

**ALASKA STATE LEGISLATURE
HOUSE SPECIAL COMMITTEE ON ARCTIC POLICY,
ECONOMIC DEVELOPMENT, AND TOURISM**

March 7, 2017

1:08 p.m.

MEMBERS PRESENT

Representative Dean Westlake, Chair
Representative Andy Josephson
Representative Gary Knopp
Representative David Talerico
Representative Bryce Edgmon

MEMBERS ABSENT

Representative Chris Tuck
Representative Mark Neuman

COMMITTEE CALENDAR

PRESENTATION(S): U.S. ARCTIC RESEARCH COMMISSION 2017-18 GOALS REPORT

- HEARD

PRESENTATION(S): EXPANDING ARCTIC MARTIME CAPACITY & READINESS

- HEARD

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

FRAN ULMER, Chair
U.S. Arctic Research Commission
Anchorage, Alaska

POSITION STATEMENT: During the U.S. Arctic Research Commission 2017-18 Goals Report PowerPoint presentation, discussed the Arctic.

RICHARD BENNEVELLE, Mayor
City of Nome
Nome, Alaska

POSITION STATEMENT: Co-Presented the PowerPoint presentation, Expanding Arctic Maritime Capacity & Readiness.

JOY BAKER

Nome Port Director

Nome, Alaska

POSITION STATEMENT: Co-Presented the PowerPoint presentation, Expanding Arctic Maritime Capacity & Readiness.

UKALLAYSAAG THOMAS OKLEASIK, Vice President, Corporate Affairs

Sitnasuak Native Corporation

Nome, Alaska

POSITION STATEMENT: Co-Presented the PowerPoint presentation, Expanding Arctic Maritime Capacity & Readiness.

ACTION NARRATIVE

[1:08:26 PM](#)

CHAIR DEAN WESTLAKE called the House Special Committee On Arctic Policy, Economic Development, and Tourism meeting to order at 1:08 p.m. Representatives Josephson, Knopp, Edgmon, Talerico, and Westlake were present at the call to order. Representative Edgman arrived as the meeting was in progress.

PRESENTATION(S) : U.S. ARCTIC RESEARCH COMMISSION **2017-18 GOALS REPORT**

[1:09:25 PM](#)

CHAIR WESTLAKE announced that the first order of business would be a presentation titled, "US Arctic Research Commission's 2017-18 Goals Report."

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FRAN ULMER, Chair, U.S. Arctic Research Commission, noted that the committee had previously heard "a lot of material" and she would attempt not to duplicate. Ms. Ulmer advised that the Arctic Research Commission was created by the 1984 Congress, and Senator Frank Murkowski's legislation created the commission to bring the Arctic's relevance forward and have federal agencies to speak to each other while listening to the people of the Arctic. She turned to slide 29, and advised that the Commission is not like the National Science Foundation as it does not have money to give away, it does not issue permits or run programs, it provides advice and helps to coordinate the federal agencies' research efforts

MS. ULMER turned to slide 30, and advised the slide depicts photographs of the commissioners appointed directly by President of the United States, and they have terms with specific lengths of time.

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MS. ULMER turned to slides 31-32, and advised that the commission produces the "Report on the Goals and Objectives for Arctic Research 2017-2018 for the US Arctic Research Program Plan." The report basically focuses on the major issues the commission distilled from listening to people in the Arctic, the research community, and other people across the Arctic because, by law, it is not solely focused on the Alaska piece of the Arctic, but the Arctic as a whole.

MS. ULMER turned to slide 33, and advised that the report this year is different because in addition to talking about the goals and explaining why those issues are the most important, it also advises of the accomplishments thus far under those various goals in terms of federal Arctic initiatives by federal agencies, the National Science Foundation, and universities.

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MS. ULMER turned to slide 34, and noted that the commission is working on what it calls "working groups" which are a composite of people in Alaska focused on water, mental health, and renewable energy. These three areas tend to come up repeatedly, not only in Alaska but in other Arctic remote communities with "traditional technologies" that actually do not work well. Alaska needs innovative technologies that are cheaper, easier to maintain, longer lasting, and fill the needs of its people.

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MS. ULMER turned to slides 35-37, and said the slides are short summaries of the three working groups. Sanitation remains a huge issue in rural communities where there is not adequate fresh water or sanitation facilities, and where the state has seen a reduction in federal spending over the years even with the need. She related that renewable energy work is ongoing by different players and this working group has federal, states, Alaska, Native, private sector, and university partnerships to be certain they are not duplicating what is being accomplished in other places. Suicide remains a very sad statistic in Alaska and people are concerned it is not making as much progress. She

related that this working group is an approach to determining whether there is a way of measuring early intervention in a prevention manner, as opposed to a crisis intervention after a community had already experienced a series of suicides.

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MS. ULMER turned to slides 37-40, and advised that the Interagency Arctic Research Policy Committee (IARPC) was also created within Senator Murkowski's legislation in 1984 as a manner in which to have federal agencies partner across agency boundaries while performing their Arctic science research. These agencies include: National Aeronautics and Space Administration (NASA), National Oceanic and Atmospheric Administration (NOAA), United States Department of the Interior (DOI), United States Environmental Protection Agency (EPA), United States Navy, Office of Naval Research (ONR), and many other federal agencies that for one reason or another, over the years, have both a statutory mission responsibility with regard to the Arctic, or scientific expertise relevant to decisions that need to be made in the Arctic. Every five years, she explained, the goals are set by the Arctic Research Commission, and the research plan is prepared by IARPC, it then moves into the Office of Management and Budget (OMB) to influence and inform the way in which the President of the United States' budget moves forward in terms of requesting funding for Arctic research

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MS. ULMER turned to slides 41-44, and explained that the new Arctic Research Plan 2017-2021 was released last month. The new plan experienced a lot of vetting, including the IARPS committee visiting Alaska to receive input from Alaskans. She turned to slide 41, and advised the slide depicts the four principle drivers for the research plan as follows: enhancing the well-being of Arctic residents; advance stewardship of the Arctic environment; strengthen national and regional security; and improve the understanding of the Arctic as a component of planet Earth. She noted that these four drivers nicely reflect the National Arctic Strategy adopted in 2013.

MS. ULMER turned to slide 43, and noted it is organized in a variety of ways, and pointed out that each of the research areas stand on the shoulders of collaborations moving across agencies, but also involves the public. Information can be found at

iarpccollaborations.org wherein the public can join one of the teams.

MS. ULMER turned to slides 45-46, and said the slides explain the Arctic Council. It is fascinating, she described, that countries such as Chili, India, and Singapore are interested in the Arctic for reasons such as, shipping, tourism, oil and gas development, and national security.

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MS. ULMER turned to slides 48-51, and advised that two agreements have been adopted due to the work of the Arctic Council, which are: search and rescue, and oil spill response. The upcoming meeting of the May Ministerial in Fairbanks, hopefully, will see the adoption of the newest third agreement on international science. She referred to the "US Chairmanship Theme," and said it addresses climate change, Arctic Ocean stewardship, and improving economic and living conditions in the Arctic. Slide 51 depicts the upcoming dates of interest and she explained the events.

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MS. ULMER turned to slides 52-53, and said the 2016 White House Arctic Science Ministerial was held in Washington, D.C. in September and was the first time the United States or any country had held an Arctic Science Ministerial for 25 countries at the same level as the heads of the National Science Foundation. The focus of the themes are depicted on slide 52, and a number of products came out of that event, including new research partnerships and a summary of what each of those 25 countries are doing in Arctic science. Each of the countries were asked to provide two pages as to what it was doing as a country in Arctic science, who was doing it, how was it funded, what were its priorities, and how did it relate to each country's national objectives. "Supporting Arctic Science" is a useful resource document not only for the research community, but for nations to see what other nations are doing as to the Arctic.

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MS. ULMER turned to slide 54, and drew the committee's attention to www.arctic.gov, and advised it is the website for the Arctic Research Commission and includes the IARPC 5-year Arctic Research Plan, the goals report, information about the White

House Arctic Science Ministerial, what each country was doing, and everything she spoke about today. She suggested signing up for the Arctic Update which provides a view, every single day, as to what is going on in Arctic science.

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REPRESENTATIVE KNOPP said he appreciated the sites Ms. Ulmer offered which includes the people engaged in the Arctic.

MS. ULMER related that other areas of the Arctic are experiencing the same type of changes as Alaska. Every Arctic meeting reveals: the changes, whether it has thawing permafrost, retreat of the sea ice, the fact that winter comes late and spring come early, and all of these indicators exist across the Arctic. The documentation of these issues and the attempt to understand the implications for humans, as well as the ecosystem, is the focus of the work being performed by the Arctic eight nations, and all of those 25 Arctic nations attending the science ministerial.

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The committee took an at-ease from 1:28 p.m. to 1:31 p.m.

PRESENTATION(S) : EXPANDING ARCTIC MARITIME CAPACITY & READINESS

[1:31:42 PM](#)

CHAIR WESTLAKE announced that the final order of business would be a presentation titled, "Expanding Arctic Maritime Capacity & Readiness"

[1:32:14 PM](#)

RICHARD BENNEVELLE, Mayor, City of Nome, turned to slides 55-57, referred to the Port of Nome and the expansion to a deep-water port, and said the City of Nome is perched at the edge of the Bering Strait. The Port of Nome has been in existence for 32 years, it turns a profit, and its infrastructure includes: a regional hospital, 350 miles of roads, and alternative runways at its airports. Alaska has more than one-half of the coastlines of the entire United States of America and with its strategic location many things are happening. Western Alaska benefits from the Port of Nome with 53 communities traveling from Bethel to Point Barrow for commerce.

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JOY BAKER, Nome Port Director, advised that the Sitnasuak Native Corporation (SNC) has been a "great partner" with the City of Nome in joining forces to pursue the development of a deep-water port in Nome.

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UKALLAYSAAG THOMAS OKLEASIK, Vice President, Corporate Affairs, Sitnasuak Native Corporation, advised that slide 57 depicts the Sitnasuak Native Corporation (SNC) who is partnering with the City of Nome for the development of a deep-water port. Today, SNC is one of the largest corporations and is headquartered in the City of Nome but also has operations in Anchorage, the Matanuska-Susitna Valley, California, Virginia, and Porto Rico. The Franklin D. Oleosin, Sr. Tank Farm Facility is a shore-based bulk fuel storage, at 6 million gallons, "and it was only possible with the port expansion" which opened it up for the SNC to expand and provide the important service of safety of the marine shore-based refueling versus off-shore refueling.

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MS. BAKER turned to slide 58, and reiterated previous testimony that the Arctic is changing quickly as to the traffic, development of the many different resources off-shore, Graphite One is being developed for export at the Port of Nome, the onshore CBQ with Norton Sound Economic Development Corporation, and the fisheries continues to grow with a home port fishing fleet working out of the City of Nome. The City of Nome is preparing and making changes as it can in order to address the increased demand and growth.

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MR. BENNEVELLE turned to slide 59, and advised that the tourism demands on the City of Nome are about 6-7 cruise ships per year, people fly in or take the railroad, or arrive for the Iditarod. The sense of history and what is happening in the Far North is real to those visiting the City of Nome, he commented.

MS. BAKER turned to slides 60-61, and noted that it depicts the City of Nome's traffic since 1995, and the trend continues to increase over time with anchor traffic showing a significant jump in 2016, 387 vessels this summer is a 138 percent increase over 2015. She explained that it includes: research traffic;

cargo vessels; gravel export to Hooper Bay, and anchored traffic for four and five tanker vessels transferring fuel ship-to-ship and ship-to-shore. Ms. Baker explained that slide 61 depicts a one-day snapshot, on July 23, 2016, this is a typical day in July and August for vessel traffic off of the City of Nome. She describes it as "musical docking" to accommodate all ships' resupply needs and get the ships into the three docks on the causeway. The average occupancy for 2016 was 74 percent for the port docks, and in July it was 92 percent.

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MR. BENNEVELLE commented that when Shell Oil "pulled out" many people thought that was the end of the Arctic, which was untrue. He said, the future is here in a real sense and, as a state and nation, people need to be ready for events down-the-road. During his meeting with the Corp. of Engineers, he was advised that it decided to make a known port specific study using the data gathered over the three-years it reviewed ports to the Far North. He said, "We are a go for the Corp. of Engineers."

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REPRESENTATIVE TALERICO referred to slide 61, and asked what the passengers would do, what they were looking at in port.

MR. BENNEVELLE responded that those ships are not passenger ships, most are tankers or other related businesses. The City of Nome receives approximately 2,400 tourists a year who had previously asked about gold and dogs, and now they ask about climate change and Native culture. The City of Nome exports millions of tons of gravel to projects all over the state, which shows the vitality of the region, town, and the industry around the town.

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MR. BENNEVELLE responded to Representative Talerico that he was looking at a vessel on the slide.

REPRESENTATIVE TALERICO noted a lot of marine traffic that he did not know was there.

MR. BENNEVELLE remarked that when Senator Lisa Murkowski visited the City of Nome last summer she was surprised to see 12 ships in port, and he commented that the City of Nome has a huge

amount of fuel coming in and exporting out to the regions from "Bethel up."

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MR. OKLEASIK turned to slide 62, and explained that preparation and community engagement are key to the changing Arctic. Preparation includes working with the industry and its users, involving communities for barges, fuel, equipment, goods, and the region's fishing vessels. He said a big change is the global traffic, the cruise ships, and making sure the communities are engaged. He commended the City of Nome in its vision 32-years ago to invest in a port and its development over the years, and commented that as to the environmental impacts and the impacts to subsistence, the community is fortunate to have a Port Commission with local people sitting on that commission who have, over time, been able to work through issues as a community. Some of the issues are larger now, they are global in nature with tankers off-shore, and it is engaged with the state and federal governments and industry. The City of Nome has a lot of that engagement in place currently.

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MS. BAKER turned to slide 63, and said the slide depicts the typical off-load of cargo, 10-15 barges per year for the mainline cargo arriving from Seattle and Anchorage. The docks can get congested and fill up, the picture shows two cargo barges working side-by-side rafting in order to discharge to shore and get their southbound loads backloaded onto the barges.

MS. BAKER turned to slide 64, and said the slide depicts the City of Nome's infrastructure growth beginning in 1925 - 2016, and that in 1985, the City of Nome was instrumental in developing the causeway itself as well as the ongoing projects that built the docks, industrial pads, and additional floating docks. As the demand has increased, the City of Nome has worked to meet that demand and build the necessary infrastructure, but not without considerable commitment from its funding partners.

MS. BAKER turned to slide 65, and noted that it reflects an example of some of the ships encountered in port, including the Canadian Navy for its resupply and two NOAA ships. The ship in red is called a "dock-wise vessel" and is actually semi-submersible allowing it to sink and load smaller ships from "down south," carry the smaller ships to the north, sink the vessel, and float the smaller ships off of the vessel.

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MR. OKLEASIK turned to slide 66, advised that the picture depicts the infrastructure in place. The City of Nome Port is a developed port with a whole network of services, such as a U.S. Customs agent, TSA, regional airport, hospital, National Park Service, the City of Kawerak Visitors Center, and museums, he described. This port is cost-effective in expansion and because it achieved its potential at the 90 percent mark, and it just needs that last 10 percent. The expansion of this port leads to a domino effect in allowing other Arctic ports to develop, particularly the exportation of gravel and rock.

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MR. OKLEASIK turned to slide 67 and explained that it is beyond shore infrastructure, and noted that in green it read "Fuel Header" which is directly connected from the storage tanks and it can be connected to a high-speed unit to refuel ships through the Nome Port. Bonanza Fuel is the subsidiary with the capacity services and availability and is owned by Sitnasuak Native Corporation (SNC). He offered that this has become an important market for the marine business in order to have a safe manner in which to refuel, but also because SNC is a Native Corporation based in Alaska. Therefore, he explained, the marine fuel and sales it performs is part of a sustainable development because when SNC puts its shareholders to work, it puts its community to work, and when it pays dividends, it pays out in Nome. He highlighted that the SNC is working with its port to make sure it provides the services and capacity needed, but also that the benefit goes directly back into the Arctic.

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MR. BENNEVELLE commented that some ports are industry specific or military specific, and the beauty of the Port of Nome is that it is a community of the region and of Western Alaska, and Western Alaska has a lot to offer to the future and economy of the state. The state is going through difficult financial times but, he said, sometimes it is important to step back and look further down the road and see the larger picture.

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MS. BAKER turned to slide 68, and advised that the Corp. of Engineers selected the City of Nome as the most cost-effective

site to develop for the first Arctic deep-draft port. The Corp. of Engineers, in its decision to rescope the regional study's data for the Nome site into a Nome specific study, will now proceed forward under the new provision provided under the WIIN Act, which includes the Water Resources Development Act (WRDA), allowing for the consideration of the viability of the region. It will also allow other mitigating factors in the project site development that support the strategic element of protecting the resources in the Arctic, and the Arctic itself.

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MS. BAKER turned to slides 69-73, and said the slides depict the elements of what the expansion would be, such as, 2,000-2,500-foot extension in the Armor Breakwater, optimizing the existing Outer Harbor Basin down to minus 28 feet, thereby, allowing the port to capture a number of vessels being missed currently by a few feet of depth. In addition to taking the dock down to 36 feet, it will bring in all of the tanker traffic that currently transfer ship-to-ship off-shore, as well as the larger military vessels, into the dock for resupply.

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MR. BENNEVELLE concluded the presentation by underscoring the existing traffic, businesses coming into Alaska or at least traveling by Alaska, and described that this is the future for Alaskans and the country.

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REPRESENTATIVE TALERICO referred to the port buildout, and asked Mr. Bonneville whether he sees that as a substitute for the need of another port further north.

MR. BENNEVELLE responded that there will be infrastructure further north, but it has to start someplace and the City of Nome is perfectly positioned to meet that first step. Yes, he said, there will be further infrastructure.

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ADJOURNMENT

There being no further business before the committee, the House Special Committee On Arctic Policy, Economic Development, and Tourism meeting was adjourned at 2:03 p.m.