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REPORT TO THE ALASKA STATE SENATE RESOURCES COMMITTEE, Cathy Giessel, Chair

by GREATER HAINES CHAMBER OF COMMERCE, Debra Schnabel, Executive Director

On Senate Bill 163: "An Act relating to the nomination and designation of state water as outstanding national resource water; and providing for an effective date."

The mission of the Greater Haines Chamber of Commerce is promotion of economic growth that contributes positively to quality of life in Haines.

A household survey undertaken in 2011 by the McDowell Group as a basis for developing our 2025 Comprehensive Plan concluded that 72% of Haines' residents rate quality of life as high.

66% named natural beauty and outdoor opportunities as what they liked most about Haines.

Haines is a community in transition. Our century-long economic history includes simultaneous operation of four salmon canneries; growth and demise of Porcupine, a mining town supporting over 5000 people and a post office; simultaneous operation of two sawmills manufacturing wood products for export; a cruise ship schedule that brought three to four vessels into port weekly, seasonally. Haines is the typical Alaskan community that has prospered or not, depending on resource extraction, technological overhauls, global market conditions and politics. Today's demographics describe a community of retirees, craftspeople who renovate or construct their homes, small business entrepreneurs, tour operators, fishermen and health care providers.

The best use of our natural resources has been a subject of debate in Haines since statehood. Indeed, much of Haines' economic history has been decided by the state because of land-granting by the state for funding the Mental Health Trust and the University of Alaska. The State owns and manages 32% of all land in the Haines Borough; the Haines State Forest and the Chilkat Bald Eagle Preserve fill out the inventory. The Haines State Forest, once an economic engine for a defining timber industry, is being defunded by the State. The Chilkat Bald Eagle Preserve is still an economic development opportunity, with 77% of respondents supporting increased commercial use. To the extent that our economy is still resource-dependent, the Chilkat River is the lifeblood of commerce.

The Chamber views the nomination of the Chilkat River as a Tier 3, outstanding national resource water as specified in 40 C.F.R. Part 131.12, as a strategy to direct energy away from mineral resource development in tributaries of the Chilkat River, and to focus energy on preservation of wild salmon stock for subsistence and commercial use, and development of recreational tourism. It is the politics of defining quality of life.

Some would say that a Tier 3 designation is necessary to preserve cultural values including subsistence lifestyles, necessary to preserve wild stock salmon fisheries, necessary to maintain a semblance of pristineness that attracts photographers, artists and tourists seeking wilderness recreation. Those would say it is necessary because it is impossible to otherwise guarantee that there will never be a mishap, an accident that could introduce toxins or pollutants in the river, that it is impossible for a mining operation to create a method of waste disposal that would not pollute ground water or a tributary or

the Chilkat River directly. Those who support a Tier 3 designation can envision a healthy economy that restricts large scale resource extraction to fisheries and an economy built on tourism.

Those who do not support Tier 3 designation believe that traditional resource development undertaken with modern methods and under the scrutiny of state agencies responsible for protecting the state's waters do not threaten water quality. They also think that a mining operation, specifically, the Palmer Deposit, is the sort of economic development that would improve quality of life because it would create jobs and open up more land. These people believe that there is adequate regulation in place to preserve water quality in the Chilkat River. Those who oppose a Tier 3 designation see it as an imposition on their lifestyle and a threat to potentially meaningful economic development.

In the 2011 survey, more than 50 % of households supported potential economic development opportunities utilizing agriculture (95%), value-added wood products (92%), winter tourism (83%), promotion of the Chilkat Bald Eagle Preserve (77%) and large scale timber harvesting (65%). 50% of households supported "large scale mining such as the Constantine Mineral deposit in the Chilkat Valley," the Palmer Project.

Being for or against Tier 3 for economic reasons is only one aspect of the issue. The issue is more broadly political. Some think it would take government regulation of local life too far. We have been told at a Q&A session held by the DEC in Haines on Feb. 22 that any activity currently undertaken in state waters would be allowed to continue. But there is nonetheless concern that a Tier 3 designation would prohibit infrastructure development that may be deemed important to the support of subsistence lifestyle and outdoor recreation: boat launches, docks, and possibly, the operation of machines that raise turbidity levels in the river.

The political aspects of the proposed process for designation of Tier 3 as outlined in SB163 is of concern to our membership. This was brought out in a recent membership survey conducted by the Chamber, with 58 respondents.

Are you familiar with SB163 Tier designation legislation?	Yes 98%	No 2%	
Did you attend the 2/22 DEC presentation on Tier 3?	Yes 43%	No 57%	
Do you favor Tier 3 designation decided by the Legislature or the Administration?	Legislature 29%	Admin 40%	Undecided 31%
Do you favor designating the Chilkat River as Tier 3?	Yes 43%	No 54%	Undecided 3%

Governor Bill Walker's assessment for "far-reaching consequences" for economic development supports his opinion that the basis for a Tier 3 designation ought to be political, not scientific. As written, SB 163 calls for a legislative action on designation. Our membership favors slightly a scientific basis because the citizenry is too aware that votes on issues affecting local economies can be easily "traded" among legislators with different constituent loyalties.

Another concern about SB163 as written is that provision that any single resident may nominate a Tier 3 designation. Generally, consideration of a designation of such "far-reaching consequence" ought to have a larger political buy-in at the time of application. *It needs scientific buy-in. Nominating applications must be vetted.*

In considering the process for designating state waters as an outstanding national water resource, the Chamber looks to the State Constitution, Article 8 – Natural Resources. The Legislature has constitutional authority for utilization, development and conservation of all natural resources, including water, which is subject to appropriation, with priority to prior rights and preference among beneficial uses and the general preservation of fish and wildlife. Constitutionally, the Legislature may provide for the administration and preservation of special use site for the use, enjoyment and welfare of the people as it did with the formation of the Chilkat Bald Eagle Preserve. The Constitution also provides that mineral rights hold a priority right for extraction.

Nature offers us phenomenal choices that require good judgment and a crystal ball. Decisions have consequences. Reflecting on the potential impact of a Tier 3 designation seems similar to the impact that consideration of habitat for various species of wildlife had in the management of our national forests. A Tier 3 designation would change the course of economic development for Haines, but in what direction and characterization remains the purview of those who remain to accept the challenge.