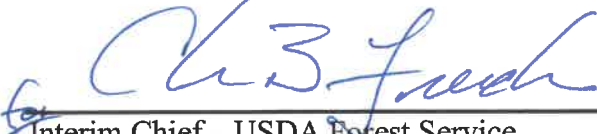
STATE OF ALASKA:



August 2, 2018

Commissioner – Alaska Department of Natural Resources
Andrew T. Mack

USDA FOREST SERVICE:



August 2, 2018

Interim Chief – USDA Forest Service
Victoria Christiansen

Governor Walker's Administrative Order Creating
the Roadless Advisory Group



[Bill Walker Office of the Governor](#)

Administrative Order No. 299

September 6, 2018

I, Bill Walker, Governor of the State of Alaska, under the authority of Article III, Sections 1 and 24 of the Constitution of the State of Alaska, and in accordance with AS 44.19.145(c), establish the Alaska Roadless Rule Citizen Advisory Committee.

Findings

In 2001, the State of Alaska filed a complaint in the United States District Court, District of Alaska, challenging the United States Department of Agriculture (USDA), Forest Service's adoption of the 2001 Roadless Area Conservation Rule (Roadless Rule) and its application in Alaska. The Forest Service and the State of Alaska reached a settlement in 2003, and the Forest Service subsequently issued a rule temporarily exempting the Tongass National Forest from the Roadless Rule. The exemption was challenged, and on July 29, 2015, a bare majority of the Ninth Circuit Court of Appeals held that the USDA's justification for the Tongass exemption was inadequate under the Administrative Procedure Act, holding it did not provide a reasoned explanation for contradicting the findings in the 2001 Record of Decision for the Roadless Rule. Consequently, the Roadless Rule remains in effect in the Tongass and Chugach National Forests in Alaska.

The USDA is initiating an Environmental Impact Statement (EIS) and public rulemaking process to address the management of inventoried roadless areas, on the Tongass National Forest System lands, within the State of Alaska. This rulemaking is the result of a petition submitted by the State of Alaska in January 2018 under the federal Administrative Procedure Act. The petition was accepted by the United States Secretary of Agriculture in April 2018.

The purpose of the USDA's rulemaking process is to develop a state-specific roadless rule that establishes a land classification system designed to conserve roadless area characteristics in the Tongass National Forest, while accommodating timber harvesting and road construction and reconstruction activities that are determined by the state to be necessary for forest management, economic development opportunities, and the exercise of valid existing rights or other nondiscretionary legal authorities. The United States Forest Service will prepare an EIS to analyze and disclose potential environmental consequences associated with this rulemaking. As part of the rulemaking process, the State entered into a Memorandum of Understanding (MOU) with the USDA on August 2, 2018. Under the MOU, both parties agree to establish a State-Forest Service Executive Steering Committee to coordinate implementation of the MOU and the rulemaking process. The MOU also requires that the state convene an advisory committee consisting of a diverse mix of stakeholders to provide input to the State during the rulemaking process.

Purpose and Recommendations

The purpose of this Order is to establish the Alaska Roadless Rule Citizen Advisory Committee (Committee) to provide recommendations to the Governor and the State Forester to assist the state in fulfilling its role as a cooperating agency under the MOU.

The Committee shall present an initial written report on the rulemaking process to the Governor and State Forester not later than November 30, 2018. This report may include up to three options for a state-specific roadless rule for possible inclusion in the National Environmental Policy Act review process. These options would be in addition to the no action alternative and restoration of the full Tongass exemption alternatives.

The Committee may be asked to provide additional input and recommendations at various points during the rulemaking process. The State Forester will notify the Committee of critical decision points and documents that the Committee should consider.

Committee Composition

The Committee will consist of up to 13 voting members. The State Forester is one of those voting members. The remaining voting members shall be appointed by, and serve at the pleasure of, the Governor. The Governor may select members from among the following stakeholder groups:

- federally recognized tribes in Alaska;
- Alaska Native Claims Settlement Act regional corporations;
- environmental or conservation organizations;
- energy industry;
- timber industry;
- mining industry;
- tourism industry;
- commercial fishing industry;
- organizations or individuals representing state, regional, or local government; and
- other commercial interests, to include transportation, those holding land use permits, or the public at large.

A representative of the United States Forest Service may also be appointed to serve as an ex officio, non-voting member.

A majority of the seated members of the Committee constitutes a quorum for conducting business.

Under the MOU, Committee members may request that the United States Forest Service help coordinate and provide technical support for information and data needed by the Committee for its deliberations.

Committee co-chairs shall be selected by the membership.

Administrative Support

In addition to the assistance from the United States Forest Service under the MOU, the Department of Natural Resources shall provide the necessary administrative support.

General Provisions

The Committee may adopt operating procedures, appoint workgroups as it deems appropriate, and solicit participation from relevant experts and practitioners. Workgroups may include individuals who are not members of the Committee.

Committee members receive no compensation, but members who are not serving as representatives of a state, federal, or local government agency are entitled to per diem and travel expenses authorized for boards and commissions under AS 39.20.180. Per diem and travel expenses for members who are representing a government agency are the responsibility of that agency.

The Committee shall meet as necessary to meet the objectives identified in the Purpose and Recommendations section. The Committee shall call meetings at the request of the co-chairs or a majority of the members. Meetings of the Committee or its workgroups will be held telephonically or by video conference to the extent practicable, to minimize travel expenses and gain the widest participation at minimum cost.

All meetings of the Committee or its workgroups shall be conducted in accordance with AS 44.62.310 – 44.62.319 (Open Meetings Act). The Committee may hold public hearings and request information from the public and other interested persons necessary to carry out its advisory functions. Records of the Committee and any workgroups are subject to inspection and copying as public records under AS 40.25.100 – 40.25.295 (Alaska Public Records Act).

Duration

This Order takes effect immediately and remains in effect until December 31, 2020.
Dated this 6th day of September, 2018.

/s/Bill Walker
Governor

Map of Roadless Areas on the Tongass

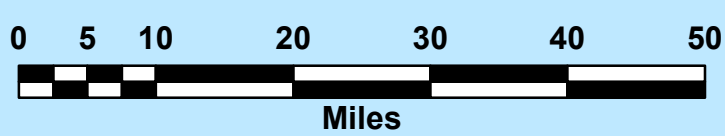
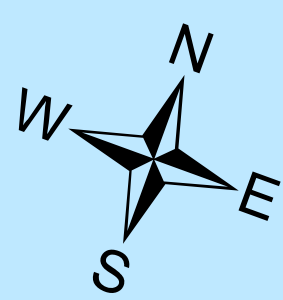
Roadless Area Inventory

**Tongass National Forest
Land and Resource Management Plan
January 2008**



LEGEND

- Inventoried Roadless Area
- Unroaded Area Greater than 1,000 and Less than 5,000 Acres
- Unroaded Area Less Than 1,000 Acres
- Developed Area
- Wilderness
- National Monument Wilderness
- Non-Wilderness National Monument
- Congressionally Legislated LUD II
- Non-National Forest System Land within the Tongass Boundary
- Glacier Bay National Park
- Haines State Forest
- Klondike Gold Rush National Historic Park
- BLM-managed Land



United States Department of Agriculture
Forest Service
Alaska Region
Tongass National Forest
Ketchikan, Alaska

**CITY OF CRAIG
MEMORANDUM**

To: Craig City Council
From: Jon Bolling, City Administrator
Date: September 28, 2018
RE: Consider Limited Engineering Services Contract

Attached is a memorandum from Craig Public Works Director Russell Dill. The memo summarizes his response to a requirement from the Alaska Department of Environmental Conservation for the city to install backflow preventer devices to the water services at North Cove and South Cove Harbors. Also attached is a quote from R&M Engineering to complete the design work required by DEC.

Russell has worked out a timeline with DEC to complete the work, subject to city council approval (copy attached). We do not yet have an estimate of the cost to acquire and install the devices; that estimate will come as part of any subsequent engineering work.

Recommendation

Authorize staff to engage an engineering firm to complete design of backflow prevention devices for water main connections to North Cove and South Cove Harbors.

Recommended motion: I move to authorize city staff to engage an engineering firm to complete design of backflow prevention devices for water main connections to North Cove and South Cove Harbors, in an amount not to exceed \$6,420.00.

Memorandum

To: City of Craig City council

From: City of Craig Public Works Department

Date: September 27th 2018

On June 4th 2017, a sanitary survey was conducted by Sean Barry with ADEC at the City of Craig. Under subtitle: *Minor Deficiencies*, ***"The surveyor noted that the City docks do not have backflow prevention devices. Due to the threat of cross-connection, backflow prevention devices must be installed to reduce the risk of contamination. Please also ensure that hoses are disconnected from hose bibs and stored when not in use."***

The primary purpose of a sanitary survey is: "To evaluate and document the capabilities of the water system's sources, treatment, storage, distribution network, operation and maintenance, and overall management to continually provide safe drinking water and to identify any deficiencies that may adversely impact a public water system's ability to provide a safe, reliable water supply." –EPA, **Guidance manual for conducting Sanitary Surveys of Public Water Systems; Surface Water and Ground Water Under the Direct Influence of Surface Water.**

The water lines that extend into North cove and South cove are considered water main extensions. Therefore it is a requirement to install backflow prevention devices through an engineered approved plan by ADEC. The type of backflow prevention device required is a reduced pressure zone device. Because of these requirements the City of Craig has reached out to R&M Engineering for a design quote and has been granted an extension by ADEC till June 30th 2019 to implement the work. City of Craig Public Works is presenting a design quote for \$6,420.00 for your consideration.

Project: City of Craig North & South Harbor RPZ desing Quote
 R&M Engineering Project # _____

Task Order: _____

	Principal	Civil Engineer Level 3	Civil Engineer Level 2	Civil Engineer Level 1	Engineering Technician	Registered Land Surveyor- Review	Laborer (2 person)	1 MAN SURVEY	Survey Technician	Sr. Drafter			Total Hours Per Task	Total Cost Per Task
Hourly Rate	\$150.00	\$130.00	\$120.00	\$110.00	\$100.00	\$120.00	\$160.00	\$150.00	\$120.00	\$110.00				

Task 1- Permit Documents														
Permit Application Documents		25				2		8					35	\$4,690.00
Coordinate with ADEC		5											5	\$650.00
Task 2 - Final Site Visit and Record drawings														
Record Drawings FATO Request		6			1								7	\$880.00

Total Hours Per Personnel	0	36	0	0	1	2	0	8	0	0	0	0	0	0
Total Cost Per Personnel	\$0.00	\$4,680.00	\$0.00	\$0.00	\$100.00	\$240.00	\$0.00	\$1,200.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

Total Labor Hours	47
Total Labor Cost	\$6,220.00

Non Labor Hour Expenses	Rate	Quantity or People	Days	Nights	Amount
					\$0.00
					\$0.00
					\$0.00
					\$0.00
Total Station Rental	\$200.00	1	1		\$200.00
					\$0.00
					\$0.00
					\$0.00
Total Non Labor Hour Expenses					\$200.00

Total Estimate	\$6,420.00
-----------------------	-------------------

Robert Badgett

Signature

2/26/2018

Date

IMPLEMENTATION SCHEDULE for the City of Craig North Cove and South Cove RPZ Installations

TASK	QUARTERS 2018				QUARTERS 2019				QUARTERS 2020			
	1 ST	2 ND	3 RD	4 TH	1 ST	2 ND	3 RD	4 TH	1 ST	2 ND	3 RD	4 TH
<u>PROJECT START-UP</u>												
A. Secure approval for funding			X									
B. Sign contract with R&M Engineering				X								
C. Submit preliminary plans to ADEC for approval				X								
<u>PROJECT CONSTRUCTION</u>												
A. Secure approval for purchasing of parts				X	X							
B. Parts ordered and shipped				X	X							
C. Construction and installation of equipment					X	X						
D. ARWA testing of RPZs						X						
E. Final site visit and record drawings						X						
<u>PROJECT CLOSE-OUT</u>												
A. <u>Final approval from ADEC</u>						X						

**CITY OF CRAIG
MEMORANDUM**

To: Craig City Council
From: Jon Bolling, City Administrator
Date: September 28, 2018
RE: Request for Letter of Support – POW Native Plant Materials Center

Mr. Pat Tierney, a Thorne Bay resident and a member of the Society of American Foresters, seeks a letter of support from the City of Craig for his organization's efforts to establish a native plant materials center on Prince of Wales Island. He provided a sample letter of support, which is attached.

The group proposes establishing the center to propagate native plant materials, especially yellow cedar, but also other native flora. Mr. Tierney reports that a native materials center is needed to provide plant materials for a variety of forest activities, including reforestation, reclamation and habitat improvement projects.

Mr. Tierney is working on finding a suitable location for a plant materials center on POW, and on other tasks related to ultimately siting and funding the facility.

Recommendation

Discuss the merits of the proposed project based on the materials provided, and direct staff to respond based on the discussion.

[ENTITY LETTERHEAD]

To whom it may concern,

The City of _____ stands in full support of efforts to establish a facility capable of supplying native plant materials for industrial, cultural, land rehabilitation and land improvement activities, beginning with yellow-cedar.

Yellow-cedar is currently under review for potential listing as threatened or endangered under the Endangered Species Act, with a decision expected in June, 2018.

Yellow-cedar is experiencing decline due to climate change. A document produced by USDA (PNW-GTR-917) outlines a strategy for conservation and management of yellow-cedar which cannot be implemented without a source of seed, seedlings or rooted cuttings known as stecklings. Yellow cedar produces very small seed cone in moderate abundance about every seven years. Gathering cone for seed is difficult and labor intensive. An alternate method of producing young yellow cedar for planting exists but requires ongoing nursery care and support. Facilities capable of this are unavailable in southern southeast Alaska.

There is an existing Plant Materials Center located in Palmer, Alaska, operated by the State in collaboration with USDA-NRCS. This facility does not handle plant species native to southern southeast Alaska. A Native Plant Materials Center is needed to help supply yellow-cedar among a host of other plants needed for ecological diversity, forest establishment, land reclamation, erosion control, wildlife habitat rehabilitation and habitat improvement which are also unavailable commercially.

The USFS recognizes the lack of available plant materials in the Corrected Notice of Intent for the Prince of Wales Landscape Level Analysis, published July 06, 2017, which states: "The Forest Service would consider establishing or encouraging native plant nurseries that can produce seedlings and other native plant materials for reforestation, reclamation, and habitat improvement projects."

We therefore recommend and support the establishment of a Native Plant Materials Center to be located on Prince of Wales Island, Alaska with an initial emphasis on production of yellow-cedar seedlings and stecklings in order to implement the conservation and management strategy outlined in "A Climate Adaptation Strategy for Conservation and Management of Yellow-Cedar in Alaska", PNW-GTR-917, published January, 2016. Efforts such as the Yellow-Cedar Rooted Cutting Demonstration Trials which teach conservation education and environmental awareness in local schools should continue.

[SIGNATURE BLOCK(S)]

[DATE]