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## **SOUTHEAST ECONOMIC SUMMIT RESPONSES FROM SENATORS BEGICH & MURKOWSKI**

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**12:00 – 12:40 PM**

Ballroom 1

Video Teleconference with Senator Lisa Murkowski and Senator Mark Begich (12:10-12:30)  
Moderated by John Pugh, Chancellor, University of Alaska, Southeast  
Video Conference capabilities in Juneau provided by Alaska Communications

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On December 13, 2011, the Southeast Economic Summit brought together all four working groups of the Cluster Initiative (Ocean Products; Forest Products; Visitor Products; and Renewable Energy). Each Cluster Working Group met separately multiple times throughout 2011 to identify and develop Action Initiatives that they believed would strengthen their industries. The core of the Cluster Working Groups are private sector business leaders. Additionally, the Cluster Development process invited other key stakeholders that had direct influence or participation in the industry to engage as well, such as State and Federal regulators, associations, bankers, transportation firms, and, in some cases, environmental non-profits.

The Video Teleconference with Senator Lisa Murkowski and Senator Mark Begich started at noon during the Summit, with Alaska Communications providing the equipment and connection for the two-way communication between DC and Juneau. Chancellor Pugh welcomed the participants and US Senators. The Senators provided brief greetings to attendees and then answered questions posed by each of the Co-chairs leading the Cluster Working Groups.

Besides responding during the Videoconference at the Summit, the Senators also responded to each of the questions in writing. Below are their responses.

## Senator Murkowski's Answers

### Ocean Products:

1. What can you do to support Southeast Alaska mariculture? For example, provide funding for a shellfish biologist to be stationed at Lena Point (NOAA, Alaska Marine Fisheries Science Center) or financing for Mariculture and Mariculture activities in Southeast Alaska?

*From an Appropriations perspective, we did relatively well in last year's budget for fish stock assessments. While that is something I was pleased with, the reality is that federal dollars are getting tighter, and in an environment of no earmarks, our ability to get federal seed money for projects like the oceans facility in Ketchikan, is limited. Successes are going to require use to be much more strategic and finesse these budgets in a way that ensures organizations like NOAA have the funding they need to invest in the programs important to sustaining our fisheries and growing the mariculture industries. If this is a priority, I encourage you to identify the appropriate program for the position and begin laying the groundwork to ensure any funds directed towards your initiative would be used as intended. To build out the mariculture industry, we need to remain vigilant about ensuring resources get placed in the proper spots in the budget.*

2. The USDA has a division called the "Economic Research Service" (ERS). According to the web site: "The ERS is a primary source of economic information and research in the USDA. With over 350 employees, ERS conducts a research program to inform public and private decision making on economic and policy issues involving food, farming, natural resources, and rural development. ERS's highly trained economists and social scientists conduct research, analyze food and commodity markets, produce policy studies, and develop economic and statistical indicators. The agency's research program is aimed at the information needs of USDA, other public policy officials, and the research community. ERS information and analysis is also used by the media, trade associations, public interest groups, and the general public."

The Ocean Products Cluster has identified an initiative to include the seafood industry in all USDA programs. This is also an issue that the United Fishermen of Alaska has worked on for many years. The seafood industry is at a competitive disadvantage compared to the rest of the food industry in the US, because seafood is excluded from the majority of USDA's programs. The reauthorization of the Farm Bill will occur in 2013. In preparation of the Farm Bill, would you be willing to request the ERS complete an analysis of the public policy impacts if the seafood industry were fully included in all USDA programs?

*I support exploring ways to provide the seafood industry with the same benefits other food industries receive under USDA programs. Congress has recognized fish products as being agricultural, so I've continued to assert that the seafood industry falls within the Department's primary mission to support American agriculture. I encourage you to work with my new fisheries aide, Stefanie Moreland, to evaluate how the industry is currently treated under USDA programs and to identify ways to expand our eligibility for those programs.*

## **Forest Products:**

1. Would you support the establishment of a "Congressionally Designated Timberland" for the purpose of supporting and securing the fiber needs of the timber industry in SE Alaska? If so what actions would you take to support the drafting and conveyance of this kind of legislation?

*I think it's important to point out that the Tongass Timber Reform Act, which was passed back in 1990, essentially did just that. It directed that sufficient timber be made available to support a Southeast timber industry. But I think what we have seen over a succession of Administrations is a failure or flat out refusal, to implement those parts of the law. I would support making additional allocations of land on the Tongass dedicated to timber production, possibly through the creation of a state forest. But we have to be honest with one another. The political landscape in Washington makes it very difficult to pass such a provision. This continues to be a very difficult issue for us to gain traction on, either to permit more timber harvest or even to improve the understanding of the traditional importance of the timber industry to Southeast Alaska. Nationally, the Tongass is viewed as sort of the ANWR of Southern Alaska – "Thou shalt not touch it". So is it something that I would support, but I think all of us have to be pragmatic in our approach and understand that given the lack of support from this Administration, this will be very difficult to advance at this time.*

2. In these challenging financial times where job creation is a priority for the nation, how do you explain to Alaskan Forest Industry families the reduction of access to vast timber resources within the Tongass that drastically reduce job creation?

*I would suggest that in many ways Federal Land management agencies continue to treat Alaska like a territory, not a State. But all over the country, we're seeing federal lands severally restricted both in access to commodities and access for recreation. This is causing economic harm to our rural communities, and it's impeding the rights of American citizens to enjoy their publically owned lands. This is partly an education issue, but it's also driven by an urban versus rural values debate. It's simply a numbers game; political power is concentrated in the urban population centers. Until rural communities across the country unify and better organize around these issues, it's going to be difficult to reverse these negative federal land trends.*

## **Visitor Products:**

1. With roughly a million visitors a year, and a relatively sophisticated tourism infrastructure, Juneau can serve as a showcase for tourism education and training for Alaska. If the visitor industry and government can articulate or demonstrate a career path in tourism, perhaps UAS and the UA system can expand programs like Outdoor Studies into 4 year degree programs that specialize in tourism. Is this something you would support?

*Tourism is a critical economic driver in Alaska, particularly here in Southeast. I think it's important that visitors to the state hear the story of Alaska from real Alaskans. We want to our young people telling those stories with the history and passion of having been born and raised here. So we should be educating our young people on the industry's economic value and encouraging them to enter the field. And not just as a hotel desk*

*clerk, but to earn degrees that will help them build lasting careers and benefit the entire state in the process. I'm certainly willing to be part of that discussion, but it's really going to be driven at the state level – between the Board of Regents, the University President and the legislature. I understand that UAS currently offers some tourism related programs, such as Marketing, Outdoor Skills and Leadership and Northwest Coast Art. Outside colleges are offering degrees in hospitality and tourism management, so it's certainly something that I suspect the University of Alaska has considered. If the industry feels that there is a demand for a formal degree program here in the state, then I suggest you put your energy and resources in that direction. I'm happy to work with you to help identify those opportunities.*

2. Would you consider including someone on your staff whose primary focus could be/include supporting regional economic development in Alaska?

*Everyone on my staff is focused on growing the state's economy and increasing economic opportunities for Alaskans. But our state is so geographically diverse, that economic priorities can really vary from region-to-region. In my experience, the best approach is a combination of experienced, knowledgeable staff positioned around state and Alaskans with solid policy expertise serving in D.C. With all of us working collaboratively to address the diverse needs of Alaska. I've just opened a Juneau office and lucky to have Colleen McCowan onboard. She's going to be a great advocate for Southeast. Colleen along with Sherri Slick in Ketchikan, Althea St. Martin in Fairbanks, Gerri Sumpter in Mat-Su, Michelle Blackwell in Kenai and all the rest of Jim Palmer's team in Anchorage – are my eyes and ears on the ground. I also have a great group of Alaskans working in Washington on your behalf. Stefanie Moreland works on fisheries and ocean policy, Karen McCarthy handles education, Kristi Williams focuses on rural and native issues and Jeremy Price works on appropriations and transportation. I've recently tasked Miles Baker to focus on tourism in addition to working on economic and financial issues. I've got a large Energy and Natural Resources Committee staff that is handling energy, resources and land use issues important to the state. So between these folks and many others, we've got lots of folks engaged in helping us create a better economic environment in Alaska.*

### **Renewable Energy:**

1. We are looking for leadership. Southeast Alaska has the greatest diversity and abundance of Renewable Energy Resources anywhere in the world, including hydro, biomass, wind, geothermal, tidal and ocean energy. How would you leverage funds for innovative research and development of this region's resources to turn Southeast Alaska into the "Silicon Valley" of renewable energy technology?

*As you know, much of my time and effort in Washington is focused on energy – in all of its forms. We're looking at a third straight year of \$1 trillion budget deficits, which means we're going to have another year of difficult conversations about how best to prioritize federal spending. But, I think it's fair to say that within the Department of Energy (DOE), there is a pretty sizable amount of money available for research and energy technology development. R&D, particularly in the area of emerging technology, is an area of the budget that has been relatively healthy. It is critical that Alaska taps into those DOE funds whether it's for smaller energy projects or to work towards building a transmission infrastructure that might potentially connect clean renewable Alaskan energy sources to the Lower 48. That's certainly a big dream – the possibility of exporting surplus power*

*south through Canada and the Pacific Northwest – but we have the resources - wind, tidal and hydro. So much of our energy in Southeast derives from hydro, and we need to continue to discuss how we can finance more of that generation and transmission infrastructure. But, it's important to recognize that we've also got biomass here in the Tongass including a great example at the Sealaska Building right there in Juneau. And we've got geothermal prospects, around Bell Island or near some of our other hot springs. Our ocean resources are another incredible opportunity for us. I was in Reedsport, Oregon last year, looking at wave energy project that's gone from the drawing board and into the water just off the coast. With Alaska's 33,000 miles of coastline, we've got great potential for similar projects here. Clearly, the problem isn't a lack of renewable energy resources. Our challenge, lies is garnering the national support and getting the financial resources necessary to move these ideas forward. I think we've got to be able to scale them, in a way that they pencil out in small, isolated communities that otherwise don't have huge energy loads. Transmission infrastructure is important, because we need to move the energy into the bigger markets where these developments can potentially be financed. Many of these technologies are still in their infancy, so continued funding of R&D is critical to making the economics work. I look forward to working with you on these initiatives.*

2. How would you advocate for changes to the Tongass National Forest budget so that funds are appropriated to support the initiatives of economic cluster groups more fully (and equitably), with the goal of "tipping" each cluster into a self-sustaining industry?

*The Department of Agriculture's Rural Development Administration has an obligation to make funds available for economic development in the Tongass. But I want to ensure that the Forest Service isn't diverting money that is intended to develop a Tongass timber supply into unrelated economic development activities. Only 81 million board feet are expected to be made available for harvest this year. This year makes the 60th anniversary of those defunct supply contracts, and in my opinion it is an ideal occasion for the Agriculture Department to redouble its commitment to Southeast Alaska. Some possible ideas might include providing funds for:*

- *The renewable energy revolving loan fund JEDC has identified in its cluster group recommendations.*
- *The conversion to small diameter wood processing, and market development for Viking Lumber, Icy Strait, or small volume mills in Wrangell and Coffman Cove.*
- *A pellet wood plant in the region to utilize waste wood from the Tongass.*

*But for biomass to be viable, EPA is going to have to talk to the agriculture sector, because it makes no sense to develop biomass co-heat generation plants at the same time we are issuing boiler MAC regulations so stringent that none of them will be able to meet air quality standards. To make this work, every level of government – federal, state and local – is going to have to work together and we need much better interagency coordination throughout.*

March 21, 2012

Mr. Brian Holst  
Executive Director  
Juneau Economic Development Council  
612 W. Willoughby Ave. Suite A  
Juneau, AK 99801

Dear Brian:

I am writing to answer the questions you submitted to my office. I apologize I didn't get these to you sooner.

**Ocean Products:**

1. What can you do to support Southeast Alaska mariculture? For example, provide funding for a shellfish biologist to be stationed at Lena Point (NOAA, Alaska Marine Fisheries Science Center) or financing for Mariculture and Mariculture activities in Southeast Alaska?

*There is good reason to support stationing a new shellfish biologist at Lena Point, and I support funding for increased mariculture activities. There is a caution, however, and that is the current budget climate. Increasing a budget without shifting funding from another part of the agency is unlikely, so I will want to understand the impact.*

*One thing we can do for Southeast shellfish is pass legislation to allow the sale of sea otter pelts. The rapid and unchecked growth of sea otters is having a significant impact on commercially important shellfish species in SE. We've pressed the Interior Department to relax their definition of "significantly altered" to allow the sale of these pelts, and Sen. Murkowski and I have also introduced legislation to allow this. Sales of the pelts would create a positive impact, provide better control of the sea otter population, reduce predation on shellfish, bring income to subsistence hunters and have no impact on the federal treasury.*

2. The USDA has a division called the "Economic Research Service" (ERS). According to the web site: "The ERS is a primary source of economic information and research in the USDA. With over 350 employees, ERS conducts a research program to inform public and private decision making on economic and policy



issues involving food, farming, natural resources, and rural development. ERS's highly trained economists and social scientists conduct research, analyze food and commodity markets, produce policy studies, and develop economic and statistical indicators. The agency's research program is aimed at the information needs of USDA, other public policy officials, and the research community. ERS information and analysis is also used by the media, trade associations, public interest groups, and the general public."

The Ocean Products Cluster has identified an initiative to include the seafood industry in all USDA programs. This is also an issue that the United Fishermen of Alaska has worked on for many years. The seafood industry is at a competitive disadvantage compared to the rest of the food industry in the US, because seafood is excluded from the majority of USDA's programs. The reauthorization of the Farm Bill will occur in 2013. In preparation of the Farm Bill, would you be willing to request the ERS complete an analysis of the public policy impacts if the seafood industry were fully included in all USDA programs?

*Yes. I support the idea of including seafood programs in USDA programs and would be willing to request such a study. The USDA has long opposed the inclusion of fish, but the seafood industry is no less important than beef, pork or chicken producers when it comes to meeting the nation's protein needs. A study like this would be a good first step to broaden the reach of USDA programs to benefit Alaska's fishermen.*

#### **Forest Products:**

1. Would you support the establishment of a "Congressionally Designated Timberland" for the purpose of supporting and securing the fiber needs of the timber industry in SE Alaska? If so what actions would you take to support the drafting and conveyance of this kind of legislation?

*In conversations I've previously had with industry I've stated that I'm willing to support the concept. Realistically, national politics are going to make that goal extremely difficult to achieve. Any broad change to management of the Southeast Alaska land base will require a number of players to be at the table: the fishing industry; Alaska Native interests—to include both corporate land owners and rural communities; the Mental Health Land Trust – a significant private land owner; conservation groups; and certainly not least, all the other residents of Southeast Alaska.*

*Years of well intentioned effort haven't shown much progress on a grand land use rationalization or reapportionment plan in Southeast Alaska. While I'm always optimistic, I intend to concentrate on more near term and achievable goals: supporting a fair entitlement for Sealaska; moving the Mental Health*

*Trust's land ownership away from the backyards of communities and to more productive locations; and ensuring lands already in the USFS timber base can be economically brought to market- such as by working to strike the Roadless Rule in Alaska - while protecting other important industries such as commercial and sport fishing and tourism.*

2. In these challenging financial times where job creation is a priority for the nation, how do you explain to Alaska Forest Industry families the reduction of access to vast timber resources within the Tongass that drastically reduce and eliminate job creation opportunities?

*I don't need to explain to families working in the Southeast timber business just how hard times are. They already understand pretty well that the economics are tough, and that national management goals for federal lands in Alaska and endless litigation work against them. Modern forest practices in our state can responsibly provide quality products for market. More people need to understand that. I hope these families know by now that I'm a champion for them and their industry. Helping to solve other problems in the region, such as using biomass to reduce home heating costs, can also improve the economics and understanding of the industry.*

#### **Visitor Products:**

1. With roughly a million visitors a year, and a relatively sophisticated tourism infrastructure, Juneau can serve as a showcase for tourism education and training for Alaska. If the visitor industry and government can articulate or demonstrate a career path in tourism, perhaps UAS and the UA system can expand programs like Outdoor Studies into 4 year degree programs that specialize in tourism.

Is this something you would support?

*As tourism is the second largest private sector employer in Alaska, it is one of our greatest renewable resources. I support efforts to expand career opportunities for Alaskans in tourism, including those offered through the University of Alaska Southeast's Outdoor Studies program.*

Would you consider including someone on your staff whose primary focus could be/include supporting regional economic development in Alaska?

*I set up our office to have a strong team of staff in each region who can tackle constituent services and regional policy, including economic development. In Southeast Alaska, I have two offices, both filled by former mayors, who have a long track record of working to develop Southeast economies. My State Director, Susanne Fleek, is the lead staff person in Alaska on economic development*



*issues overall for the state and Liz Brinkerhoff is the lead staff person in my Washington office.*

### **Renewable Energy:**

1. We are looking for leadership. Southeast Alaska has the greatest diversity and abundance of Renewable Energy Resources anywhere in the world, including hydro, biomass, wind, geothermal, tidal and ocean energy.

How would you leverage funds for innovative research and development of this region's resources to turn Southeast Alaska into the "Silicon Valley" of renewable energy technology?

*To greatly paraphrase an old line, Silicon Valley wasn't built in a day. It happened because there was a critical mass of well educated people with an appreciation for what they could create with venture capital. From an energy perspective, Southeast may not be able to recreate all of that, but it has much to offer and renewable energy can definitely grow the regional economy.*

*As the question suggests, Southeast is rich in renewable resources. I have supported a number of initiatives to focus federal efforts on lowering renewable energy costs and using Southeast Alaska as a proving ground. These include: working with legislation in my Oceans Subcommittee to support research on ocean renewables – offshore wind, hydro-kinetic power, and ocean thermal energy conversion; co-sponsoring with Senator Murkowski hydro and hydrokinetic energy bills which put Alaska's fish-friendly hydro power on equal footing with other types of renewable energy for federal funding and tax credits; and convincing GSA that biomass can reduce heating costs and having the federal government stand behind the installation of biomass boilers in Ketchikan to help grow demand for a local industry.*

*Because our statewide energy costs are so high, pre-commercial costs are already commercial costs in Alaska. Selling Alaska as a test bed for emerging technologies isn't that hard. Dr. Majumdar, head of DOE's ARP-E and acting Assistant Secretary, got it in his first meetings on his first day of his visit to our state. In fact, by the end of the day, he was promoting the idea himself. Also, as Alaskans know, our severe weather and remote locations test the best people and equipment. If you can make it work in Alaska, it can work just about anywhere, and that's a marketable asset, too.*

2. How would you advocate for changes to the Tongass National Forest budget so that funds are appropriated to support the initiatives of economic cluster groups

more fully (and equitably), with the goal of "tipping" each cluster into a self-sustaining industry?

*There's no easy answer here. The deficit challenges the entire federal budget, and we're going to have to fight hard to hold on to what we have now. However, we can do a better job of aligning the budget with the priorities I hear about every day. The Forest Service can do more to support hydropower, transmission lines and biomass. Just about the whole political spectrum in Southeast supports those things, and the budget needs to reflect that. Restoration projects can provide some key heavy construction jobs and improve watersheds. We should invest in them, but we also have to maintain the timber industry we have now by giving them a stable sales program.*

Sincerely,



Mark Begich  
United States Senator