

ALASKA LEGISLATURE SPECIAL COMMITTEE/SUBJECT FILES 8672

2844 SCOMM 124: HOUSE SPEC. COMM. EC. DEV. TRADE & TOURISM 2001-02

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- Highlighted highway and ferry travel on the ATIA website media center so travel writers and editors have continuous access to Alaska information.
- Sent direct mail package to more than 368,000 potential visitors resulting in 43,000 requests for trip-planning information. Some of the direct mail lists utilized were: Good Sam Club, Trailer Life, RV Book and Directory, and Target Source which was segmented to include only those individuals interested in RV travel and had no kids living in the home.

Trade Programs

Creating interest among the consumer market is only one part of the essential destination marketing for Alaska. Once consumers have made the decision to travel to Alaska, an outlet where they can purchase travel must be available. The ATIA travel trade program is designed to generate agent and operator interest and offer extensive education.

The majority of visitors to Alaska are from the U.S. so domestic travel trade (travel agents and tour operators) is a very important area for ATIA to target. Therefore, it is very important to generate agent and operator interest and offer extensive education. Since Alaska is such a large state with so many different modes of transportation, attractions and variables in general, Alaska is potentially a difficult destination to sell. The up side is that when you are able to show them what Alaska has to offer, they become truly committed to learning about and selling the destination.

Over the course of the year, ATIA participated in six trade events and gathered contact information for more than 500 qualified travel agents and tour operators. Businesses that participate in the events, in addition to DMOs, may access these leads immediately following each event to conduct further marketing efforts. Alaska businesses may also subscribe to the Leads program and access leads online by entering a password-protected section on the www.alaskatia.org website.

FY01 TRADE STRATEGY #1: Provide Alaska travel information to, and contacts with, tour operators and wholesalers.

PROGRESS:

- ATIA participated in Pow Wow, which is the Travel Industry Association of America's annual meeting for U.S. tourism businesses to meet with international inbound tour operators. ATIA shared a booth with four Alaska businesses and two Destination Marketing Organizations (DMOs). In addition, ATIA hosted a reception for Alaskan delegates providing an opportunity for networking and cross selling of products. A total of 130 appointments were held with international tour operators, wholesalers and media during Pow Wow.
- The American Bus Association (ABA) Marketplace took place in Baltimore, MD. ATIA was an official sponsor for speakers, staffed an exhibit in the

registration area and coordinated prizes from Alaska suppliers. Over 60 leads for group business to Alaska were generated through this event, and 12 businesses and DMOs joined with ATIA to promote Alaska at this event.

- Eight Japanese tour operators visited Juneau, Fairbanks and Anchorage to participate in Alaska winter sports and to view the Northern Lights. By experiencing what Alaska has to offer first-hand, they are better able to sell Alaska tours to their customers.
- Alaska maintained its presence at the International Tourism Bourse (ITB) in FY01. ATIA staff met with European tour operators, primarily from German-speaking countries, generating a total of 30 qualified leads.
- Teaming up with Convention & Visitor Bureaus from Anchorage and Fairbanks, ATIA staffed an informational booth at Visit USA Tokyo. In addition to 20 pre-scheduled appointments with tour operators and travel media, there were one-on-one contacts with an additional 50 during the two and one-half day event.
- ATIA coordinated Destination Alaska sponsored events at the National Tour Association (NTA) convention, working with over 40 companies to present Alaska as a premier tour destination to tour operators. In addition, a trade booth was staffed to distribute Alaska information and to promote the NTA Spring Meet scheduled to take place in Anchorage. More than 80 pre-scheduled appointments were held with tour operators interested in creating or expanding programs to Alaska.
- In November, three Alaska businesses joined ATIA to staff a booth at World Travel Marketing in London. Wholesalers and media representatives from around the world attended the event. 141 contacts were generated from this event.
- The 6th Annual Alaska Travel Fair and Marketplace was held in Valdez, Alaska, and more than 35 tour operators from around the world visited the state. A total of 45 Alaska businesses joined the ATIA at the Travel Fair and Marketplace. Eight simultaneous familiarization tours were also coordinated to allow the tour operators to see the variety of tour and travel opportunities available for inclusion in their itineraries.

FY01 TRADE STRATEGY #2: Conduct a series of retail travel agent educational workshops in key U.S. markets.

PROGRESS:

- A travel agent training workshop was held in Orlando, FL, hosted by ATIA and 13 Alaska businesses.
- Emphasis shifted from one-on-one meetings with travel agents to development of a program that will be accessible to all agents, as described in Strategy #3.

FY01 TRADE STRATEGY #3: Develop "Top -of-the-World Specialist" program for travel trade.

PROGRESS:

- ATIA originally planned to create an online training program but shifted focus slightly and chose to partner with the Institute of Certified Travel Agents (ICTA) to produce a Destination Specialist training course for Travel Agents. Alaska is only the second U.S. state to partner with ICTA, which is a highly regarded non-profit organization dedicated to educating and certifying travel industry professionals.
- When completed, the training course will include sections on Geography, History, Regional Information and Tips for Selling Alaska Travel.

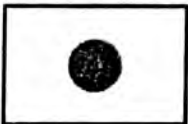
International Programs

The role of ATIA international programs is to reach out to the highest potential international markets and provide image awareness, trip planning and product information. Throughout the year, ATIA focuses on opportunities to target travel agents and tour operators that sell travel to Alaska. ATIA staff participates in shows and events to promote the state and works with travel trade to develop or enhance existing Alaska tour itineraries and travel programs. Currently ATIA maintains representative offices in those countries that produce the majority of Alaska's international visitors. These include Australia, German-speaking Europe, Japan, Korea, Taiwan and the United Kingdom. The international contractors are responsible for providing direction for Alaska tourism marketing and sales activities and to enhance and maintain Alaska's presence in those markets. In addition, each contractor receives Official State Vacation Planners for distribution overseas.

Germany, together with Austria and Switzerland, represents Alaska's largest international market. Japan continues to be the most important off-season market, with 50 percent of Japanese visitors coming to Alaska during the winter months.

ATIA introduced an International Leads Subscription Program in FY01, allowing participants, DMOs and ATIA marketing partners to access and further market to contacts generated through International efforts.

ATIA went out to bid on all international contracts. Several new contractors were brought on-board and traveled to Alaska to meet with ATIA staff. In addition to seeing first-hand what the state has to offer, contractors had the opportunity to meet with nine community representatives and received in-depth briefings on the unique attractions and events taking place in each community.



FY01 INTERNATIONAL STRATEGY #1: Foster Alaska travel interest and provide planning information within the Japanese market.

PROGRESS:

- Workshops were arranged for 17 Alaska suppliers to meet with travel professionals in four cities in Japan. Over 240 Japanese tour operators, travel agents and media attended.
- ATIA hosted eight Japanese tour operators on a familiarization tour to Alaska in February 2001.
- Japanese travel agent workshops were conducted in 4 cities in April 2001.

- ATIA staff teamed up with representatives from the Anchorage and Fairbanks Convention & Visitors Bureaus to participate in the Visit USA Travel Fair held in Japan in October.
- A new 12-page, 4-color Alaska Hiking brochure was produced and distributed to over 800 Japanese tour operators.
- 10,000 copies of the 4-color brochure, Alaska Winter Times, was produced and distributed.
- Six stories focusing on the Northern Lights were published in Japanese newspapers, and press releases were distributed on Fur Rendezvous and Tlingit Dancers.
- ATIA assisted many travel writers and editors to increase Alaska's exposure in overseas markets. A few of the articles that were published or broadcast during the year include:
 - Assisted the weekly magazine Shukan-Shincho (weekly circ: 600,000) with two articles focusing on the Aleutian Islands.
 - Assisted Northwest in-flight magazine with a 17-page feature article "Alaska, the Last Frontier on Earth" which appeared in the September/October issue.

FY01 INTERNATIONAL STRATEGY #2: Foster Alaska travel interest and provide planning information within the German-speaking Europe market.

PROGRESS:

- Workshops were held in conjunction with Visit North America, Zurich, Switzerland in January 2001, resulting in a total of 19 qualified leads.
- German language press kits were developed and used to respond to leads generated through participation in the International Tourism Bourse (ITB) trade show held in March.
- ATIA participated in the TUI Roadshow to reach 457 travel trade representatives in Frankfurt, Munich and Cologne.
- ATIA assisted many travel writers and editors to increase Alaska's exposure in overseas markets. A few of the articles that were published or broadcast during the year include:
 - 45-minute travel feature on Alaska's Klondike Gold Rush aired on German TV station HR in September.
 - 30-minute travel feature on Alaska cruises aired on German TV station WDR in September.
 - Assisted writers from Loop magazine (circ: 170,000), Globo magazine (circ: 106,566) and Marco Polo travel guide.



FY01 INTERNATIONAL STRATEGY #3: Foster Alaska travel interest and provide planning information within the United Kingdom market.

PROGRESS:

- ATIA hosted a travel writer with Prima Magazine on a press trip to Seward, Talkeetna, Denali, Fairbanks and Anchorage.
- A total of 187 travel agent and operators attended workshops and media receptions held in Manchester and London. Twelve Alaska suppliers and DMOs participated, and 17 leads were generated.
- ATIA's UK office responded to a total of 867 agent and wholesale level inquiries and 385 consumer inquiries.
- Representatives from ATIA's UK office attended the Destinations 2001 consumer show in London in February. Alaska businesses had the opportunity to participate in a brochure distribution program.
- ATIA assisted many travel writers and editors to increase Alaska's exposure on Alaska in overseas markets. A few of the articles that were published or broadcast during the year include:
 - Coordinated trip for Claire Daubney with The Field that included visits to Katmai Lodge, Alaska Sealife Center and the Alaska Native Heritage Center.
 - Assisted Travel Trade Gazette, a very prestigious UK media group, with an article showcasing Alaska.
 - Assisted United Airlines in-flight magazine with article for the September issue.
 - Worked with a writer from News of the World on a story documenting his trip to Alaska.



FY01 INTERNATIONAL STRATEGY #4: Foster Alaska travel interest and provide planning information within the Australian market.

PROGRESS:

- ATIA partnered with The Great Outdoors, a prime-time television program that airs in Australia. Five programs were filmed featuring Valdez, Kodiak, Ketchikan, Sitka and Anchorage.

FY01 INTERNATIONAL STRATEGY #5: Provide planning information within other International Markets.

PROGRESS:

- ATIA's representative from Taipei participated in the International Travel Fair (ITF) in December 2000.

- Sent Official State Vacation Planners to the Philippines for distribution at a trade show.
- Throughout the year, ATIA assisted many international travel writers from countries (i.e., Italy, Spain, and Korea, among others).

Inquiry Fulfillment

The role of inquiry fulfillment is to provide potential visitors with information that will help motivate them to plan a trip to Alaska and to provide useful trip-planning and product-specific information. Inquiries generated through ATIA's tourism marketing program are received by ATIA's fulfillment contractor and fulfilled with a State Vacation Planner or an Invitation to Alaska brochure. In addition, ATIA maintains a Visitor Inquiry Center² (VIC) in Anchorage where staff responds to questions from potential visitors. Travel-related requests for information received in Juneau by the State Office of Tourism are also forwarded to ATIA's Visitor Inquiry Center (VIC). The challenge in FY01 was to be responsive to visitor requests while at the same time establishing the VIC.

At the beginning of the year, ATIA staff worked with the State Office of Tourism to expedite the transfer of existing fulfillment materials to ATIA. In addition, the travel agent 800 number - formerly maintained by the State - was rolled over so it would ring at ATIA's Anchorage office. Procedures were established for transferring inquiries arriving at the Juneau office so requests from potential visitors received prompt response. VIC staff established procedures for processing inquiries and customized a database program to allow for efficient data entry and sorting capabilities. The majority of inquiries received by VIC staff are forwarded to ATIA's fulfillment contractor resulting in substantial cost savings due to efficiencies gained through bulk mailing. Data entered by VIC staff is also integrated into the primary database maintained by ATIA's fulfillment contractor, so a complete record of inquiries received throughout the year is maintained. VIC staff also worked to integrate ATIA's membership database into fulfillment efforts allowing potential visitors to receive comprehensive answers to their specific questions regarding Alaska.

FY01 INQUIRY FULFILLMENT STRATEGY #1: Distribute Alaska image and planning information to interested prospects generated through ATIA's marketing program and other sources.

PROGRESS:

- ATIA's primary fulfillment piece is the Official State Vacation Planner. A total of 450,000 Planners were printed in FY01 and distributed primarily by ATIA's fulfillment contractor.

- The primary inquiry database is maintained by ATIA's fulfillment contractor and contains roughly 600,000 records. ATIA staff maintains a secondary database of inquiries received directly at the Anchorage office. These are later integrated into the primary database.
- Businesses may purchase names/addresses from the primary inquiry databases for use in their individual marketing efforts. Although ATIA collects and enters consumer e-mail addresses into its database, these are not being provided to businesses/DMOs due to legal issues.
- In addition to sending the Official State Vacation Planner, ATIA staff also distributes the following material upon request:
 - Alaska State Map
 - Invitation to Alaska Brochure
 - North to Alaska Magazine
 - Alaska Wild And Wonderful
 - Sport Fish Brochure
 - Hunting Brochure
 - Wildlife Viewing Brochure
 - Alaska Poster
- The Visitor Information Center received approximately 45,000 requests for visitor information in FY01. Of these, roughly 15,000 were phone or e-mail requests that required a customized response to specific questions.
- Another 30,000 requests for visitor information required printed trip-planning information be mailed. These requests were entered into the VIC database and forwarded to ATIA's fulfillment contractor so lower postage rates could be incurred. A rough breakdown of total inquiries by categories is listed below:
 - 20,000 VIC Database-requested printed materials/forwarded to ATIA contractor for fulfillment
 - 6,000 E-mail requests for information
 - 2,000 Referred to communities/businesses
 - 1,000 Travel agent requests
 - 1,000 Highway/Ferry requests-forwarded to Tourism North contractor for fulfillment
- To replenish supplies, ATIA customized and printed 10,000 state maps utilizing artwork provided by the State Office of Tourism.
- Continued to respond to international inquiries following the same method established previously by the State.

FY01 INQUIRY FULFILLMENT STRATEGY #2: Encourage DMOs and visitor industry businesses to provide product specific information to prospective visitors and travel trade.

PROGRESS:

- ATIA received requests for information on specific businesses or communities and provided direct e-mail links or phone numbers so potential visitors could easily get in contact with those communities and businesses they were most interested in learning about.
- Potential visitors were also referred to the Alaska Public Lands Information Centers (APLICs) so they could obtain further information about Alaska's public lands.
- Potential visitors indicating an interest in specific types of businesses or activities were given lists of contacts generated from the ATIA database (i.e. list of hotels or white water rafting companies).
- A customized travel agent packet was created and sent to travel agents inquiring about Alaska. Included in the packet are two Vacation Planners, an Alaska state map and an order form so travel agents could request additional Alaska trip-planning materials.
- Travel Agent requests are isolated in the database so ATIA staff and members may continue marketing to this group.

Marketing Research

The role of research in the ATIA marketing program is to provide market research to Alaska's visitor industry and to measure the effectiveness of ATIA programs. ATIA continues to rely on research to guide the marketing efforts so that state and industry funds are used judiciously and effectively.

The Images of Alaska 2000 study was completed in FY01 providing up-to-date information on potential and actual visitors to the state. The study is the fourth in a series of market potential research studies. A secondary study that looked at repeat visitors was also completed. Knowing how repeat visitors differ from other visitors and determining key characteristics of this market will help ATIA attain the goal of increasing the rate of repeat visitation.

A Conversion Study was conducted to determine the effectiveness and cost efficiency of converting responses from selected magazine, direct mail TV and other media vehicles to actual visitors to Alaska. By determining which program elements are most effective, ATIA can refine future marketing programs to ensure the best return on investment.

ATIA took preliminary steps toward developing a "brand" for Alaska. The purpose of creating a brand for Alaska is to develop a distinct, clear image that matters to consumers and clearly differentiates the state from other destinations. Four distinct branding concept statements were created and tested using focus group research to determine how the traveling public perceives Alaska, and what images and words they associate with Alaska travel. This information will help ATIA develop a concept statement that will later guide all marketing efforts and ensure a consistent and persuasive message is being delivered. Branding is a process that takes time, commitment and financial support, so the project will be ongoing over the next several years.

FY01 RESEARCH STRATEGY #1: Determine the effectiveness of ATIA's marketing program.

PROGRESS:

- A total of 50 sources were tested in the Conversion Study, including individual TV, newspaper and magazine ads, and direct mail lists. ATIA also analyzed responses generated via the website, banner ads and the Canadian program.

- Highlights of the Conversion Study:
 - The number of requests for trip-planning information in FY00 grew by 10% over the previous year. It is important to remember that during the time period being tested, additional funding for television and newspaper advertising had been appropriated, which likely explains the increased volume.
 - Direct mail continues to be the most effective marketing vehicle for ATIA producing response rates in excess of 20 percent.
 - Internet was the most inexpensive way to generate requests for Alaska trip-planning information.
 - More inquiries were received from the Western region of the U.S. (32 percent) followed by the South (27 percent) and Midwest (26 percent).
 - Nearly half (49 percent) of the bookings for 2000 travel occurred between January and June, and one-quarter (24 percent) traveled within one month of the booking date. This information is helpful in planning the timing of ATIA's marketing efforts.
- ATIA regularly polls member businesses participating in marketing programs to determine what programs are of value to the membership and how programs should be strengthened (i.e. Alaska Travel Fair, Tourism North program, trade shows, Cooperative Newspaper Program). This input is used to refine existing programs and when introducing new programs.

FY01 RESEARCH STRATEGY #2: Survey potential and actual visitors to Alaska.

PROGRESS:

- Determining why people visit and how they make their travel decisions is valuable information in guiding ATIA's marketing efforts. Therefore, key objectives of the Images 2000 study included:
 - Identify the size of the potential Alaska visitor market
 - Define travel needs, motivating factors and attitudes of past and potential visitors
 - Profile the demographic, geographic and media-graphic characteristics of current and potential visitors
 - Define the travel behavior and frequency of high potential visitors (those determined most likely to visit Alaska in the next 5 years)
 - Measure change and identify trends
- Using data from the Images 2000 study, ATIA - and Alaska businesses - can gain insight on how to reach potential visitors with their marketing message and motivate them to travel to Alaska. Highlights of the Images 2000 study:
 - The size of the potential Alaska visitor market is 34.8 million, which is an increase of 4.3 million since 1996. Of these prospective Alaska

visitors, 23 million indicate they are interested in visiting within the next five years.

- Most of Alaska's visitors come from the West (13 percent) and the Midwest (12 percent).
- Alaska ranked third in terms of the next destination visitors are most likely to travel to in the next five years.
- Cost and time continue to be the two reasons why potential visitors state they have not yet traveled to Alaska.
- Use of the Internet as a trip-planning resource increased substantially - from 5 percent in 1996 to a whopping 44 percent in 2000!
- Search engines were listed as the primary source in locating websites, followed by newspapers and magazine ads.
- Repeat visitors are an attractive market segment because they have already visited the state once, therefore, getting them to return is potentially less costly than convincing a first-time visitor to travel. Highlights of the Repeat Visitors study include:
 - Repeat Visitors to Alaska return to the state an average of 3.6 times and stay longer than 1st Time Visitors (15.6 days vs. 12.6 days).
 - Repeat Visitors are more likely to be male (63 percent) and nearly half (47 percent) live in the West.
 - Compared to 1st time Visitors, Repeat Visitors are significantly more likely to have participated in the following activities while in Alaska:

	<u>Repeat</u>		<u>1st Time</u>
▪ Birdwatching	58%	vs.	45%
▪ Fishing	50%	vs.	23%
▪ Car rental	44%	vs.	29%
▪ Camped in tent	23%	vs.	10%
 - Repeat visitors are significantly more likely to visit Alaska in the fall/winter months than 1st Time Visitors (18 percent vs. 2 percent).
- ATIA staff maintained an active interest in the AVSP study and shared update reports, provided by the State, with the ATIA Board and Marketing Committee members. The report is widely anticipated as it will provide much needed information regarding visitors to Alaska and allow ATIA to track progress made on key marketing goals.

FY01 RESEARCH STRATEGY #3: Provide tools and information to ATIA members to enhance individual marketing efforts.
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PROGRESS:

- Copies of the Images 2000 report were provided to ATIA Community Partners so up-to-date research information could be shared with their

member businesses. A copy of the report was also added to the ATIA Resource Library for review by all members.

- Communities and ATIA Marketing partners may also access, for a fee, the raw data from Images 2000 to further analyze and cross-sort the information pertinent to their business.
- Copies of the Images 2000 report are available for purchase if businesses or individual prefer to have a personal copy.
- ATIA actively maintains a resource library containing marketing and travel industry research which ATIA business may use to enhance their individual marketing efforts.

FY01 Budget

Per the contract with the State of Alaska, Department of Community and Economic Development (DCED), ATIA funded 30 percent of the Tourism Marketing Program, with the remaining 70 percent of the program being funded by the state. The total budget for FY01 was \$6,928,571. It is important to note that the amount allocated by the legislature for FY01 included \$50,000 in funding from the Alaska Marine Highway System (AMHS). This amount was never received by ATIA due to program restructuring within AMHS. Rather than reduce the overall marketing budget, ATIA replaced these funds with private sector funds - in addition to spending another \$349,166 over the required match stated in the State contract - so additional marketing could be conducted.

A detailed FY01 budget, sorted by components mutually agreed upon by the State and ATIA, is attached. The last column indicates the total variance in component lines from the beginning to the end of the year. A brief explanation of the shift in funding is outlined below.

	BUDGET
<u>MARKETING RESEARCH</u>	-
Conversion Study	145,000
Images IV Remaining Costs	20,000
Program Implementation	26,203
Total Marketing Research:	191,203
<u>CONSUMER MARKETING</u>	-
<u>PUBLIC RELATIONS</u>	-
Media Outreach & Assistance	128,213
Summer Press Trips	35,293
New Story Packages	5,995
Media Kits	2,760
Crisis Communications/DMO Briefings	2,751
1-800 Number, Clip Service	18,611
Contractor Admin & Travel	29,951
Program Implementation	18,602
Subtotal:	242,176
<u>ADVERTISING</u>	
Magazine & Direct Mail	1,787,783
Joint Yukon Program	101,698
Advertising of Internet Site	332,477
1-800 Number	10,040
Ad Agency Direct Expense	81,386
Talent, Tapes & Shipping	7,670
List Rental/Newspaper Program	94,907
Branding	94,308
FY02 Pre-Production	394,776
Program Implementation	126,572
Subtotal:	3,031,617
<u>INTERNET</u>	
Site Development	99,258
Site Hosting	4,313
Program Implementation	41,491
Subtotal:	145,062
Total Consumer Marketing:	3,418,855

<u>NICHE MARKETING</u>	-	
-	-	
Winter Press Trip		36,000
Winter Promotions		16,969
Niche Advertising		290,100
Tourism North		200,000
Niche Brochure Program		35,033
World Congress on Adventure Travel		14,998
Niche Research		7,500
Martha Stewart		25,077
Special Olympics		40,000
Program Implementation		33,162
Total Niche Marketing:		698,839
<u>INQUIRY FULFILLMENT</u>	-	
-	-	
Vacation Planner		1,405,501
Inquiry Section		2,838
Program Implementation		208,038
Total Inquiry Fulfillment:		1,616,377
<u>TRADE INT'L MARKETING</u>	-	
-	-	
Trade International Marketing		148,441
International Contracts		
Japan		270,423
German-Speaking Europe		188,539
UK		116,915
Australia		55,020
Taiwan Fulfillment		3,000
Korean Fulfillment		2,500
Program Implementation		218,459
Total Trade & Int'l Marketing:		1,003,297
Contractual Committed:		6,928,571
Unallocated		6,928,571
-		

Alaska Tourism Industry Crisis Recovery Plan

December 12, 2001

**Alaska Travel Industry Association, 2600 Cordova Street, Ste. 201,
Anchorage, Alaska 99503 Phone: (907) 929-2842 Fax: (907) 561-5727**

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SUMMARY

The terrorist attacks that occurred on September 11, 2001 are having an extraordinary impact on the travel industry throughout the world. As a result, consumers are more reluctant to fly, are planning to travel closer to home, are uncertain about the future and are less willing to commit to long-term travel plans. This will have a profound impact on Alaska's visitor industry and the state's economy.

WHAT DOES THIS MEAN FOR ALASKA? The forecast is bleak. A survey of Alaska travel businesses shows a 30 to 46 percent decline in bookings for major sectors of the industry, including: airlines 30%, cruise ships 39%, motorcoaches 34%, and RV rentals 46%.

Research also indicates current marketing efforts may yield significantly fewer visitors. To protect our market share and strive to maintain visitation, adjustments are being made to current marketing efforts to bolster programs that stimulate inquiries and attract more visitors.

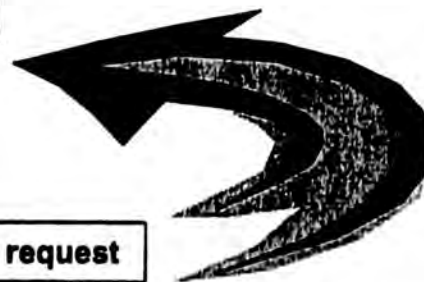
IMPACT ON ALASKA. A decrease in visitors coming to the state will mean less revenue for Alaska visitor industry businesses and municipalities that are funded in part through bed taxes. This in turn, will trickle through all areas of the state's economy. Businesses have indicated they are cutting back on business upgrades and improvements to lessen their debt load in anticipation of an extremely tight year. The impact of reduced development spending on top of reduced visitor spending will effect many sectors of the Alaskan economy that benefit from visitor spending.

WHAT NEEDS TO BE DONE? Marketing efforts need to be increased immediately in order to increase interest in visiting Alaska this year. Competition for those visitors willing to fly has become extremely competitive with destinations around the world marketing furiously to maintain their share of the pie. If Alaska is going to compete, additional financial resources are needed in order to get Alaska's message into the national marketplace. Recent surveys indicate consumers are most likely to travel domestically and inclined to stay closer to home, so marketing efforts will be focused wholly on domestic markets.

ATIA REQUEST AND EXPECTED RESULTS. The Alaska Travel Industry Association (ATIA) is requesting \$12.5 million for implementation of emergency marketing programs to lessen the impact of the September 11 terrorist attacks. This campaign will generate an additional 182,850 visitors to the state this season, each spending an average of \$726 per trip. This equates to an overall economic impact of \$332 million in direct and indirect spending. **This is a return rate of more than 26:1.**

\$332 million return

\$12.5 million request



SITUATION OVERVIEW

Unquestionably, the events of September 11 severely impacted the travel and tourism industry nationwide. The total U.S. job losses are estimated to be up to one million. Estimates by the World Travel & Tourism Council indicate a 10% reduction in the volume of business would result in 8.8 million job losses out of 207 million employed worldwide.

National surveys taken over the last two months paint a negative forecast. According to the Travel Business Roundtable (10/31/01):

- 17% of all travelers say they are traveling less
- One out of every 20 trips is being cancelled
- 13% of leisure travelers have either cancelled, put on hold, or are still uncertain about whether they will take an upcoming trip

Closer to home, a December 1 survey of Alaska businesses throughout the state, conducted by GMA Research, shows a sharp decline in bookings compared to last year:

- Major travel modes indicate a drop of:
 - 34% Motorcoach
 - 46% RV Rental
 - 39% Cruise ship
 - 30% Airlines

Results from a separate survey of respondents to the state marketing program, conducted November 28, suggest:

- 1-in-3 people who indicated they were definitely planning to visit the state prior to 9/11 now indicate they are less committed to visiting, with 1-in-10 having made the decision not to visit this year
- Only 1-in-10 who have decided to visit, have actually made reservations or finalized their travel plans
- 10% of survey respondents say they are less likely to travel on vacation in general

POSSIBLE OUTCOMES OF THESE REDUCTIONS IN ALASKA

10% decrease in visitors loss of 140,000 visitors loss of \$101.6 million in visitor spending and 1,564 travel related jobs

20% decrease in visitors loss of 280,000 visitors loss of \$203.3 million in economic impact and 3,127 travel related jobs

There is no timeline on the war against terrorism and this will undoubtedly have a negative impact on the psychology of future travelers. Add to this a recession in the U.S. and there is a great likelihood that Americans will spend less on travel and stay closer to their own homes.

Destinations continue to implement supplemental marketing plans to minimize losses. The impacts vary among the states but it is anticipated that destinations more accessible by cars and trains will benefit at the expense of destinations primarily accessible by plane, such as Alaska.

The Air Transport Association reports domestic revenue passenger miles have dropped by 21.1% and International by 37.3%. According to the Travel Industry Association of America (TIA), U.S. travel in the fourth quarter dropped significantly and the projections are soft for the first quarter. Over 50 percent of Alaska's non-resident visitors arrive or depart by plane. Because the majority of travelers to Alaska arrive by air, visitation to the state may be impacted to a greater degree than those states that are easily reached by road or rail. According to NFO Plog Research's Travel Confidence Survey, conducted October 3-8, total air passengers are down by 23% over last year.

International flight itineraries to Alaska from Asian markets have been cut. Alaska Airlines flights were reduced by 15%. Delta Airlines ended service to Fairbanks in October.

The cruise industry has repositioned ships to Alaska but a significant number of cancellations to the industry, as a whole, could reach the \$2 billion mark according to industry analyst Lazard Freres. Even with increased ship activity to Alaska, there are no guarantees that these vessels will operate at near capacity and incentive discounts could translate to significant reductions in land-based expenditures in Alaska.

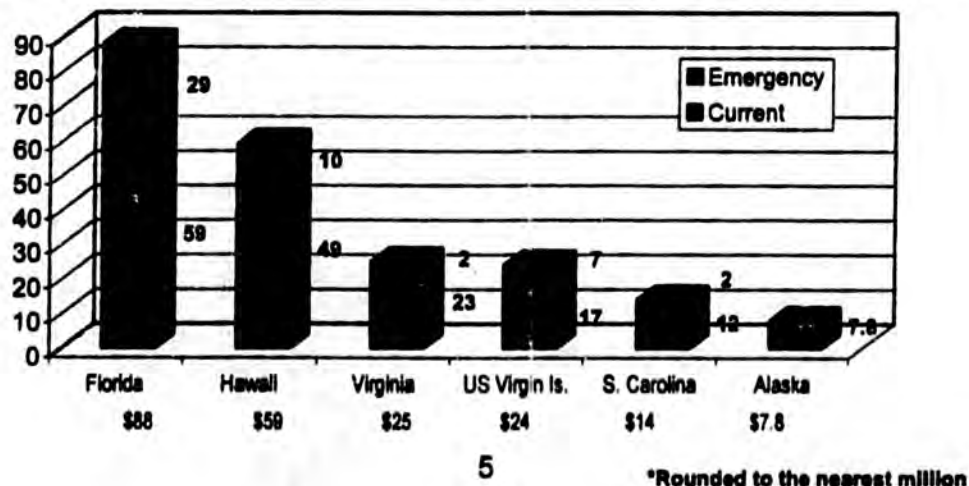
The result is that more Americans will travel closer to home, or not at all. Inbound international travel is also expected to decline. Travel and tourism related operations will suffer business declines or erosion of profits in 2002 with small businesses particularly vulnerable. Long-term predictions will depend upon a return of consumer spending, the public's willingness to travel and Alaska's ability to compete with other destinations for market share.

Competition

Within 60 days of the attacks, many destinations were already in the marketplace with multi-million dollar marketing plans in order to lessen the impact of September 11 on travel to their destination. Some of these destinations are shown below.

To understand the overall competitive marketing picture for Alaska you must understand the state's pre-September 11 position. Before the attacks, Alaska was at a significant marketing disadvantage compared to other states. Alaska's current marketing budget—\$7.8 million—is far below the average state marketing budget of \$13.7 million for 2000-2001. Alaska is also low in terms of state funding for tourism, ranking 36th out of 50 states.

Compounding the problem, countries, states and even cities have received emergency state funds to bolster their tourism marketing efforts. The Alaska Travel Industry Association is requesting \$12.5 million from the state for a national emergency marketing campaign so Alaska can compete against destinations that are aggressively targeting U.S. consumers.



COUNTRY	Emergency Funds*
Travel Industry Association of America	\$20
Caribbean	\$16
Canadian Tourism Commission	\$20
Puerto Rico	\$15
Mexico	\$16
Barbados	\$6
European Travel Commission	\$6

CITY	Emergency Funds*
New York City	\$40
Las Vegas	\$13
Miami	\$2

*Rounded to nearest million

Opportunity

Due to state department warnings about potential dangers to Americans traveling overseas, consumers with European or Australian travel plans may consider a trip within the United States this year instead.

Within our own country, significant portions of the population may hesitate to travel to the East Coast. Significant numbers of travelers from the West Coast and Canada may show renewed interest in visiting Alaska.

Targeted marketing efforts to the lower 48 states could also encourage people who are thinking of postponing a trip to Alaska to visit this year.

VALUE OF TOURISM TO ALASKA'S PRIVATE SECTOR

Visitors spend about \$949 million annually in Alaska. Therefore, if there is a decline in the number of visitors, businesses will feel the impact in the form of lower sales.

WHAT IS A VISITOR WORTH?

Visitors spend an estimated \$726 per-person, per-trip

Total direct full-year spending for all visitors is \$949 million

Visitor industry accounts for approximately 30,700 Alaska jobs, or 1-in-8 private sector jobs

Tourism Revenue

Prior to September 11, Alaska received - by current estimations - approximately 1.4 million visitors per year. These visitors injected over \$124 million directly into state and local treasuries in the form of taxes, fees and other assessments.

Jobs for Alaskans

Tourism is Alaska's second largest private sector employer, accounting for one-in-eight private sector jobs. This means that 30,700 Alaskans are directly or indirectly employed in the tourism industry (full-time, year-round equivalent). The visitor industry has a 78% resident hire rate, the highest of all industries.

Many visitor-related companies throughout the U.S. have laid-off employees due to the downturn in travel and the economic belt-tightening occurring across America. By aggressively promoting travel to Alaska, we hope to maintain the number of Alaskans employed in the visitor industry and the economic benefit of visitor spending within the state.

The overall purpose of the campaign will be to preempt the dramatic decline in travel to Alaska this year and the devastating effect it will have on the state's economy. Preserving small businesses that make up the backbone of Alaska's tourism industry will be a priority.

RECOVERY PLAN OBJECTIVES

Encourage previous inquirers to proceed with their travel plans

Increase efforts to convince those "willing to travel" to come to Alaska

Target various sectors of trade that are in key positions to affect destination choices

Remind consumers that Alaska is part of the United States

The recovery plan will rely on advertising, public relations, Internet, research, travel trade and resident travel campaigns to accomplish the recovery plan objectives.

Timing

It is crucial that Alaska increase its presence in the national marketplace immediately. Each day delay translates to lost bookings and lost revenue. Bookings for Alaska travel are down significantly – some businesses are reporting reservations for next summer are down more than 50% over last year.

ATIA Images 2000 research indicates about half (49%) of all visitors DECIDED to visit Alaska within six months of actual travel. **We are now in that critical decision-making time period.** In addition, roughly half (49%) of Alaska's actual visitors BOOKED their Alaska trip within 3-6 months prior to travel. If aggressive efforts are not taken immediately, the impact could be devastating to many of Alaska's small tourism businesses. The time to act is now.

RECOVER ALASKA AND DELIVERABLES

This crisis recovery plan - by necessity - is considered dynamic and may be adjusted based on changing market conditions and updated research results.

ADVERTISING

- Aggressive television advertising campaign launched to elevate interest in visiting Alaska this year and enhance performance of other marketing efforts. Data indicates the effectiveness of other marketing such as magazine and direct mail greatly increases when TV advertising runs concurrently.
 - TV campaign will generate 100,000 requests for trip-planning information and bring 42,100 visitors to the state.
 - Television ads will include a toll-free 800# and website address so potential visitors may request Alaska trip-planning information. This will generate exposure for the more than 1,000 Alaska businesses with advertisements in the Planner and on the website.
 - Existing film footage will be used in production of television ads to ensure Alaska's message can be placed on the air as soon as funding is available.
 - Television ads will run on national cable network stations.
- Page-dominant Alaska newspaper advertisements placed in 25 national markets and sub-markets.
 - Newspaper campaign will generate 13,000 responses and bring 10,400 visitors to the state.
 - Newspaper advertising placements will leverage travel sections, thereby increasing editorial exposure for Alaska. Research indicates newspaper articles are highly credible, and therefore a very effective method to communicate Alaska's message.
 - Alaska's small tourism businesses partner directly with ATIA to participate in the national newspaper campaign. This partnership provides greater media exposure for smaller tourism businesses than they could achieve on their own.
 - Toll-free 800# and the www.travelalaska.com website address will be included in newspaper advertising, allowing potential visitor to access specific information on more than 1,000 Alaska tourism businesses.
- 2.5 million direct mail packages delivered to targeted independent travel prospects to encourage them to visit Alaska and persuade visitors not to postpone travel plans
 - Direct mail campaign will generate 135,000 responses and bring 33,400 visitors to the state.
 - A modified direct mail package will be sent to roughly 452,000 potential visitors that have already indicated they are interested in visiting Alaska to encourage them to travel this year.

- An additional 2 million direct mail packages will be sent to individual consumers using targeted direct mail lists with proven track records.
 - Direct mail packages will include multiple response options including a toll-free 800#, URL, postage-paid return request card and write-to address to assist potential visitors in obtaining Alaska travel information.
- Printed information, including the Official State Vacation Planner, will be produced in order to respond to inquiries.
- It will be necessary to send additional trip planning information in order to generate the same number of actual visitors as in previous years.

PUBLIC RELATIONS

- Whistle Stop promotion conducted to spotlight Alaska and generate news coverage that will capture the imagination of people of all ages.
- Whistle Stop promotion will result in \$200,000 in national editorial coverage for Alaska and bring 1,400 visitors to the state.
 - ATIA will directly reach 20 key editorial publications and/or broadcast stations, along with 150 key travel agencies over the course of the promotion.
 - ATIA will partner with the Alaska Railroad to transport a railcar to Vancouver, BC for travel along the West Coast. Stops along the way will generate news events targeting media and travel trade in order to boost awareness and knowledge of Alaska.
 - Well-known Alaska dignitaries and celebrities will be invited to travel on the train and attend media/trade events to boost interest in Alaska and generate news exposure.
 - Tie-in marketing may include trip and merchandise give-aways, travel press receptions featuring Alaska food and drink, and distribution of Alaska trip-planning information.
- West Coast Editor Briefings scheduled with 60 key travel editors from influential consumer and travel trade publications along the West Coast.
- Elevate awareness of Alaska and establish ATIA as a resource for editors so they will consider writing Alaska stories.
 - One-on-one editor briefings will leverage ATIA's ongoing media relations efforts and ensure greater editorial reach in those markets.
 - Extensive follow-up efforts with editors will ensure editor needs for story ideas, photography and other information are being met. This follow-up greatly facilitates the process for getting Alaska stories into the marketplace.
- Two-minute television advertorial (combination of advertisement message and editorial comment) placed on West Coast cable stations to showcase the beauty and splendor of Alaska.
- Advertorial will result in 25,700 responses and generate 10,800 visitors to the state.

- Advertorial will air on West Coast cable stations, reaching more than 500,000 viewers.
- Messages contained in the advertorial will echo those included in the Official State Vacation Planner and Invitation to Alaska brochure and will also include testimonials from well-known celebrities who have visited Alaska.
- An online radio site will link to the Official State Travel Website. This will allow ATIA to capture relevant information from potential visitors for use in future marketing efforts.

INTERNET

- Additional multi-media features will be added to the official Alaska travel site www.travelalaska.com to increase traffic to the site and elevate interest in Alaska.
 - Enhanced features will encourage longer online visits and lead to more extensive search of the website. This increases exposure for Alaska businesses.
 - Incorporating messages from other media campaigns will enhance overall performance of all marketing efforts by providing reinforcement of key messages.
- Utilize Internet advertising and opt-in email – also referred to as permission email – to complement traditional advertising programs and achieve an efficient level of national reach.
 - Internet advertising campaigns will generate 96,000 responses and bring 51,500 visitors to the state.
 - Placement of banner advertisements and pop-up ads on websites and search engines will encourage click-through to www.travelalaska.com.
 - Targeted opt-in email lists will reach approximately 800,000 individual consumers already indicating they are interested in receiving travel-related information.
 - Opt-in email messages featuring the Governor will be tested, with the most favorable messages being used for larger mailings.
 - Messages will reflect current events and traveler attitudes/concerns.
 - Tests will be conducted against the current Governor message and evaluated on regular basis to ensure the most effective version is used.
- Implement an interactive Travel Alaska television series and Internet promotion to boost interest in travel to Alaska in West Coast markets.
 - Campaign will generate 62,500 responses and bring 26,300 visitors to the state.
 - Partnering with highly rated West Coast morning television programs, a six-week series of Alaska segments will be produced featuring Alaska trips (i.e., camping adventure, fishing trip, cultural expedition).
 - Alaska trips will be promoted on television and station websites, allowing viewers to learn about different adventures Alaska has to offer. Selected families will be profiled and viewers will be asked to vote for the family they would like to see 'win' the Alaska vacation.

- Promotion will include the message "travel close to home" to boost interest from consumers living in the Western U.S. that may be interested in a vacation closer to home.

RESEARCH

- To ensure Alaska is positioned to react to changes in the marketplace, continual travel trend research will be conducted to measure the terrorist attack impact on attitudes and travel plans among potential visitors.
 - Provide a constant barometer of changes in travel plans to help the state and tourism businesses assess the upcoming travel season.
 - Will allow ATIA to modify its marketing message and approach to optimize success in convincing consumers to travel to Alaska this year.
 - Travel agents will be contacted to gauge attitudes and trends among travel trade and their clients.

TRAVEL TRADE

- Conduct retail travel agent training programs.
 - Partner with quality, high producing travel agencies in known productive markets to conduct Alaska travel training in their regional offices.
- Place advertising in U.S. trade publications to ensure Alaska is foremost in the mind of travel agents when they suggest possible travel destinations to their clients.
 - Partner with leading trade publications to produce cooperative marketing inserts to reach travel agencies throughout the U.S. with Alaska's message. Alaska information will also be posted simultaneously on publication websites.
 - Partner with trade marketing organizations, to produce Alaska travel planners for distribution to group leaders, tour operators, motor coach operators and travel professionals.
- Direct mail campaign to travel agencies across the U.S.
 - Send Alaska travel information to U.S. travel agents, using targeted mailing lists, in order to put Alaska trip-planning tools into the hands of those selling travel. A postage paid card will be included so individual requests may be facilitated.
 - Engage in cooperative mailing programs with tour operators specializing in Alaska travel in order to reach their prospective Alaska clients.
- Participate in trade shows to elevate interest in Alaska and establish direct relationships with travel agents so further marketing and education may be conducted.
 - Attend U.S. trade shows to increase awareness of Alaska, provide product information and offer trip-planning tools to those actively booking Alaska travel.

- Forge cooperative promotions with leading tour companies to facilitate direct contact with highly qualified tour guides and encourage new Alaska packages being marketed and sold.
- Share leads with businesses so they may conduct their own marketing.

RESIDENT TRAVEL

- Encourage residents and visiting friends and relatives to travel instate.
 - Television campaign will reach more than 110,000 viewers and result in 20,000 visitors traveling within Alaska.
 - Television spots will encourage residents to invite their friends and relatives to visit the state and experience a true Alaskan adventure.
 - TV advertisements will augment current marketing efforts. By extending the campaign, we can ensure the "stay home - discover your own back yard" message reaches a greater number of residents and leads to higher visitation.
- Conduct a statewide newspaper advertising campaign targeted at Alaskan residents, to elevate interest in Alaska vacations accessible by car, train, ferry or short plane trips.
 - Newspaper advertising will be placed in major publications throughout the state and reinforce messages being delivered through television.
 - The State Vacation Planner will be offered free-of-charge to residents and their friends and relatives by calling a unique 800#, writing or visiting the website. Residents will be driven to an online Alaska Resident interface page tied to the Official Alaska Travel Website.
- Implement an aggressive Public Relations outreach to local media, in order to promote Alaska vacations and encourage residents and visiting friends and relatives to visit near-by communities.
 - Press kit will supply feature and business writers comprehensive information about Alaska tourism and facilitate publication of Alaska travel stories.
 - Resident Travel promotion will increase awareness among residents of the many wonders Alaska has to offer and encourage exploration of Alaskan communities.

RECOVERY BUDGET

A 28 member broad-based committee charged with developing the marketing plan believes \$12.5 million is needed to implement this crisis recovery plan. Without additional funding Alaska will continue to lose market share to destinations that are aggressively reaching out to those consumers willing to travel this year. As more destinations receive emergency marketing funds to counter the effects of September 11, Alaska becomes even more vulnerable to losing visitors to destinations that are actively marketing.

Adjustments are already being made to the current core marketing program, but it won't be enough to offset the decrease in inquiries and visitation to Alaska. It is also worth noting that the travel industry has already contributed \$1.2 million ABOVE the required state match in FY02 in an effort to boost Alaska's marketing position among competing destinations.

Television Campaign	\$8,080,000
Newspaper Campaign	425,000
Direct Mail Campaign	975,000
Online Campaign	650,000
State Vacation Planner/800#	464,000
Public Relations Campaign	722,000
Website Development/Promotion	300,000
TV Advertorial	250,000
Research	54,000
Travel Trade Training/Marketing	280,000
Instate Travel Campaign	<u>300,000</u>
TOTAL:	\$12,500,000

RETURN ON INVESTMENT

Overall, the campaign will:

- Generate an estimated 182,850 visitors to the state this year.
- Result in a direct economic impact of \$132.7 million as a based on each visitor spending an average of \$726 on their Alaska vacation. This translates into 2,042 jobs.
- Total economic impact of \$332 million (direct and indirect spending) based on data indicating the average visitor dollar circulates through the Alaska economy about two and a half times before leaving the state.
- Replace those visitors who decide not to travel to Alaska this year as a result of economic or crisis impacts. Current estimates suggest that Alaska visitation could decline 10-20% from its present estimated level of 1.4 million. Economic impacts could be:
 - 10% decrease in visitors ➡ loss of \$101.6 million in visitor spending ➡ 1,564 jobs
 - 20% decrease in visitors ➡ loss of \$203.3 million in visitor spending ➡ 3,127 jobs

RESULTS OF \$12.5 MILLION TOURISM MARKETING CAMPAIGN

Delivers 182,850 visitors to the state THIS year

Generates \$132.7 million in direct revenue

Saves 2,042 jobs

Translates to \$332 million in direct/indirect spending

RECOVERY SCHEDULE 2002

COMPONENT	Details	2001	2002					
		December	January	February	March	April	May	June
RESEARCH								
Track Travel Trends	8-10 min phone survey. Each wave = 1200 interviews							
PUBLIC RELATIONS								
Whistle Stop Promotion	5 markets: Canada, WA, OR, CA							
West Coast Editor Briefings	8 Markets: Canada, WA, OR, CO, CA							
Television Advertorial	Portland, OR + Cable							
ADVERTISING								
Television (:30 sec. Spots)	Cable: A&E, TNT, Discovery, Home & Cable: 45% A markets: 33% B Markets: 22%							
	Garden, History Chnl, Travel Chnl							
	A Markets: Seattle, Portland, San Fran, SLC, San Diego, Sacramento, Denver							
	B Markets: W. Palm Beach, Mpls, L.A., Tampa, Phoenix							
Newspaper	25 newspapers in A and B Markets							
Direct Mail	2 mill/outside lists; .5 mill/inside lists							
Vacation Planners	Print additional 150,000							
TRAVEL TRADE								
Travel Agent Training								
Trade Advertising								
Direct Mail								
Trade Shows								
RESIDENT TRAVEL								
Television	ARCS, GCI Cable (17 cable stations)							
Newspaper	Statewide							
Public Relations	Statewide							
INTERNET								
Website Development								
Online Ads/Opt-In Email	Banner Ads, 800,000 Opt-In Emails							
Interactive Travel Series								

ALASKA TRAVEL INDUSTRY ASSOCIATION INDUSTRY POLL
TOURISM BUSINESS CLIMATE
2001 vs 2002 SEASON
December 1, 2001

Summary:

As of December 1, 2001, a poll of 303 Alaskan tourism businesses statewide indicates an overall drop of 23% in tourism bookings and inquiries compared to last year

CATEGORIES	INQUIRIES	BOOKINGS
AIR TAXI/CHARTER	-37%	-23%
AIRLINES	-38%	-30%
BACK COUNTRY EXPERIENCES	-27%	-28%
BED AND BREAKFASTS	-22%	-25%
CABINS	-30%	-31%
CAMPING AND RV PARKS	-24%	-33%
CAR RENTAL/TAXI/OTHER	-34%	-46%
CRUISESHIPS	-37%	-39%
DAY CRUISES/CHARTERS	-19%	-19%
DISABLED VISITOR INFORMATION	-21%	-17%
FERRIES	-13%	-18%
FISH AND WILDLIFE INFORMATION	-23%	-23%
GIFT SHOPS	-7%	-6%
GUIDEBOOKS/MAPS/VIDEOS	0%	18%
HOSTELS	0%	0%
HOTELS AND MOTELS	-20%	-26%
LOCAL ACTIVITIES	-13%	-13%
MOTORCOACH/BUS	-32%	-34%
OTHER	-9%	-6%
OVERNIGHT CRUISE/OTHER	-40%	-31%
PACKAGE TOUR	-17%	-13%
REGIONWIDE ACTIVITIES	0%	0%
RESTAURANTS	-13%	-12%
RV RENTAL/MOTORHOME	-32%	-46%
STATEWIDE ACTIVITIES	-19%	-18%
ALL TRAINS	-47%	-50%
TRAVEL AGENTS/TRIP PLANNERS	-21%	-28%
VISITOR INFORMATION ORGANIZATIONS	-18%	-26%
WILDERNESS LODGES/RESORTS	-27%	-19%
Average - All Categories	-23%	-23%

Methodology: Poll conducted by GMA Research on behalf of ATIA. 303 total respondents. Results are averages of respondents and include both positive and negative changes. Respondents were allowed to select more than one category.

SCOMM

124:5

COMMITTEE TAPE LOG

COMMITTEE: ECONOMIC DEVELOPMENT,
TRADE & TOURISM

DATE: March 21, 2002

TIME: 1:11 pm

SUBJECT: Overview: Pacific Northwest Economic Region (PNWER)

MEMBERS:

McGuire
LM

Green
JG

James
JJ

Morgan
CM

Masek
BM

Rokeberg
MR

Dyson
FD

Crawford
HC

Guess
GG

[illegible]

SPEAKER	TAPE #	SIGNIFICANT INFORMATION
SP	2022	Comment on B.C. Race in PNWER
FD	2122	Recreational vehicle Tax comment.
		Canadian Government forces residents to pay excise tax
		"What or how can we work together to get Canadian Gov't. to get ride of such tax."
BP	2215	Comment on Question
FD	2277	Reply and suggest a resolution to try and pass
BP	2320	Comment on suggestion
LM	2394	RESOLUTION comment
FD	2410	Asked for help from PNWER on wording.
LM	2429	Comment on issues common with YAKON.
NR	2460	Commented on FAA issues regarding what pilot may carry on board aircraft.
FD	2526	Commented on general aviation
NR	2582	General Comment
BP	2659	Comment on Criminal code
NR	2755	Question on AK membership in PNWER
LM	2766	RESPONSE
FD	2781	General Comment
BP	2794	Reply on crime deterrents
FD	2849	General Comment
NR	2894	General Comment
MM	2900	Back to the resolution issue.
FD	2929	Asked for help on drafting.
NR	2950	Letter?
LM	2958	Yes, will right letter to Minister of Natl. Rev.
LM	2907	Adjourned 1:59 pm



Pacific NorthWest Economic Region

**-Save the Date-
June 9-12, 2002**

PNWER Annual Summer Meeting 2002 The Resort at the Mountain Welches, Oregon

-The Resort at The Mountain
68010 East Fairway Avenue
Welches, Oregon 97067
Tel: (503) 622-3101 or (800) 669-7666
[Http://www.theresort.com](http://www.theresort.com)
40 miles east of Portland Airport
30-45 minutes drive from the airport

The Resort at The Mountain is the premier Northwest golf & ski resort located in the Highlands of Oregon just an hour east of Portland at the western base of Mt. Hood.



**For Lodging, Please Call the Resort:
(503) 622-3101 or (800) 669-7666**

The Resort offers several fun and relaxing overnight packages to choose from. There's something for everyone!

For conference info please call PNWER office.

Pacific NorthWest Economic Region

World Trade Center West

2200, Alaskan Way, Suite 460

Seattle, WA 98121

Tel: (206) 443-7723

<http://pnwer.org/summer02.htm>

Pacific NorthWest Economic Region Summer Meeting 2002

June 09-12 at The Resort at The Mountain, Welches, Oregon

Registration Form

Name (for badge) _____ Title _____

Organization _____

Daytime Phone _____ Home Phone _____ Fax: _____

Mailing Address _____

City _____ State/Province _____ Postal Code _____

Email: _____

Registration Information

NOTE: Registration fees **do not** include hotel accommodations – you must make room reservations directly with the hotel.* All fees are in US Funds.

Registration covers Sunday evening reception through Wednesday morning.

	Before May 09, 2002	After May 09, 2002	
Full Registration, June 09-12	\$275.00 (USD)	\$295.00 (USD)	\$ _____
Spouse or guest (each)	\$150.00 (USD)	\$150.00 (USD)	X _____ Total (USD) \$ _____
			TOTAL: (USD) \$ _____

PAYMENT METHOD

- ☐ Enclosed is my check made payable to "PNWER", or
☐ Please invoice me at the address above, or
☐ Please charge my ☐ Visa ☐ Master Card ☐ American Express

Credit Card Number _____ Expiration Date _____

Signature (as on card) _____ Amount _____

IMPORTANT: Participants are responsible for arranging their own accommodations.

The Resort at the Mountain is located at 68010 East Fairway Avenue, Welches, Oregon 97067

For reservations call 1-800-669-ROOM (7666). Or go to <http://www.theresort.com>.

To receive the conference rate, please make your reservations prior to May 09, 2002 and mention you are with the Pacific NW Economic Region Conference

* One and two bedroom are available at various rates

PLEASE fax or email the completed form with the registration fee to: Fax:
(206) 443-7703 / Email: matt@pnwer.org

Pacific NorthWest Economic Region, 2200 Alaskan Way, Suite 460, Seattle, WA 98121

Tel: (206) 443-7723 / Internet: www.pnwer.org

PNWER Annual Meeting 2002
Resort at the Mountain, Welches, OR
June 9-12, 2002
DRAFT AGENDA
Preliminary Working Group Topics

Sunday – June 9

9am-2pm PNWER Executive Committee Meeting

2:30pm-5:30pm PNWER Working Groups

Telecommunications

- Introductions
- New mechanisms to provide incentives for investment in high bandwidth connectivity for rural communities
- Assessing risks of cyber disruptions
Examining interdependencies – Many of our critical infrastructure components are controlled by secure control and data acquisition (SCADA) systems. If these systems go down it leads to cascading effects.

Tourism

- Introductions
- Olympic Games and Regional Tourism Collaboration on the Whistler 2010 Bid: *What can we learn from Salt Lake City and Calgary toward making the 2010 bid a success for the entire region?*
Whistler Bid Committee - Update on the strategy and plan for the 2010 Olympic Games
Salt Lake City Olympic Committee - Lessons Learned
Calgary Olympic Committee - Lessons Learned and advice for Vancouver
- Regional Collaboration on the 2003 – 2005 Lewis & Clark Bi-Centennial

7pm Opening Reception

Monday – June 10

8am Opening Breakfast

9am-12 noon PNWER Working Groups

Workforce for the 21st Century – *Two of the largest infrastructure projects in North America are being undertaken within PNWER in the next several years – the Alaska Natural Gas Pipeline project, and the Alberta oil sands development. What are the projections and profiles of workforce needs for these projects? Are regional institutions informed and looking at these needs?*

Monday – June 10 (Continued)

Environment

Water Quality Credit Trading – *Can market forces be introduced to provide incentives for water quality enhancement in our watersheds?*

- **Lower Boise River Water Quality Trading Project**

Transportation

- **TEA-21 Reauthorization:** *Reauthorization of the borders and corridors program with the addition of the new gateways program*
Harry Caldwell
- **Cruise Ship Security:**
- **Cross-Border Finance:** *A report from the IMTC group and a discussion of cross-border planning to joint financing of projects. These projects include approach roads and technology systems for NEXUS and commercial traffic.*

12 noon-2pm Luncheon- Office of Homeland Security (invited) Speaker TBA

2-5pm PNWER Working Groups

Forestry - (To Be Determined)

Agriculture

- **Limiting Risk in a Climate of Uncertainty:** *Each state has a different policy to ensure that warehouses and conditioners are bonded so that farmers are protected. Farmers in the state of Washington have been hurt by warehouses that have gone under or been unable to purchase surety bonds. Idaho has commodity indemnity funds, rather than surety bonds. Oregon passed a model bill this session to provide relief for farmers who have been impacted by closing warehouses. Can regional cooperation reduce these risks?*
- **GMOs & Open Pollinators:** *Issues concerning GMOs and open pollinators spreading outside of their intended area.*
- **Invasive Species:** *Issues concerning non-native species invading the Pacific NorthWest. Should the PNWER states and provinces have more communication about these invasive species particularly as they can impact international quarantines of agricultural and nursery products?*
Pat Takasugi, Idaho Agriculture Director – Idaho's model program dealing with invasive species based on watersheds going beyond the state's borders
- **New High Tech Irrigation and Productivity Technology:** *Farmers in Eastern Oregon have been able to use new technology that allows them to improve production while using one third of their previous water consumption.*
- **GPS and Satellite Technology** – *Boeing Company Resource 21 – a spectral technology assisting farmers in increasing yields.*
- **CFOs (confined feeding operations):** *Legislation and regulations, environment issues, etc.*
- **Point of Origin Labeling:** *Voluntary or mandatory?*
- **Other Issues:**
 - US Farm Bill
 - Subsidies (freight and trucking subsidies)
 - Security and bio-terrorist Risks to Agriculture post September 11

Monday – June 10 (2-5pm Working Groups - Continued)

Sustainable Development

- E-Waste Recycling
Hewlett Packard Computer Recycling Program
 - *Regional Models of Corporate Sustainability – How have private companies been able to improve their bottom line while at the same time become better stewards of the environment?*

7pm *Dinner Reception*

Tuesday – June 11

7:30-9am Private Sector Council Breakfast
 Delegate Council (Public Sector) Breakfast

9am-12 noon PNWER Working Groups

Financing cross-border infrastructure:

Trade

Border Issues

Implementing the Ridge-Manley Smart Border 30 point Agreement.

Can new technologies be implemented to facilitate greater ease of movement and security at rural border crossings?

Report from Perimeter Security Task Force

12 noon–2pm Luncheon-Speaker TBA

2-5pm PNWER Working Groups

Port Issues- Security, Dredging the Columbia

Health Care- Innovative Solutions to rising healthcare costs

How can states and provinces reduce health care costs by better management

Energy

Evening Closing Event to be held at the Timberline Lodge Buses will depart Resort at the Mountain at 6:30pm for Timberline (Mt. Hood)

Inauguration of new PNWER President

Wednesday - June 12

8-10am PNWER Executive Committee Breakfast
Resolutions from Working Groups to be heard for adoption – Open to all delegates

Blue Cascades *Interdependencies Scenario*

PNWER will be organizing this exercise, co-sponsored by the US Navy Northwest Region, FEMA Region 10 and the Canadian Office of Critical Infrastructure Protection and Emergency Preparedness (OCIEP). The exercise will be based on a scenario developed in concert with stakeholders in the Pacific Northwest and will reflect regional concerns. It will focus on linkages between and among infrastructures that could make the region vulnerable to cascading impacts in the event of an attack or disruption and/or could complicate a speedy recovery.

Participants will discuss the impacts of disruptions on the infrastructures that they represent. BLUE CASCADES will also provide a setting to become more informed about other infrastructures and to learn about the potential for unanticipated effects. This meeting is vital for private industry, cities, communities, elected officials, emergency preparedness, health and transportation officials to learn about and how to prepare for a potential disruption of the infrastructures on which you depend.

All PNWER delegates are encouraged to attend.

10am-12pm
Orientation on Interdependencies

12pm-2pm
Luncheon Speaker: Office of Homeland Security, TBA

2pm-4pm
Exercise: Scenario Progression

4pm Hotwash

5pm Meeting Adjourned

5pm-6pm Light Reception



Pacific North West Economic Region

PNWER Profile

The Pacific North West Economic Region (PNWER) is a statutory, public/private partnership composed of legislators, governments, and businesses in the Northwest states of Alaska, Idaho, Montana, Oregon and Washington and the Western Canadian provinces of British Columbia, Alberta, and the Yukon Territory.

PNWER is the only regional planning and facilitation organization set up in statute by the border states and provinces to deal with transboundary policy and planning in the Pacific Northwest. Established by the state and provincial legislators in 1991, PNWER promotes greater regional cooperation by government and business to enhance the region's global competitiveness, while striving to maintain and/or improve the environment. If it were a nation, PNWER would rank 12th among the world's leading industrial economies, with a combined population of more than 19 million and an annual gross regional product of over \$671 billion (USD).

All state and provincial legislators in the region are members of PNWER, as are the Governors and Premiers. In addition, private sector members, counties, economic development commissions, industry associations and similar entities may join PNWER by paying dues on a sliding scale determined by their size. The general membership of PNWER meets once a year.

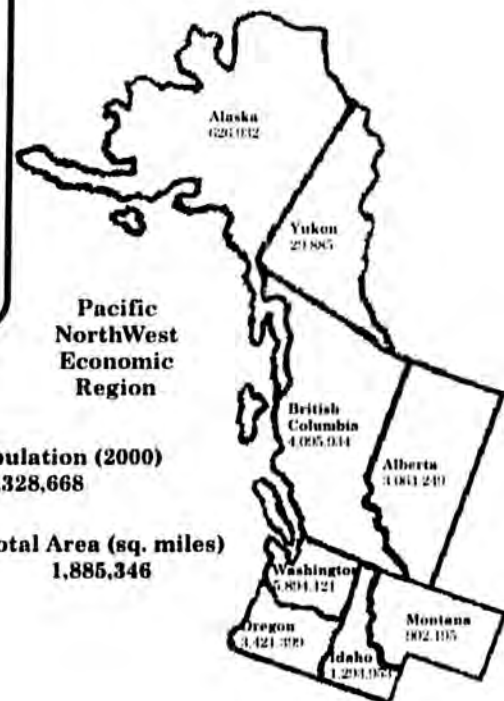
FORGING NEW PARTNERSHIPS

In order to accomplish the goals of regional cooperation and economic growth while maintaining environmental quality, PNWER has forged a unique collaboration between the public and private sector. PNWER has designated nine targeted sectors of business and industry that are strong within the PNWER jurisdictions and developed proactive working groups for each sector. Each working group is lead by a legislative, public sector, and private sector co-chair. The working groups have initiated legislation, sponsored teleconferences, industry forums, and produced research papers, all toward the mutual benefit of the eight jurisdictions.

PNWER LEADERSHIP

President	Representative Jeff Morris, Washington
Vice President Canada	Barry Penner, MLA, British Columbia
Vice President Canada	Cynthia Tucker, MLA, Yukon
Vice President U.S.	Representative Fred Dyson, Alaska
Vice President U.S.	Representative Greg Smith, Oregon
Executive Director	Matt Morrison

*"If it were a nation,
PNWER would rank
12th among the
world's leading
industrial economies,
with a combined
population of more
than 19 million and
an annual gross
regional product of
over \$671 billion."*



Total Population (2000)
19,328,668

Total Area (sq. miles)
1,885,346

PNWER Working Groups

Agriculture	Environmental Technology
Energy	Border Crossing
Forest Products	Telecommunications
Tourism	Trade
Transportation	Sustainable Development
	Dispute Resolution



Pacific North West Economic Region

PNWER Executive Committee 2002

Representative Jeff Morris
State of Washington
President

Barry Penner, MLA
British Columbia
Vice President Canada

Cynthia Tucker, MLA
Yukon Territory
Vice President Canada

Representative Fred Dyson
State of Alaska
Vice President U.S.

Representative Greg Smith
State of Oregon
Vice President U.S.

Hon. Halvar C. Jonson
Province of Alberta

Rob Renner MLA
Province of Alberta

Representative Max Black
State of Idaho
PNWER Immediate Past President

Senator Glenn Roush
State of Montana

Senator Tim Sheldon
State of Washington

Hon. Scott Kent
Minister, Yukon Territory

Senator Alan Bluechel
State of Washington (retired)

Hon. David Coutts
Past President PNWER

Don Dalik
Fasken, Martineau &

Dean Haagenson
Contractors Northwest

James Baumgartner
Black Helterline, LLP

Bob Sailer
Judd & Sailer, PLLC

Tim Schultz
*Alberta Society of Engineering
Technologists*

Matt Morrison
Executive Director, PNWER

PNWER Delegate Council 2002

Representative Jeff Morris
President, PNWER
Barry Penner, MLA
Vice President Canada, PNWER
Cynthia Tucker, MLA
Vice President Canada, PNWER
Representative Fred Dyson
Vice President U.S., PNWER
Representative Greg Smith
Vice President U.S., PNWER

Alaska
Governor Tony Knowles
Representative Fred Dyson
Representative John Davies
Alternates:
Representative Jeannette James
Representative Ethan Berkowitz

Alberta
Premier Ralph Klien
Hon. Halvar Jonson
Hon. David Coutts
Rob Renner, MLA
Debby Carlson, MLA
Alternates:
Drew Hutton, MLA

British Columbia
Premier Gordon Campbell
Barry Penner, MLA
Bill Belsey, MLA
Bill Bennett, MLA
Brenda Locke, MLA
Reni Masi, MLA

Idaho
Governor Dirk Kempthorne
Representative Max Black
Representative Elaine Smith
Senator Ric Branch
Senator Clint Stennett

Montana
Governor Judy Martz
Senator Dorothy Berry
Senator Glenn Roush
Representative Kim Gillan

Oregon
Governor John Kitzhaber
Senator Bev Clarno
Representative Greg Smith
Representative Tom Butler
Representative Bob Jensen
Representative Gary Hansen
Alternates:
Senator Susan Castillo
Senator Verne Duncan

Washington
Governor Gary Locke
Senator Tim Sheldon
Senator Jim Horn
Representative Jeff Morris
Representative Luke Esser
Alternates:
Senator Paul Shin
Senator Dan McDonald
Representative Aaron Reardon
Representative Joyce Mulliken

Yukon Territory
Premier Pat Duncan
Hon. Scott Kent
Cynthia Tucker, MLA

PNWER Private Sector Board 2002

Co-Chairs: Tim Schultz, *Alberta Society of Engineering Technologists*, Bob Sailer, *Judd & Sailer, PLLC*

Alaska
To be designated

Alberta
Allan Lowe, *Alberta Roadbuilders Association*
Bernie Marko, *Beaver Regional Waste Management*
Ken Moholity, *Alberta Grain Commission*
Tim Schultz, *Alberta Society of Engineering Technologists*

British Columbia
Don Dalik, *Fasken, Martineau & DuMoulin, LLP*
Tim Draper, *Telus*
Wayne Soper, *West Coast Energy*
Kevin Hyde, *Keen Engineering Co., Ltd.*

Idaho
Dean Haagenson, *Contractors Northwest*
Evan Hayes, *Idaho Grain Producers*
Dar Olberding, *Idaho Grain Producers*

Montana
Jim Smitham, *Montana Power Company*

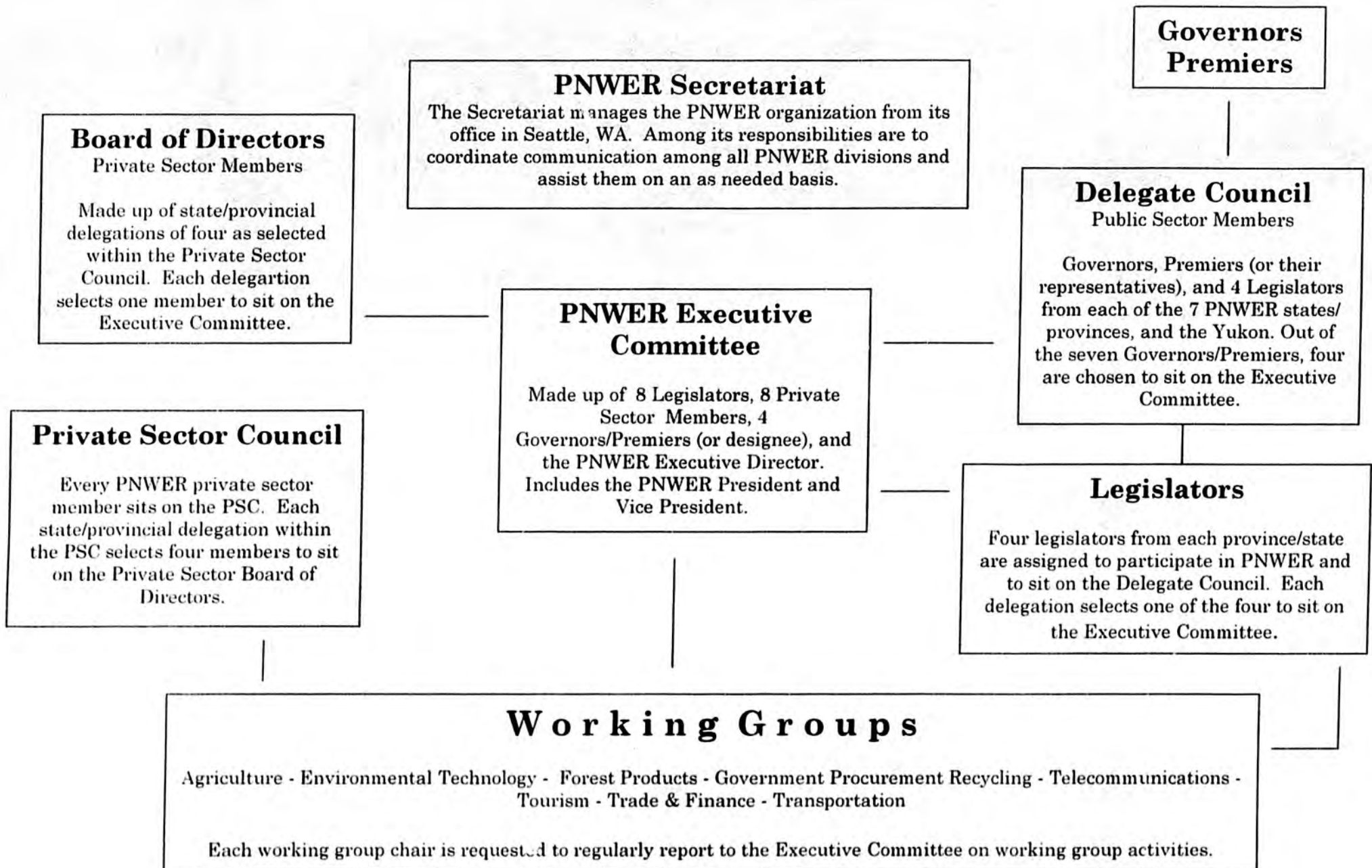
Oregon
James Baumgartner, *Black Helterline, LLP*
Charles Hall
Tom Lowles, *Key Bank*
Capt. James Townley Jr., *Columbia River Steamship*

Washington
Mike Brennan, *Bellingham/Whatcom Chamber of Commerce*
Wally Hyer, *AT&T Wireless Services*
Bob Sailer, *Judd & Sailer, PLLC*
Jan Romerdahl, *US Bank*

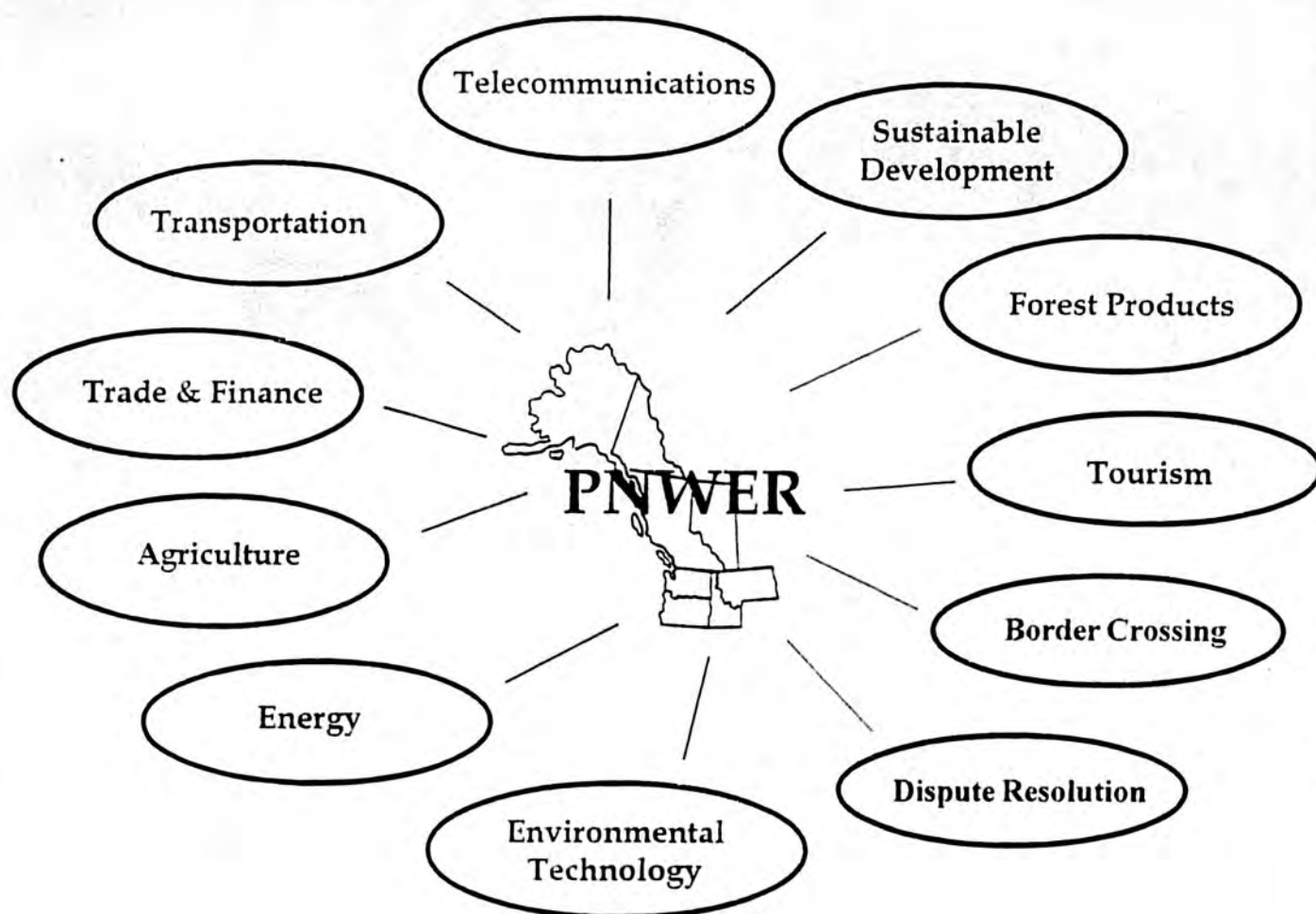
Alternates:
Greg Boos, *Chang & Boos*
Hugh Judd, *Judd & Sailer, PLLC*

Yukon
To be designated

Pacific NorthWest Economic Region Governance Structure



Pacific North West Economic Region



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PNWER Working Groups

The Pacific North West Economic Region (PNWER) is a public/private partnership. It operates through eleven working groups, each dedicated to a different sector of the regional economy. Current working groups include: Agriculture, Environmental Technology, Forest Products, Energy, Border Crossing, Sustainable Development, Telecommunications, Tourism, Trade & Finance, Transportation, and Dispute Resolution.

Each working group is lead by a legislative, public sector, and private sector co-chair. The working groups have initiated legislation, sponsored teleconferences, industry forums, and produced research papers, all toward the mutual benefit of the eight jurisdictions.

PNWER, 2200 Alaskan Way, Suite 460, Seattle, WA 98121
Phone: (206) 443-7723, Fax: (206) 443-7703, Internet: www.pnwer.org



Pacific NorthWest Economic Region

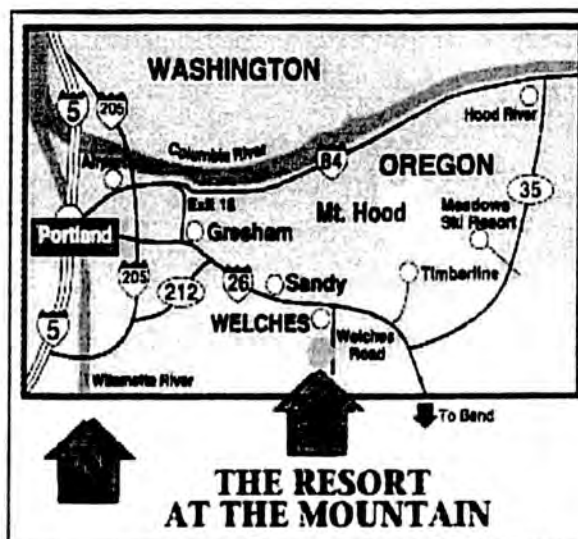
**-Save the Date-
June 12, 2002**

Infrastructure Interdependencies Exercise *"Blue Cascades"*

The Pacific NorthWest Economic Region will hold Blue Cascades, an infrastructure interdependencies-focused tabletop exercise immediately following the PNWER Annual Meeting in Welches, Oregon on June 12th, 2002 at the Resort at The Mountain

-The Resort at The Mountain
68010 East Fairway Avenue
Welches, Oregon 97067
Tel: (503) 622-3101 or (800) 669-7666
[Http://www.theresort.com](http://www.theresort.com)
40 miles east of Portland Airport
30-45 minutes drive from the airport

The Resort at The Mountain is the premier Northwest golf & ski resort located in the Highlands of Oregon just an hour east of Portland at the western base of Mt. Hood.



**For Lodging, Please Call the Resort:
(503) 622-3101 or (800) 669-7666**

The Resort offers several fun and relaxing overnight packages to choose from. There's something for everyone!

For more info please call PNWER office.
Pacific NorthWest Economic Region
World Trade Center West
2200, Alaskan Way, Suite 460
Seattle, WA 98121
Tel: (206) 443-7723
<http://pnwer.org/summer02.htm>

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REGIONAL REPORT

States Join to Prepare for Disasters

By ROBERT GAVIN

Staff Reporter of THE WALL STREET JOURNAL

STATES ARE joining forces to prepare for the regional impact of potential disasters.

In the Northwest, a group of five states and three Canadian provinces two weeks ago launched an initiative to develop a regional protection, preparedness and response plan for dealing with emergencies under the auspices of the Pacific Northwest Economic Region, a Seattle-based organization of government and business officials.

And today, the Energy Department is meeting to discuss security with officials of 12 strategically located states that have high concentrations of "critical infrastructure" on which other states depend.

'Horrible Circumstances'

"We need to start thinking much bigger, about much more horrible circumstances," says Tamara Doherty, acting director of the Federal Emergency Management Agency's Northwest region, based near Seattle.

Ms. Doherty met with the Northwest officials in Spokane, Wash., on Nov. 30 to discuss their initiative. She views it as a model for other states and regions to bridge the gaps in an emergency-management system that traditionally has relied on the federal government and individual states.

"Because of the interdependencies, you have to look beyond a single state and think on a regional basis," says Paula Sealingi, former director of the U.S. Energy Department's Office of Critical Infra-

structure Protection and now a consultant who advises government and industry on infrastructure security.

States have long cooperated in disaster assistance—39 states have reciprocal agreements with their neighbors, according to FEMA—but the terrorist attacks are prompting a closer examination of how intricately states are tied by, and how much they depend on, wires, pipes and computer networks. At today's meeting in Washington, D.C., the Energy Department will impress upon state officials the interdependency of infrastructure—in other words how a disruption in natural-gas supplies can disrupt the production of electricity which in turn can shut down computer networks and bring an entire region to a halt. This phenomenon is known as "cascading failure."

The goal is to help these 12 states—and eventually all—identify the most sensitive segments of their infrastructure, and put in place plans to protect and restore systems, which, if they fail, are most likely to spark cascading failures. For example, a telecommunications switching station that handles Internet traffic might require extensive security because power plants and pipelines are computer-operated through Internet connections.

"What you have is a complex system of systems on which the U.S. depends," says Sam Varnado, head of the Energy Department's energy infrastructure assurance program. "Everything's hooked to everything. You've got to understand what happens when a pipeline crosses the [state] border."

In the Northwest, political and busi-

ness leaders are trying to understand just that. Officials from Alaska, Idaho, Montana, Oregon and Washington and the Canadian provinces Alberta, British Columbia and the Yukon Territory will spend the next four months working with industries that own much of the critical infrastructure that crisscrosses the region. They will inventory dams, transmission facilities, pipelines and the like, assessing vulnerabilities, security and the adequacy of response plans. In addition, government and industry officials will assess how an attack on one sector might bring cascading failures across other sectors.

In March, the officials will reconvene to compile the information to begin developing a regional plan for protecting critical infrastructure and responding to disasters. Among the possibilities: using the data to build a computer model so, for example, emergency-management officials in Oregon could project the impact in their state of a pipeline explosion in Montana, and prepare accordingly.

Ripple Effect

Jeff Morris, a Washington state legislator and president of the Pacific Northwest Economic Region, says the recent western energy crisis, which saw power shortages in California drive up electricity costs throughout the West, has also helped underscore how events in one state can ripple through an interconnected region.

"We have a transmission system that we can barely keep up under commercial pressure," Mr. Morris says. "let alone a terrorist attack."



Pacific NorthWest Economic Region

PARTNERSHIP FOR REGIONAL INFRASTRUCTURE SECURITY

The Problem

The Pacific Northwest depends on a vast network of complex, automated, interdependent systems that produce and distribute energy and enable all manner of communications. These highly-sophisticated and largely private infrastructures in turn determine the availability of food, water, health care, even basic emergency services. The linkage of key infrastructures with Canada's is another central attribute of the Northwest's critical infrastructure.

In short, critical infrastructures underpin civilization. And they are highly vulnerable. An attack targeted at vulnerable nodes of the web of critical infrastructures could trigger cascading impacts which would paralyze the entire Pacific Northwest for weeks, if not months.

Anticipatory planning with a wide cross section of public and private infrastructure owners and managers is the only way to mitigate such an emergency.

Addressing the Problem

A unique regional and cross-border organization, the Pacific Northwest Economic Region (PNWER), has convened key organizations to proactively address the region's infrastructure vulnerabilities.

As a statutory public/private partnership formed by the legislatures of the Northwest states of Alaska, Washington, Idaho, Montana, Oregon and Canadian Provinces of Alberta, British Columbia and Yukon Territory in 1991, PNWER has taken the first steps in facilitating workable solutions to regional infrastructure vulnerability.

"The Partnership for Regional Infrastructure Security" was launched on November 30, 2001 in Spokane, Washington. At the meeting, key private stakeholders representing the electric power sector, liquid fuel producers, pipeline carriers and telecommunication system operators met together with the federal, state and provincial officials responsible for emergency management and public safety. These stakeholders, along with elected officials from each state and province, identified opportunities for acting proactively over the short and near term to strengthen their vulnerable and interdependent infrastructures.

The results of this ground-breaking organizational meeting are described in the Partnership for Regional Infrastructure Security Report 2001. Subsequent work by PNWER staff in consultation with select November 30 participants, has resulted in a four phase, multi-year work plan that will advance goals identified by the Partnership for Regional Infrastructure Security.

Moving to Solutions

The Partnership for Regional Infrastructure Security program is designed to help the Northwest region bridge the gaps in an emergency-management system that traditionally has relied on the federal government and individual states. It is envisioned as a prototype which will be replicable in other parts of the country, and will fit into new national initiatives, both U.S. and Canadian.

The Implementation Phase, February 2002-September 2003, will begin with a two-part infrastructure interdependencies exercise called "Blue Cascades" being developed for 250 participants, to be held this spring in Seattle. An Advisory Group is being formed from stakeholders to help guide the program.

As the program continues, the Partnership for Regional Infrastructure Security will provide specific tools for disaster resistance planning, including:

- an inventory of existing protocols and guidelines
- defining a common "language" or format for vulnerability assessments
- continuation of training and exercises
- modular courses focussing on operational challenges of infrastructure security for telecast /web access throughout the region.

The Operations Phase, October 2003 - TBD, will further these activities, as PNWER coordinates a critical path analysis to further refine interdependencies, determine where the crucial nodes for each technology are located and where they overlap. This will help the region determine which priority assets must be protected and how to mitigate the effects and quickly recover from a natural disaster or terrorist act. In the Implementation Phase, a critical infrastructure data resource will also be developed, and both recovery protocols and critical community facilities data resource will be operational, ready to provide current information to emergency response teams.

Regional groups will hold state and province-wide meetings on a regular basis to further the collaborative process. This multi-year effort will develop the tools for planning responses on a regional basis, and will be readily scalable to other parts of the country. After completion of the Operations Phase, a review of experiences and lessons learned will be prepared. Materials produced during this Review Phase will serve as a basis for follow-on activities and be used as a model for other regions in North America.

**Select Committee on Community
Security Committee**

HJM 4023

Brief Description: Supporting the development of an action plan for regional infrastructure security.

Sponsors: Representatives Morris, Barlean, Schual-Berke, Kessler, Conway, Schmidt, Lysen, Wood, Ballasiotes, O'Brien, Upthegrove, Edwards, Kenney, Anderson and Kagi.

Brief Summary of Bill

- Expresses the Washington State Legislature's support for a binational regional exercise in the Pacific Northwest to develop an action plan for regional infrastructure security.

Hearing Date: 2/5/02

Staff: Caroleen Dineen (786-7156).

Background:

In 1991 the Pacific Northwest Economic Region (PNWER) Agreement was enacted in Washington. At that time the state agreed to participate in PNWER, a regional organization focused on promoting regional collaboration and enhancing regional competitiveness in international and domestic markets. Policy areas within PNWER's consideration include international trade, economic development, human resources, environment and natural resources, energy, and education. Substantive actions of PNWER may take the form of uniform legislation and other policy initiatives endorsed by participating entities.

Washington, Alaska, Idaho, Montana, Oregon and the Canadian provinces of Alberta, British Columbia, and the Yukon are members of PNWER. The organization's structure consists of a delegate council and an executive committee. Legislators are appointed by participating states and provinces to serve on these committees. PNWER also has working groups for various policy areas.

The state Military Department (Military Department) and the Adjutant General, its director, administer the state's "all hazard" comprehensive emergency management plan. The plan

includes an analysis of the natural, technological, or human-caused hazards that could affect the state. The Adjutant General must verify local emergency management plans for consistency with the state plan and may make agreements with federal agencies regarding plans for federally owned areas.

Summary of Bill:

The Legislature expresses its support to the President of the United States and the United States Congress for a binational exercise addressing infrastructure interdependencies to be held in the Pacific Northwest in order to develop an action plan for regional infrastructure security. The Legislature supports this exercise being conducted under the auspices of the Pacific Northwest Economic Region (PNWER). The Legislature also recognizes:

- PNWER's efforts to develop a multi-state, binational Partnership for Regional Infrastructure Security of public and private stakeholders to address interdependency issues and work toward an action plan for a "disaster resistant" region;
- Canada's federal Office of Critical Infrastructure Protection and Emergency Preparedness' agreement to support a binational exercise addressing the infrastructure interdependencies between border states and provinces; and
- the United States Office of Critical Infrastructure Protection and the Homeland Security Department's interest in conducting a binational regional exercise with Canada.

Appropriation: None.

Fiscal Note: Not Requested.

HOUSE JOINT MEMORIAL 4023

State of Washington

57th Legislature

2002 Regular Session

By Representatives Morris, Barlean, Schual-Berke, Kessler, Conway, Schmidt, Lysen, Wood, Ballasiotes, O'Brien, Upthegrove, Edwards, Kenney, Anderson and Kagi

Read first time 01/23/2002. Referred to Committee on Select Committee on Community Security.

1 TO THE HONORABLE GEORGE W. BUSH, PRESIDENT OF THE UNITED STATES,
2 AND TO THE PRESIDENT OF THE SENATE AND THE SPEAKER OF THE HOUSE OF
3 REPRESENTATIVES, AND TO THE SENATE AND HOUSE OF REPRESENTATIVES OF
4 THE UNITED STATES, IN CONGRESS ASSEMBLED, AND TO GOVERNOR TOM RIDGE,
5 DIRECTOR OF THE OFFICE OF HOMELAND SECURITY:

6 We, your Memorialists, the Senate and House of Representatives
7 of the State of Washington, in legislative session assembled,
8 respectfully represent and petition as follows:

9 WHEREAS, The State of Washington's economy is dependent upon
10 numerous critical infrastructures, many of which are owned and
11 operated by the private sector; and

12 WHEREAS, These critical infrastructures are highly complex and
13 interdependent, such that disruptions by natural disaster or by
14 terrorist attack may lead to cascading and escalating effects on
15 other critical infrastructures; and

16 WHEREAS, Bonneville Power Administration, which provides the
17 backbone of our state's electrical power system, has led the nation
18 in emergency preparedness and risk assessment; and

19 WHEREAS, Over eighty percent of our natural gas supply is
20 imported from Canada, and our electrical grid system is highly
21 integrated with BC Hydro; and

22 WHEREAS, The Pacific Northwest Economic Region has launched the
23 first multistate, binational Partnership for Regional Infrastructure
24 Security, bringing over one hundred twenty public and private

1 stakeholders to address interdependency issues and work toward an
2 action plan for a "disaster resistant" region; and

3 WHEREAS, The Canadian federal Office of Critical Infrastructure
4 Protection and Emergency Preparedness has agreed to support a
5 binational exercise addressing the interdependencies between border
6 states and provinces; and

7 WHEREAS, The United States Office of Critical Infrastructure
8 Protection and the Homeland Security Department have announced their
9 interest in doing a binational regional exercise with Canada;

10 NOW, THEREFORE, Your Memorialists respectfully communicate their
11 support of such an exercise being held in the Pacific Northwest
12 under the auspices of PNWER to develop an action plan for regional
13 infrastructure security.

14 BE IT RESOLVED, That copies of this Memorial be immediately
15 transmitted to the Honorable George W. Bush, President of the United
16 States, Governor Tom Ridge, Director of the Office of Homeland
17 Security, the President of the United States Senate, the Speaker of
18 the House of Representatives, and each member of Congress from the
19 State of Washington.

20
--- END ---

**Select Committee on Community
Security Committee**

HB 2853

Brief Description: Requiring the emergency management council to identify critical infrastructure in the state.

Sponsors: Representatives Morris, Hurst, Schmidt, Barlean, Buck, Simpson, Schual-Berke, Cooper, Haigh, Benson, Ballasiotes, O'Brien, Anderson, Chase, Upthegrove, Linville and Rockefeller.

Brief Summary of Bill

- Requires the Emergency Management Council to identify critical infrastructure within the state and prioritize infrastructure in need of protection.
- Requires the Emergency Management Council to facilitate efforts to develop regional plans for management and restoration of critical functions.

Hearing Date: 2/5/02

Staff: Caroleen Dineen (786-7156).

Background:

The state Military Department (Military Department) administers a comprehensive program of emergency management in the state. The Adjutant General, who serves as director of the Military Department, is required to develop an "all hazard" comprehensive emergency management plan including an analysis of the natural, technological, or human-caused hazards that could affect the state. With the Governor's approval, the Adjutant General may agree with federal officials on an emergency management plan for federally owned areas within the state.

Each county, city, and town must establish a local organization or join a joint local organization for emergency management. Each local organization must submit an emergency management plan to the Adjutant General for recommendations and verification of consistency with the state plan.

The Emergency Management Council (Council) is a 17-member council appointed by the Governor to advise the Governor and the Adjutant General on state and local emergency management matters. The Council includes representatives of at least the following:

- city and county governments;
- sheriffs and police chiefs;
- Washington State Patrol;
- Military Department;
- Department of Ecology;
- state and local fire chiefs;
- seismic safety experts;
- state and local emergency management directors;
- search and rescue volunteers;
- medical professions who have expertise in emergency medical care;
- building officials; and
- private industry members who are knowledgeable in emergency and hazardous materials management.

Among other duties, the Council must ensure the Governor receives an annual assessment of state-wide emergency preparedness that considers numerous factors.

Summary of Bill:

The Council is required to identify infrastructure within the state that is critical to regional economic stability and security. The Council's identification of critical infrastructure must be done in cooperation with the public and the private sectors. The Council must assess the vulnerability of various critical infrastructures and prioritize infrastructures most in need of protection. The Council must report its conclusions and recommendations to the Governor and the appropriate committees of the Legislature by December 1, 2002. The Council is also required to facilitate and participate in efforts to develop regional plans for management and restoration of critical functions, which may require coordination with other states, federal agencies, and neighboring nations.

Legislative intent is included to recognize the state's dependence on reliable functioning of complex infrastructure, including energy, water, transportation, and communications systems. Legislative intent also recognizes the government's responsibility to participate in and facilitate the development of a regional approach for protecting critical infrastructure.

Appropriation: None.

Fiscal Note: Not Requested.

Effective Date: Ninety days after adjournment of session in which bill is passed.

HOUSE BILL 2853

State of Washington

57th Legislature

2002 Regular Session

By Representatives Morris, Hurst, Schmidt, Barlean, Buck, Simpson, Schual-Berke, Cooper, Haigh, Benson, Ballasiotes, O'Brien, Anderson, Chase, Upthegrove, Linville and Rockefeller

Read first time 01/30/2002. Referred to Committee on Select Committee on Community Security.

1 AN ACT Relating to emergencies involving critical infrastructure
2 arising from terrorist acts; adding a new section to chapter 38.52 RCW;
3 and creating a new section.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 NEW SECTION. Sec. 1. After the tragic events of September 11,
6 2001, the legislature recognizes that the state's and the region's
7 security, economic prosperity, and social well-being depend on the
8 reliable functioning of increasingly complex infrastructures. The
9 legislature further recognizes that it is the government's
10 responsibility to participate in and facilitate the development of a
11 regional approach to protecting this state's and the region's critical
12 infrastructures. Because of mutual dependence and the increasing
13 interconnectedness of infrastructures for energy systems, water
14 systems, transportation systems, and communications systems, these
15 infrastructures may be vulnerable in ways not yet recognized. Many of
16 these facilities are privately owned and operated. In developing a
17 coordinated regional approach to protecting critical infrastructures,
18 it is important to include a broad set of viewpoints and expertise from
19 both the public and private sector.

1 NEW SECTION. Sec. 2. A new section is added to chapter 38.52 RCW
2 to read as follows:

3 (1) The emergency management council must identify infrastructure
4 in Washington in cooperation with both the public and private sector
5 that is critical to regional economic stability and security. As part
6 of its effort to identify critical infrastructure, the council must
7 develop methods to assess the vulnerability of the various critical
8 infrastructures and to prioritize those infrastructures most in need of
9 protection. The council will report its conclusions and
10 recommendations to the governor and the appropriate committees of the
11 legislature by December 1, 2002.

12 (2) The emergency management council must facilitate and
13 participate in efforts to develop regional plans for management and
14 restoration of critical functions. Participation may require
15 coordination with other states, federal agencies, and neighboring
16 nations.

--- END ---

**Select Committee on Community
Security Committee**

HB 2646

Brief Description: Exempting certain documents from public inspection and copying.

Sponsors: Representatives O'Brien, Ballasiotes, Kirby, Fisher, Jarrett, Schmidt, Edwards, Haigh and Lisk.

Brief Summary of Bill

- Exempts from public disclosure certain documents related to vital public services when a reasonable potential exists for the information to be of material aid to a person planning or intending sabotage interruption or damage to these services or to use the information to commit a criminal act.

Hearing Date: 2/5/02

Staff: Caroleen Dineen (786-7156).

Background:

The State Explosives Act (Explosives Act) defines "terrorist act" as an act that is intended to:

- intimidate or coerce a civilian population;
- influence the policy of a branch or level of government by intimidation or coercion;
- affect the conduct of a branch of government by intimidation or coercion; or
- retaliate against a branch or level of government for a policy or conduct of the government.

The Public Disclosure Act (PDA) requires agencies to make available for public inspection and copying all public records, unless the information falls within a specific exemption. The PDA is liberally construed, and its exemptions narrowly construed, to promote a public policy of keeping the public informed. The current exemptions are specific and focus generally on issues of personal privacy, personal safety, or vital governmental interests.

In 2001 the PDA was amended to exempt from public disclosure those portions of records containing specific and unique vulnerability assessments and specific and unique response plans

intended to prevent or mitigate criminal terrorist acts, the disclosure of which would have a substantial likelihood of threatening public safety. The 2001 amendment references the definition of "terrorist act" in the Explosives Act.

Summary of Bill:

Exempt from public disclosure are site plans, technical information, information contained in emergency preparedness plans, including engineering diagrams and drawings, equipment operating manuals, procedures and instructions relating to the use, location, and function of equipment that is vital to the continued functioning of essential public services, and procedures and instructions relating to planned service interruptions. This exemption applies where there is a reasonable potential that the information would be of material aid to a person planning or intending sabotage interruption or damage to vital public services, or planning or intending to use the information in the commission of a criminal act.

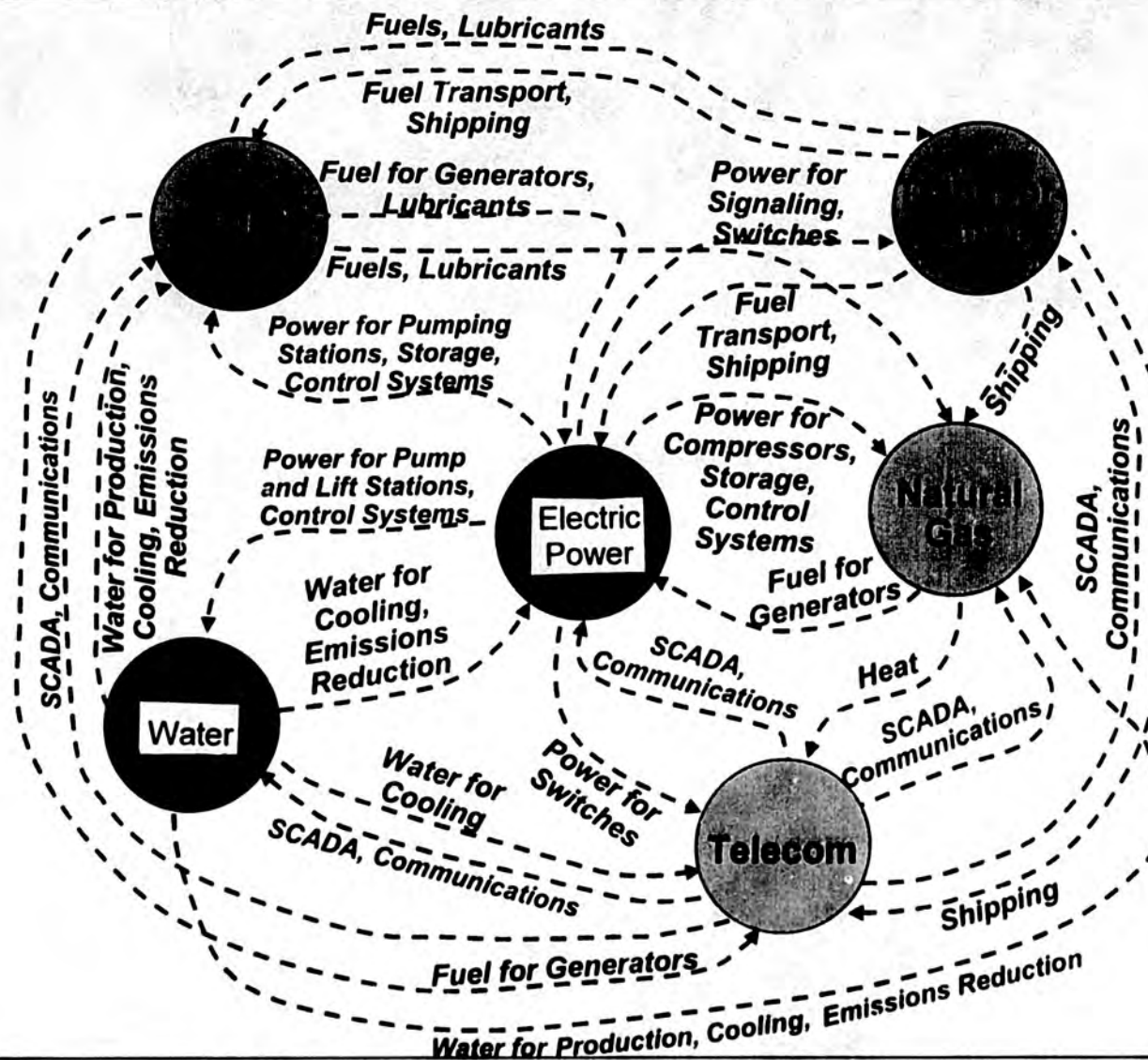
"Vital public services" is defined to include utility services (electric, natural gas, water, and sewer), transportation, communications, police, fire fighting, and other government services or facilities that are necessary to the public in the conduct of their daily lives and employment.

Appropriation: None.

Fiscal Note: Not Requested.

Effective Date: Ninety days after adjournment of session in which bill is passed.

A "System of Systems" Perspective Needed for Analyzing Infrastructure Interdependencies



Alaska State Legislature

Rep. Lesli McGuire, Chair
Rep. Joe Green, Vice Chair
Rep. Fred Dyson
Rep. Jeanette James
Rep. Beverly Masek
Rep. Carl Morgan
Rep. Norm Rokeberg
Rep. Harry Crawford
Rep. Gretchen Guess



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Fax (907) 465-6592

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Anchorage, Alaska 99501
Phone (907) 269-0220
Fax (907) 269-0163

House Special Committee Economic Development, Trade & Tourism

AGENDA
Thursday, March 21, 2002
1:00 P.M.

Thursday, March 21

Overview: Berry Penner, MLA, British Columbia, Vice President Canada PNWER
Matt Morrison, Executive Direct, PNWER
Will be addressing our committee and answering questions about our relationship with the various members of the region.

*The
Pacific
NorthWest
Economic
Region*

*Information
Manual*



Second Edition**

****Includes structural revisions based on the recommendations from the PNWER Special Committee and Executive Committees as mandated by the Executive Committee in June 1998.**

This manual is designed to give a brief outline of the structure and function of the Pacific NorthWest Economic Region (PNWER) and how it operates. As a statutory public/private partnership, PNWER is unique in its design and purpose. Not only does it serve to facilitate cooperation and coordination among 5 U.S. states and 2 Canadian provinces and the Yukon, it also promotes communication between the public and private sector within these jurisdictions. This document provides a brief explanation of the PNWER governance structure and the relationships between the various bodies that accomplish the ongoing work of the organization. PNWER achieves its goals through the work of the following bodies:

- Executive Committee
- Delegate Council
- Private Sector Council (PSC)
- Private Sector Board of Directors
- Secretariat
- Working Groups

Each of these PNWER entities is briefly explained in this manual and a structural chart sums up how these bodies interact with one another.

Note: Please refer any questions or comments to the PNWER Secretariat, World Trade Center West, 2200 Alaskan Way, Suite 460, Seattle, WA 98121. Phone: 206-443-7723 Fax: 206-443-7703.

PNWER FOUNDATION

The articles of ratification were passed in 1991 by similar statutes in the four states of Idaho, Montana, Oregon, and Washington. Alaska passed these same articles by action of its legislative council. British Columbia adopted them by ministerial action, and Alberta passed them by government resolution. Amendments were passed in 1994, adding the governors and premiers, and updating other positions of the statutes.

PNWER MISSION STATEMENT

To increase the economic well-being and quality of life for all citizens of the region.

To coordinate provincial and state policies throughout the region; to identify and promote "models of success;" and to serve as a conduit to exchange information.

PNWER Mission Statement Goals

Promote greater regional collaboration

Enhance the competitiveness of the region in both domestic and international markets

Leverage regional influence in Ottawa and Washington D.C.

Achieve continued economic growth while maintaining the region's natural beauty and environment

PNWER EXECUTIVE COMMITTEE

Participants

The PNWER Executive Committee consists of one legislator from each PNWER jurisdiction, one private sector board member chair from each jurisdiction, four governors/premiers (or their designee), and the PNWER Executive Director. This includes the PNWER President and First and Second Vice Presidents, whom, according to PNWER statutes, must be elected legislators.

The private sector board members chairs and the executive director were added in 1999 to the Executive Committee as ex-officio members of the Executive Committee.

Responsibilities

The Executive Committee is the decision-making body of PNWER. It is responsible for reviewing all PNWER activities. In addition, the Executive Committee has the sole responsibility for electing the PNWER President and the two Vice Presidents. The PNWER President and the First Vice President must be from different nations as required by PNWER statutes (i.e. if the President is from Canada, then the First Vice President must be from the United States and vice versa).

Decision-Making

As in many international organizations, the basis of decision-making in the Executive Committee is by consensus, and within PNWER, both the official and ex-officio members of the Executive Committee define the consensus. The method of consensus in international organizations guards against infringing on the sovereignty of participating nations. However, the Executive Committee recognizes that with regards to approving working group plans, as long as three or more states or provinces support the proposed ideas, the working group has the approval of the Executive Committee. This allows for a state or province to have the option of withholding its participation in a specific working group plan if necessary. Although the Executive Committee is the decision-making body of PNWER, it remains accountable to state and provincial laws as a statutory organization. As a result, the underlying statutes of PNWER cannot be amended without following appropriate state/provincial legislative procedures.

Executive Advisory Team

The Executive Advisory team consists of members from the Executive Committee (both official and ex-officio) as appointed by the PNWER President. This group serves as year-round contacts for the Secretariat with regards to financial and urgent concerns. They also have the responsibility to review PNWER budgets, audits, provide advice, and serve as liaisons to the rest of PNWER. Decisions made by the executive Advisory Team are to be ratified at each Executive Committee meeting. The Advisory Team usually includes the two Vice Presidents and the Private Sector Chairman.

PNWER DELEGATE COUNCIL

The Delegate Council is the founding entity of PNWER. The Delegate Council consists of the governors/premiers (or their representatives) from each of the state/provinces, as well as four legislators (and four alternates) from each state/province. The Delegate Council is encouraged to hold meetings of the delegates and alternates within each jurisdiction to discuss implementing legislative policy forwarded by PNWER working groups.

The Delegate Council is responsible for coordinating the agendas from the public sectors of each jurisdiction, promoting participation in each working group, as well as ensuring that the PNWER organization continues to adhere to its original mission and regulations as outlined in PNWER's founding statutes.

The Delegate Council encourages bilateral and regional interaction between legislative members. The Council is by design bipartisan, and Delegate Council members are chosen by all four party caucuses in the states, and the Canadian provinces are encouraged to include opposition party delegates in their delegations.

PRIVATE SECTOR COUNCIL (PSC)

Every PNWER private sector member sits on the PSC; this includes business, the non-elective public sector, NGOs, and other non-profit organizations. Each state/provincial delegation within the PSC selects four members from its jurisdiction to sit on the Private Sector Board of Directors. Each jurisdiction then selects one of their four to serve as the chair of their private sector jurisdiction, and the chair will then sit on the Executive Committee. In addition, from among the chairs of each jurisdiction, one is selected via consensus of the PSC to serve as PSC Chair. The PSC Chair may then appoint any PSC vice-chairs from the Board members as needed.

The purpose of the PSC is to provide a forum for the private sector to meet and discuss issues of concern and communicate these through the working groups and the Private Sector Board of Directors to the PNWER Executive Committee. Furthermore, each state/province delegation is encouraged to hold meetings as needed in their own jurisdiction and promote business leadership within all aspects of PNWER.

PRIVATE SECTOR BOARD OF DIRECTORS

The Private Sector Board of Directors is made up of four members from each state/provincial jurisdiction as selected within the PSC (process described above). The Board is responsible for administering the concerns of the Private Sector Council, developing action plans as to how these concerns can be addressed and resolved, and recruiting new PSC members. In addition, the board is responsible for ensuring and promoting private sector participation in each working group, and developing activities which provide deliverables for Private Sector Council membership.

PNWER SECRETARIAT

The PNWER Secretariat manages the PNWER organization from its office in Seattle, Washington. It consists of an Executive Director, Program Managers who oversee specific working groups, and other support staff. The Secretariat is the administrative arm for the President, Vice Presidents and the Executive Committee, and serves as the fiscal manager for the PNWER organization. Among its responsibilities are to coordinate communication among all PNWER divisions and assist them in their various activities.

PNWER WORKING GROUPS

PNWER currently has nine working groups: Agriculture, Environmental Technology, Forest Products, Government Procurement, Recycling, Telecommunications, Tourism, Trade & Finance, and Transportation. In 1991, PNWER originated with six working groups, and have since retired one and added four. Working groups are initiated and/or terminated by the Executive Committee. Working groups or task forces may also be developed around a specific project as opposed to an entire sector.

Each working group meets at the PNWER conferences and may also meet outside of PNWER conferences according to the discretion of the working group chairs.

Participants

There are two types of participation within the working groups. First, official working group members are those individuals with a paid PNWER membership and who regularly participate in working group meetings and projects. Second, anyone may observe PNWER working group meetings, and participate in the meetings, according to flexible parameters developed by the working group chairs.

Working Group Chairs

Each working group selects its own chair and two vice-chairs to guide the development and organization of the working group. These three positions should represent one each of the following: the private sector, the legislative sector, and the government sector. Each chair and vice-chair must be formal members of PNWER. While state/province representation among the three chairmen is decided by the working group, PNWER encourages multi-state/province representation among chairs. Once selected, the working group must submit the chairs' names to the Executive Committee for review. The term of appointment for each working group chair shall be two years, with no limit on the number of terms.

Working groups shall operate by consensus, but the chair and vice-chairs must identify what parameters define consensus. If a working group becomes too large, it is up to the discretion of the working group chair to form sub-groups based upon the interest of the participants. Working group chairs are also encouraged to form a core group of members with representation from all jurisdictions so as to better manage the group.

The chair of each working group is requested to report to, and entitled to appear before, the Executive Committee during their meeting at the PNWER conferences. If unable to attend, the chair may select a vice-chair to attend in his/her place. The chair or vice-chair may also

seek advice from, or report to, the Executive Committee between meetings via contacting the Secretariat.

Should it become evident that a chair or vice-chair is neglecting their responsibilities within the context outlined above, the Executive Committee, in conjunction with the working group involved, has the right to remove that person from their working group position.

Working Group Work Plans

Working groups are responsible for developing their own work plans as guided by the chair and vice-chairs. Issues of interest or concern may come from the Executive Committee or from the working group itself. Working groups may be utilized as a forum for addressing contentious issues so long as participants in the discussion remain committed to an amiable and respectful environment, and recognize that by doing so, everyone is in a position to benefit from the sharing of perspectives. Work plans must be submitted to the Executive Committee and Secretariat for review on an annual basis.

While the content of the work plans is defined by the working group itself, the following initiatives may not be implemented without the prior approval of the Executive Committee: 1) anything that requires any financial commitment by PNWER 2) anything that commits extraordinary PNWER resources, including secretariat time or funding. Any press release/public statement requires approval by the PNWER President and Executive Director.

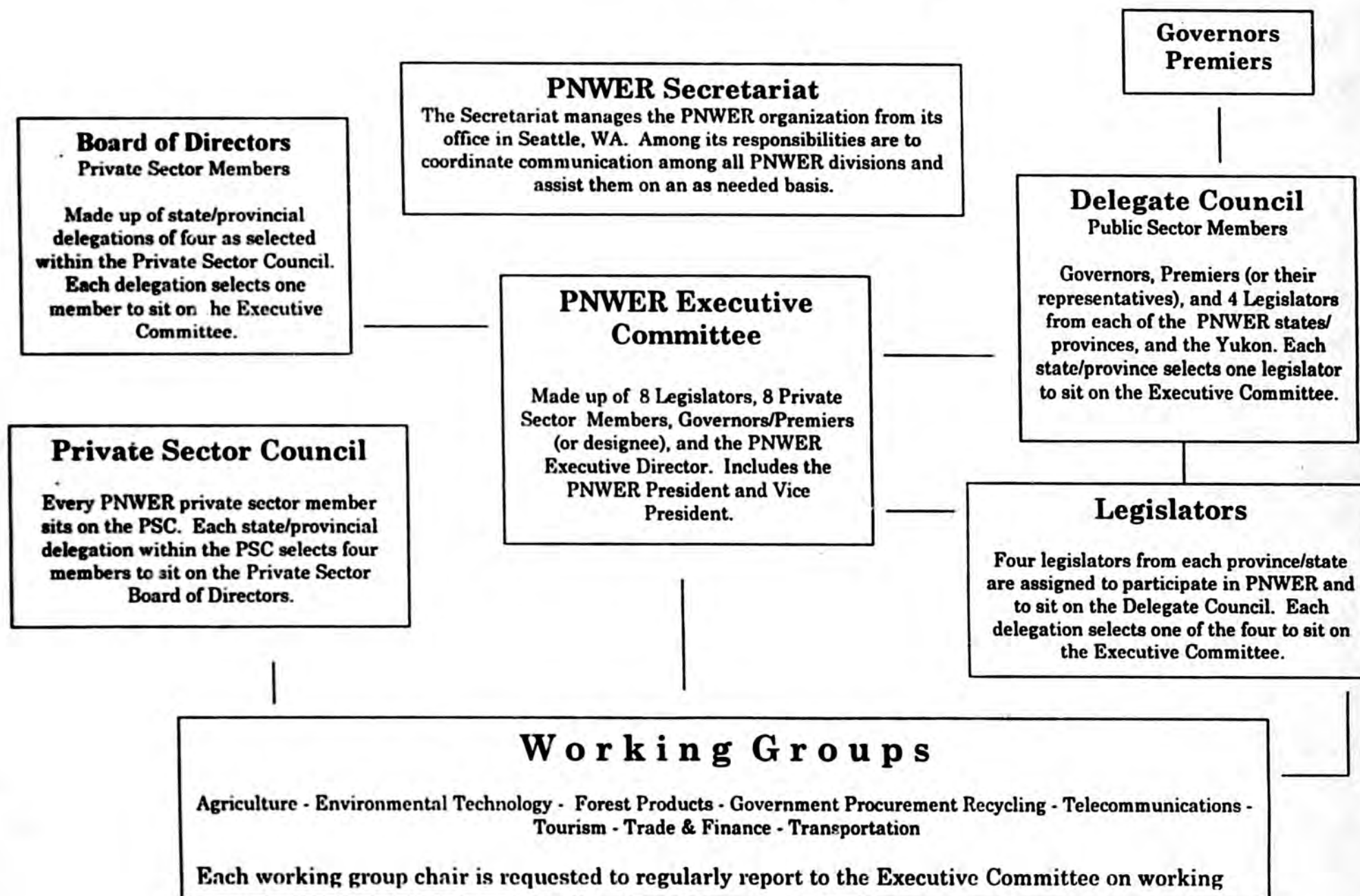
Working Group Meeting Agendas – suggested revisions in 1999

Working groups are responsible for developing their own meeting agendas and procedures for prioritization of agenda items. Agendas must be submitted to the Executive Committee and Secretariat by the chairs 30 days prior to the meeting date. The Working Group Chair, in consultation with the Executive Director and the President, may decide that the working group is not prepared to hold a session in an upcoming PNWER meeting.

Working Group Sponsors

The working group chairman and vice-chairmen have the authority to negotiate with and engage sponsors for their activities; all sponsorships should be reported to the Secretariat. Sponsorship in a non-monetary form may be traded for PNWER membership dues upon approval from the President and Executive Director. The Executive Committee reserves the right to limit sponsorship from any specific organization.

Pacific NorthWest Economic Region Governance Structure



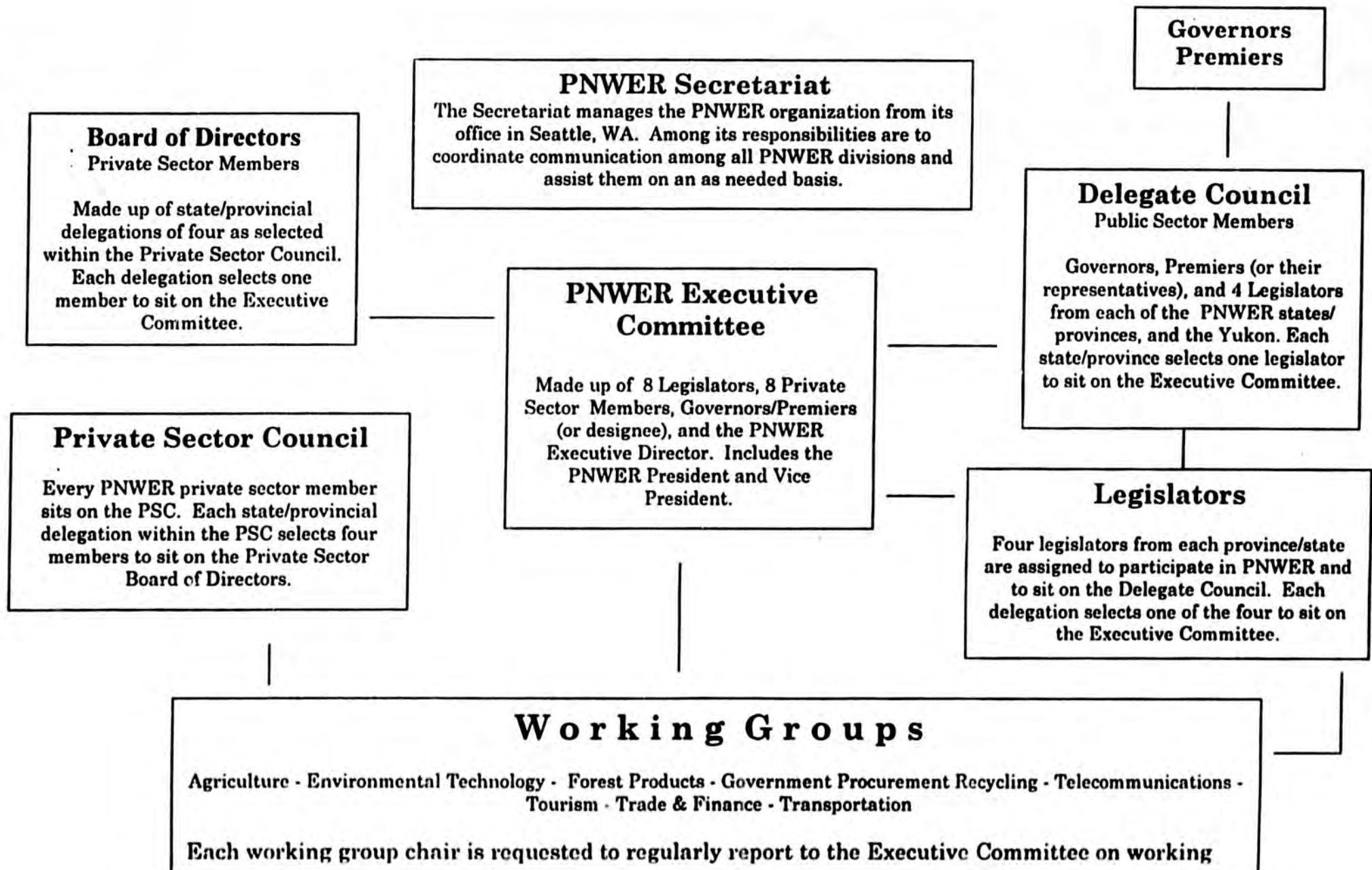
CORRECTION

**THE FOLLOWING DOCUMENT(S)
HAVE BEEN REFILMED TO
ASSURE LEGIBILITY OR PAGINATION**

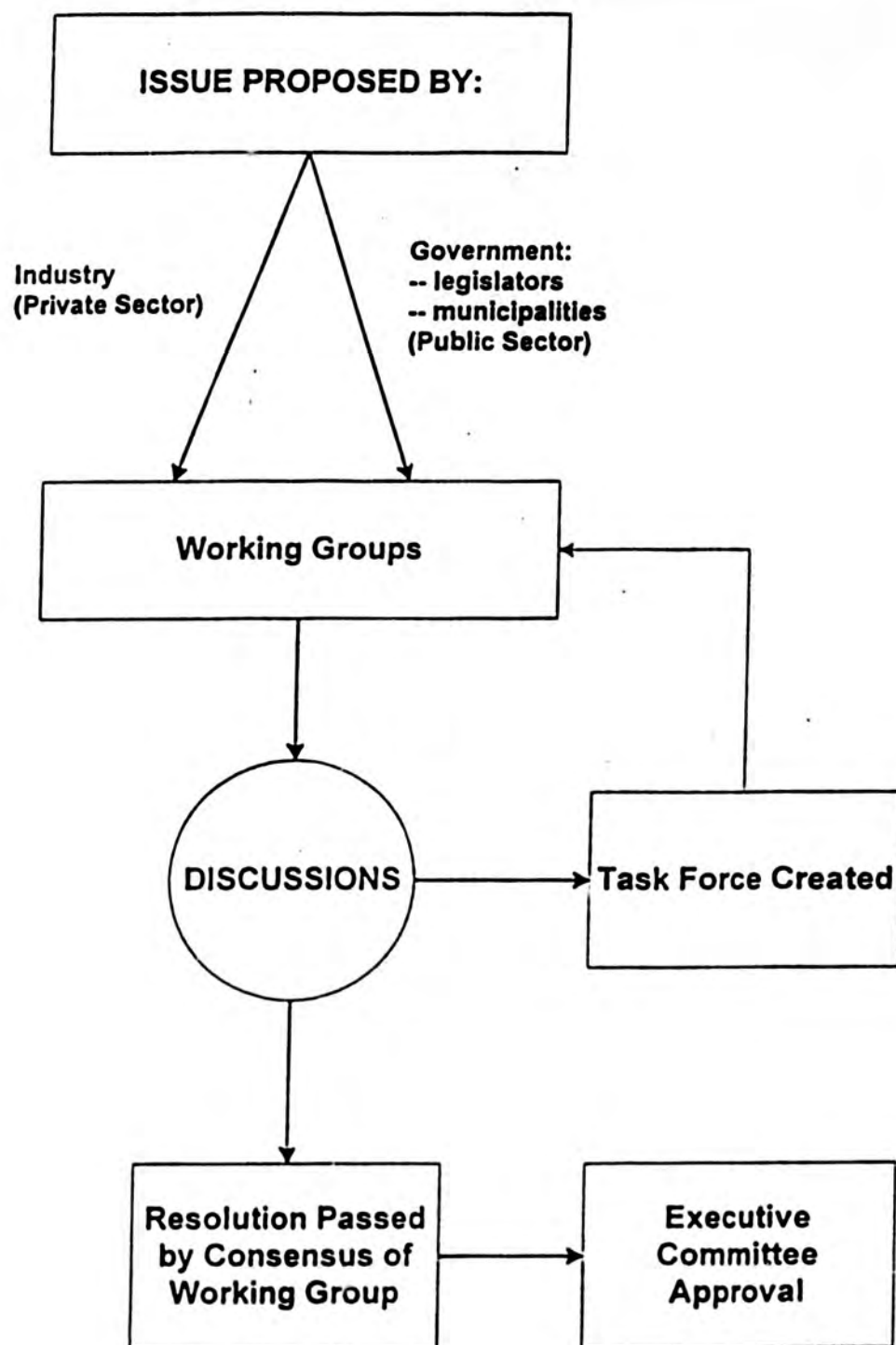


Central Microfilm Services
Department of Education & Early Development
State of Alaska

Pacific NorthWest Economic Region Governance Structure



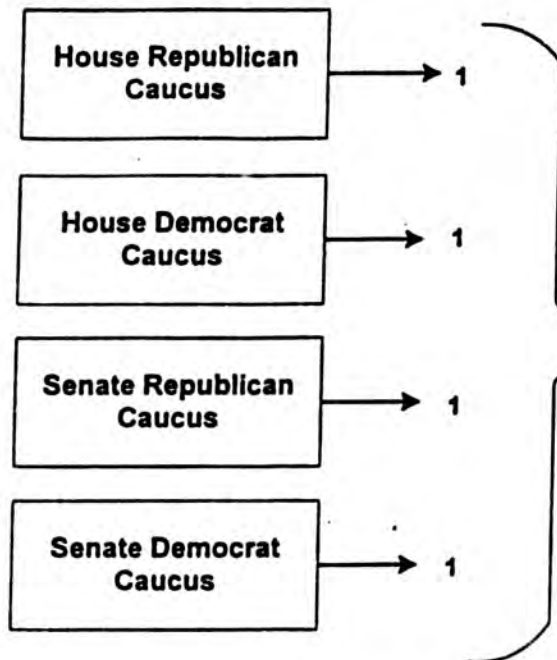
HOW A PNWER RESOLUTION IS PASSED



HOW PNWER EXECUTIVE COMMITTEE MEMBERS ARE SELECTED

PUBLIC SECTOR COUNCIL

EACH STATE



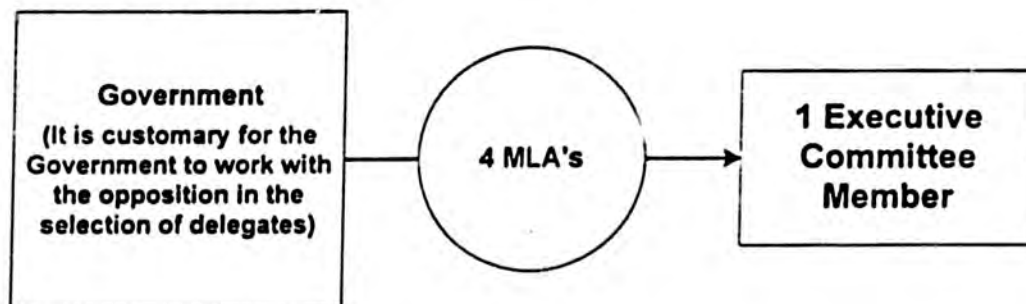
SELECT

1 Executive
Committee
Member

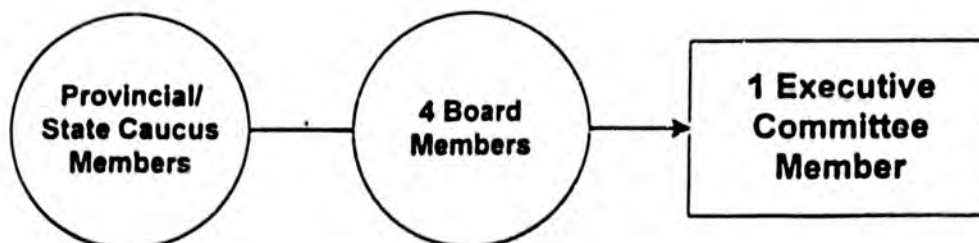
EXECUTIVE COMMITTEE:

- 8 Legislators
- 8 Private Sector Members
- 4 Governors/Premiers (or designee)
- PNWER Executive Director

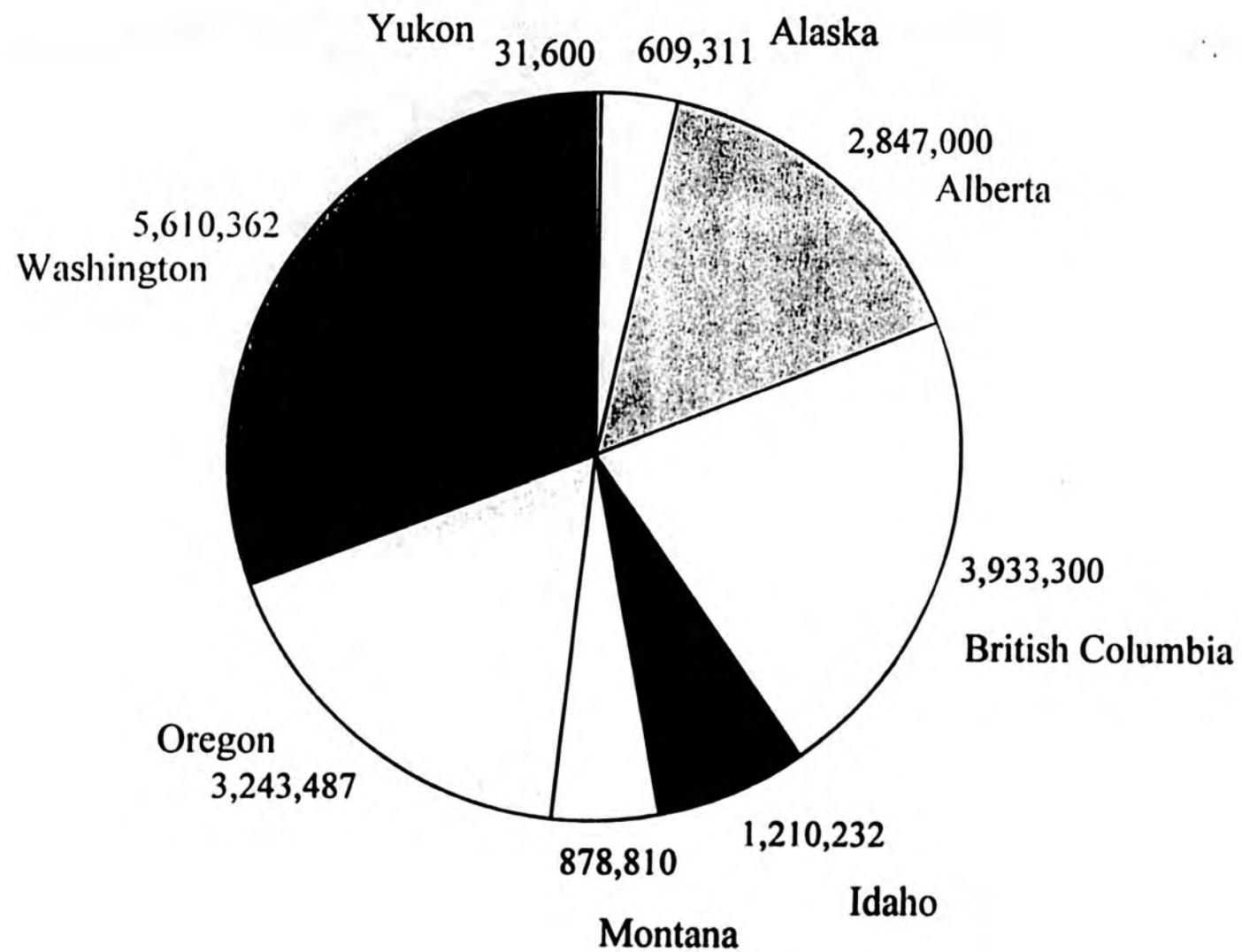
EACH PROVINCE



PRIVATE SECTOR COUNCIL



PNWER POPULATION BY STATE/PROVINCE





Pacific North West Economic Region

PNWER Profile

The Pacific North West Economic Region (PNWER) is a statutory, public/private partnership composed of legislators, governments, and businesses in the Northwest states of Alaska, Idaho, Montana, Oregon and Washington and the Western Canadian provinces of British Columbia, Alberta, and the Yukon Territory.

PNWER is the only regional planning and facilitation organization set up in statute by the border states and provinces to deal with transboundary policy and planning in the Pacific Northwest. Established by the state and provincial legislators in 1991, PNWER promotes greater regional cooperation by governments and business to enhance the region's global competitiveness, while striving to maintain and/or improve the environment. If it were a nation, PNWER would rank 12th among the world's leading industrial economies, with a combined population of more than 19 million and an annual gross regional product of over \$671 billion (USD).

All state and provincial legislators in the region are members of PNWER, as are the Governors and Premiers. In addition, private sector members, counties, economic development commissions, industry associations and similar entities may join PNWER by paying dues on a sliding scale determined by their size. The general membership of PNWER meets once a year.

FORGING NEW PARTNERSHIPS

In order to accomplish the goals of regional cooperation and economic growth while maintaining environmental quality, PNWER has forged a unique collaboration between the public and private sector. PNWER has designated nine targeted sectors of business and industry that are strong within the PNWER jurisdictions and developed proactive working groups for each sector. Each working group is lead by a legislative, public sector, and private sector co-chair. The working groups have initiated legislation, sponsored teleconferences, industry forums, and produced research papers, all toward the mutual benefit of the eight jurisdictions.

PNWER LEADERSHIP

President	Representative Jeff Morris, Washington
Vice President Canada	Barry Penner, MLA, British Columbia
Vice President Canada	Cynthia Tucker, MLA, Yukon
Vice President U.S.	Representative Fred Dyson, Alaska
Vice President U.S.	Representative Greg Smith, Oregon
Executive Director	Matt Morrison

*"If it were a nation,
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Total Population (2000)
19,328,668

Total Area (sq. miles)
1,885,346

PNWER Working Groups

Agriculture	Environmental Technology
Energy	Border Crossing
Forest Products	Telecommunications
Tourism	Trade
Transportation	Sustainable Development
	Dispute Resolution



Pacific North West Economic Region

PNWER Executive Committee 2002

Representative Jeff Morris
State of Washington
President

Barry Penner, MLA
British Columbia
Vice President Canada

Cynthia Tucker, MLA
Yukon Territory
Vice President Canada

Representative Fred Dyson
State of Alaska
Vice President U.S.

Representative Greg Smith
State of Oregon
Vice President U.S.

Hon. Halvar C. Jonson
Province of Alberta

Rob Renner MLA
Province of Alberta

Representative Max Black
State of Idaho
PNWER Immediate Past President

Senator Glenn Roush
State of Montana

Senator Tim Sheldon
State of Washington

Hon. Scott Kent
Minister, Yukon Territory

Senator Alan Bluechel
State of Washington (retired)

Hon. David Coutts
Past President PNWER

Don Dalik
*Fasken, Martineau &
DuMoulin, LLP*

Dean Haagenon
Contractors Northwest

James Baumgartner
Black Heltterline, LLP

Bob Sailer
Judd & Sailer, PLLC

Tim Schultz
*Alberta Society of Engineering
Technologists*

Matt Morrison
Executive Director, PNWER

PNWER Delegate Council 2002

Representative Jeff Morris
President, PNWER
Barry Penner, MLA
Vice President Canada, PNWER
Cynthia Tucker, MLA
Vice President Canada, PNWER
Representative Fred Dyson
Vice President U.S., PNWER
Representative Greg Smith
Vice President U.S., PNWER

Alaska
Governor Tony Knowles
Representative Fred Dyson
Representative John Davies
Alternates:
Representative Jeannette James
Representative Ethan Berkowitz

Alberta
Premier Ralph Klien
Hon. Halvar Jonson
Hon. David Coutts
Rob Renner, MLA
Debby Carlson, MLA
Alternates:
Drew Hutton, MLA

British Columbia
Premier Gordon Campbell
Barry Penner, MLA
Bill Belsey, MLA
Bill Bennett, MLA
Brenda Locke, MLA
Reni Masi, MLA

Idaho
Governor Dirk Kempthorne
Representative Max Black
Senator Bert Marley
Senator Ric Branch
Senator Clint Stennett

Montana
Governor Judy Martz
Senator Dorothy Barry
Senator Glenn Roush
Representative Kim Gillan
Representative Steve Vick

Oregon
Governor John Kitzhaber
Senator Bev Clarno
Representative Greg Smith
Representative Tom Butler
Representative Bob Jensen
Representative Gary Hansen
Alternates:
Senator Susan Castillo
Senator Verne Duncan

Washington
Governor Gary Locke
Senator Tim Sheldon
Senator Jim Horn
Representative Jeff Morris
Representative Luke Esser
Alternates:
Senator Paul Shin
Senator Dan McDonald
Representative Aaron Reardon
Representative Joyce Mulliken

Yukon Territory
Premier Pat Duncan
Hon. Scott Kent
Cynthia Tucker, MLA

PNWER Private Sector Board 2002

Co-Chairs: Tim Schultz, *Alberta Society of Engineering Technologists*, Bob Sailer, *Judd & Sailer, PLLC*

Alaska
To be designated

Alberta
Allan Lowe, *Alberta Roadbuilders Association*
Bernie Marko, *Beaver Regional Waste Management*
Ken Moholity, *Alberta Grain Commission*
Tim Schultz, *Alberta Society of Engineering Technologists*

British Columbia
Don Dalik, *Fasken, Martineau & DuMoulin, LLP*
Tim Draper, *Telus*
Wayne Soper, *West Coast Energy*
Kevin Hyde, *Keen Engineering Co., Ltd*

Idaho
Dean Haagenon, *Contractors Northwest*
Evan Hayes, *Idaho Grain Producers*
Dar Olberding, *Idaho Grain Producers*

Montana
Jim Smitham, *Montana Power Company*

Oregon
James Baumgartner, *Black Heltterline, LLP*
Charles Hall
Tom Lowles, *Key Bank*
Capt. James Townley Jr., *Columbia River Steamship*

Washington
Mike Brennan, *Bellingham/Whatcom Chamber of Commerce*
Wally Hyer, *AT&T Wireless Services*
Bob Sailer, *Judd & Sailer, PLLC*
Jan Romerdahl, *US Bank*

Alternates:
Greg Boos, *Chang & Boos*
Hugh Judd, *Judd & Sailer, PLLC*

Yukon
To be designated

Oregon

In 1989, the Canada-U.S. Free Trade Agreement went into effect, phasing out all tariffs and many non-tariff barriers to trade. Beginning in 1994, the North American Free Trade Agreement (NAFTA) opened the Mexican market to Canada and the United States. Two-way trade in goods, services and income between Canada and the United States totalled \$434 billion in 1999, the largest bilateral exchange in the world.

Canada is the Beaver State's leading export market. In 1999, they traded \$4.35 billion worth of goods, up 11 per cent over 1998 and 142 per cent over the total in 1989, the first year of the Canada-U.S. Free Trade Agreement. The exchange created thousands of jobs on both sides of the border.

Oregon sells Canada trucks... The state's leading category of exports to Canada was transportation equipment, which grew by over \$100 million in the last year to reach \$623 million. Trucks accounted for over 80 per cent of transportation exports (\$528 million) and motor vehicle parts and engines for 3 per cent (\$21 million).

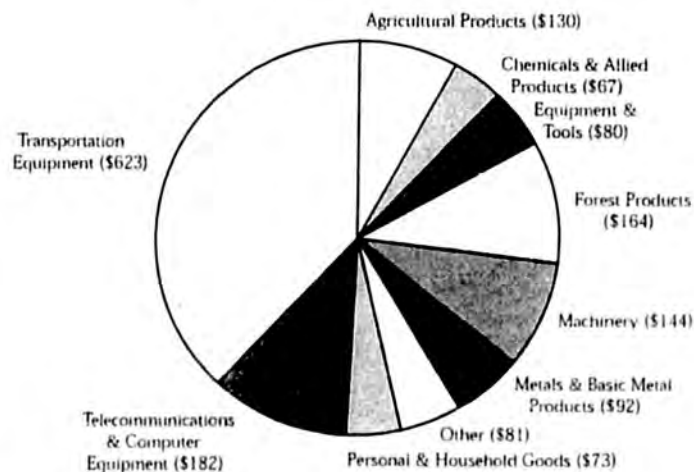
High-tech equipment... Oregon sold Canada \$86 million worth of computers and \$51 million in electronic tubes and semi-conductors. Its machinery exports totalled \$144 million and its exports of other equipment and tools added up to \$80 million, including \$12 million in electrical property measuring instruments.

Farm products... Oregon's exports of agricultural goods to Canada totalled \$130 million, including \$5 million in seafood.

Forest products... The Beaver State exported \$164 million worth of forest

Oregon's Merchandise Exports to Canada

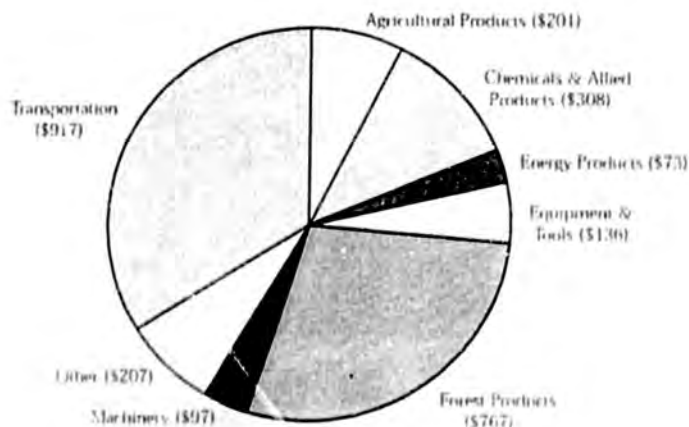
1999, in millions of U.S. dollars



Total exports to Canada: \$1.64 billion

Oregon's Merchandise Imports from Canada

1999, in millions of U.S. dollars



Total imports from Canada: \$2.71 billion

*Figures have been rounded, and may not add up to the total.

products, including \$40 million in paper and paperboard, \$31 million in lumber and \$37 million in plywood.

And a variety of other goods. Oregon's exports to Canada also included \$10 million in outerwear, \$36 million in steel plate and strip, \$67 million worth of chemicals and allied products and \$13 million in stationery and office supplies.

Canada keeps Oregon's consumers and businesses moving. Oregon imported \$917 million worth of transportation equipment, including \$700 million in trucks and \$98 million in motor vehicle parts and engines.

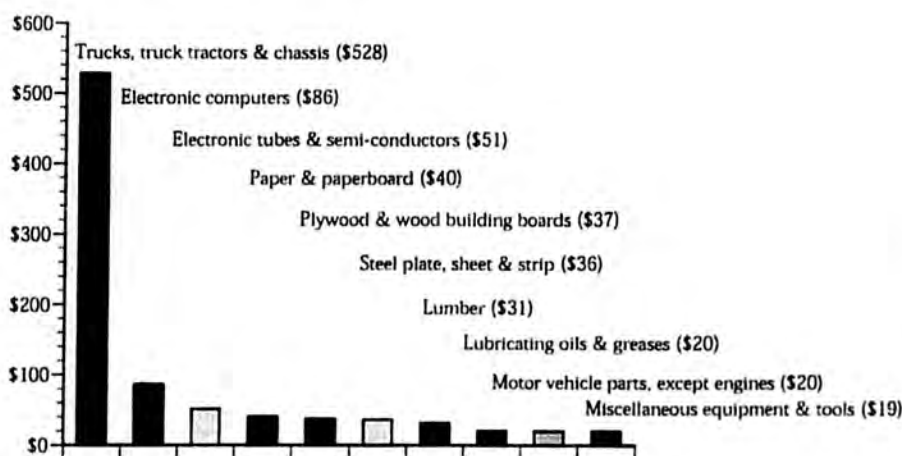
Canada also supplies farm and forest products. Oregon bought \$201 million worth of agricultural products, led by \$49 million in meat and \$18 million in oils, fats and derivatives. Its forest product imports totalled \$767 million, including \$242 million in softwood lumber, \$122 million in veneer and \$57 million in pulp.

Bon Voyage... Tourism adds millions to the exchange. In 1999, 322,200 Canadians visited Oregon for one or more nights and spent \$59 million, while 239,400 residents of Oregon spent \$79 million in Canada.

July 2000

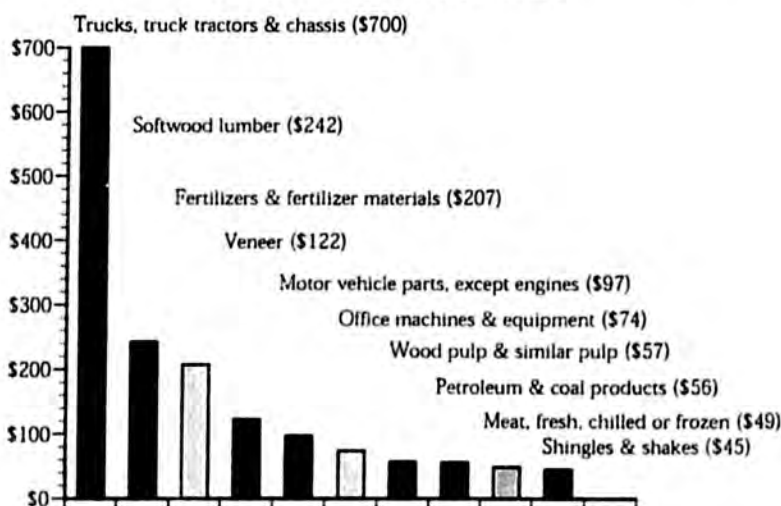
Oregon's Leading Exports to Canada

1999, in millions of U.S. dollars



Oregon's Leading Imports from Canada

1999, in millions of U.S. dollars



For more information on Canada's trade with Oregon, please contact:

Consulate General of Canada
 412 Plaza 600
 Stewart and Sixth Streets
 Seattle, WA 98101-1286
 Tel: (206) 443-1777
 Fax: (206) 443-9662

All figures are in U.S. dollars. Merchandise trade and tourism figures are from Statistics Canada, converted at the rate of US\$1.00=C\$1.4858.

Canada

Canadian Embassy / Ambassade du Canada
 501 Pennsylvania Avenue, N.W.
 Washington, D.C. 20001
<http://www.canadianembassy.org>



Pacific NorthWest Economic Region

Save the Date
May 22nd, 2002

**Partnership for Regional Infrastructure Security
Infrastructure Interdependencies Exercise
"Blue Cascades"**

**Infrastructure Interdependencies Exercise
"Blue Cascades"**

The Pacific NorthWest Economic Region will hold Blue Cascades, an infrastructure interdependencies-focused tabletop exercise in Seattle, Washington on May 22nd, 2002 at the Hilton Seattle Airport & Conference Center from 10:00 am - 5:00 pm.

For more conference info, please call our office at:

PNWER

World Trade Center West
2200 Alaskan Way, Suite 460
Seattle, WA 98121
Tel: (206) 443-7723

Fax: (206) 443-7703 Internet: www.pnwer.org

Date: May 22nd, 2002

Time: 10:00 am - 5:00 pm

Location: Hilton Seattle Airport & Conference Center
17620 Pacific Highway South
Seattle, WA 98188-4001
Tel: (206) 244-4800



Pacific NorthWest Economic Region

January 18, 2002

Infrastructure Interdependencies Exercise "BLUE CASCADES" Overview

The Pacific NorthWest Economic Region (PNWER) will hold BLUE CASCADES, an infrastructure interdependencies-focused tabletop exercise in the spring of 2002. This exercise will be the second in a series of activities that are elements of a unique initiative — the Partnership for Regional Infrastructure Security — launched by PNWER in late 2001. (The first activity was the Partnership kick-off meeting on Nov. 30 in Spokane, Washington, attended by over 120 private and public sector organizations from the five states and three provinces that comprise PNWER.)

Background

More than other areas of the country, the Pacific Northwest is interdependent with our neighbor Canada: The two countries have a vital trade relationship, interconnected infrastructure and common border issues; for example, more than 80% of the region's natural gas supply flows south from Canada to the U.S.

On November 30, the Pacific NorthWest Economic Region (PNWER) sponsored the first bi-national, multi-state regional meeting of both public and private stakeholders in North America. The meeting, called the 'Partnership for Regional Infrastructure Security' successfully began a process whose goal is to develop a cooperative preparedness strategy using a risk-based approach to enhance the security of critical systems region-wide.

Discussions based on both geography and infrastructure similarities and interdependencies were held. PNWER's challenge now is to build on the momentum generated on November 30, to encourage each state and province to engage the private sector stakeholders in similar forums and exercises, and to move toward a regional 'disaster resistant' preparedness plan.

Objectives

The exercise will have several objectives:

- ❑ Raise awareness of infrastructure interdependency issues.
- ❑ Identify ways to make infrastructure providers aware of the extent and duration of disruptions.
- ❑ Identify and focus attention on the most important vulnerabilities that result from infrastructure interdependencies.
- ❑ Promote a mutual understanding of infrastructure service restoration priorities, challenges, and time lines, given the nature and scope of the region's infrastructure interdependencies.
- ❑ Identify and highlight roles, responsibilities, and authorities (local, county, state, federal) for responding to and recovering from infrastructure disruptions.
- ❑ Determine ways to foster a more effective interface and information sharing among public and private-sector service providers and local, county, state, and federal officials in developing and implementing infrastructure protection, mitigation, response, and recovery options.
- ❑ Identify preparedness shortfalls.
- ❑ Identify cross-border challenges to U.S. and Canadian abilities to cooperatively prepare for and deal with attacks and disruptions that impact the Pacific Northwest.

Intent

BLUE CASCADES will allow participants (players) to discuss the impacts of attacks and disruptions on the infrastructures that they represent. It will also provide a setting to become more informed about other infrastructures and to learn about the potential for cascading effects that could result from interdependencies.

All participants will be encouraged to think out loud and "outside the box". Doing so will maximize the opportunity to discuss issues freely in a no fault setting. The exercise will involve minimal interaction with the facilitators.