ALASKA LEGISLATURE COMMITTEE FILES 1995-1996 8672

8992 SENATE RESOURCES

Attn: SENATE FINANCE COMMITTE MEMBERS

WOODS OUTFITTING

WAYNE WOODS • P.O. Box 3037 • Palmer, Alaska 99645 • Phone 907-376-3882 • Fax 907-745-8188

5-2-95

Dear Senator,

I am a life long Alaskan who has supported a family through the guiding profession over the last fifteen years. As a small bussiness, I am finding it increasingly difficult, if not impossable to operate in compliance with current B.G.C.S.B. regulations.

The guide area system that I am forced to deal with is having a negative effect on the quality of service that I can provide, and does nothing to protect the health of the resource upon which I depend. I would like to see the Board return to ensuring that fully qualified individuals are being licensed, rather than implimenting a flawed area management system that seems to change on a whim.

I have invested my entire adult life in this business, and it is becoming over-regulated to the point where I must consider

WOODS OUTFITTING

WAYNE WOODS • P.O. Box 3037 • Palmer, Alaska 99645 • Phone 907-376-3832 • Fax 907-745-6281

a change of employment to protect my families future. Some basic changes are required to protect the health of the guide industry - failing that, please sunset the Guide Board and allow the 400 guides that do not agree with this system to survive.

Sincerely,

Wayne Woods

Dennis W. Confer
2509 Kilkenny Circle
Anchorage, AK 99504
338-3099

Senator Rick Halford
State Capitol Mail Stop 3100
Juneau, AK 99801-1182

May 5, 1995

Dear Senator Halford:

I received your April 27 letter to guides relative to the Big Game Commercial Services Board.

I totally agree with your assessment of the unnecessary provisions of the Board, excessive licensing provisions, need for deregulating guiding and deleting unconstitutional provisions. I am appalled at the waste and the abuses of the system. A guide today needs a lawyer to interpret the excessive requirements which are subject to much interpretation and contain too much "legalese".

I have legally outfitted nearly 800 happy hunters in Alaska with perhaps 2% with misgivings since 1981. There are some that would love to put me out of business and I have been persecuted and prosecuted, I believe, for those reasons through conspiracy and collusion. I fought to keep things simple to no avail in 1987-89.

My son will qualify to become a full registered guide this year. He loves the outdoors, guiding, and clients and the clients and guides he works for love him. But, he doesn't have a chance to go on his own for many years. He won't qualify for a decent guide use area for years because some want to keep it all for themselves. Lack of sufficient income will probably cause him to take up other work, not lack of game or clients.

There are likely many assistant guides and guides like him that cannot express their views which are similar to yours because they might not get employment in guiding and they need their $100-125 a day for their 12-15 hour days on the $1,000 a day hunts.

Free enterprise should be permitted in the guiding system and competition should bo the factor that sets fair prices and standards.

Sincerely,

Dennis Confer

Dennis Confer

My background is financial: MBA Mich State; retired USAF controller - budget officer - auditor; retired municipal controller.

To: Senator Rick Halford.
From: Steven L. Morris.
HB 102.

5-3-95.

Rick Halford,

Concerning HB 102, I would like to express my concerns to you regarding the Big Game Commercial Services Board. I believe it is high time this board was put to rest. The action of the board to reinstate the 3 guide use area was direct denial of the Owsichek decision. The board would like to think that the Owsichek decision never happened. When I attended the first meeting of the APHA after the Owsichek decision. I heard one member of the APHA make the statement, " We have to do the same thing and call it something different, and see how long we can get away with it this time" referring to Guide areas.

The commercial services board or something similar to it, should only concern themselves with the license aspect of the guiding industry; Giving exams, disciplinary action, etc. This current board and the APHA believe that it is their job to regulate the guiding industry for the sake of game management, I believe that is the job of the Dept. of F & G. Please do not get me wrong, I believe in proper game management, I don't believe guides are game managers. Guided hunts only account for 10% of the game harvested in the state. Think about that figure for awhile, 10% of the game harvested in the state is by guided hunts. I have asked several biologist about that percentage and they all agree that it is a close number. How can there be so much focus on a area system to manage over harvest, when the other 90% are not bound to areas.

I hope you continue to stand off the special interest groups that are pushing for continuation of this commercial service board. I for one am a registered hunting guide who would like to see it abolished. Hopefully we can start managing the game by the numbers method instead of managing the people by a boundary system. Remember the Owsichek decision was a 6-0 unanimous decision made by this States Supreme court judges, it will prevail. The conception of the second generation guide areas was no different. The state is asking for more trouble and our current commercial service board and their actions are the responsible party for it. Please reject HB 102.

Steve L Morris

Sincerely,
Steven L. Morris
Registered guide # 671.
P.O Box 190342
Anchorage, Ak 99519
907-243-4868 / 265-1553.

May 3, 1995

The Honorable Rick Halford
The State Senate
Juneau, Alaska

Dear Rick:

I received your letter dated April 27, 1995. I agree with you.

Keep up the good work.

Robert T. Fritts, Jr.
Registered Guide

MAY [illegible]

KNIKTUK OUTFITTERS
FAX

fax number 907-895-1003
phone number 907-895-5285

TO: Senator Rick Halford

FAX NUMBER:907-465-4928

FROM: Bob Wener

May 01, 1995

PAGES SENT:_______2______

REMARKS:

Dear Senator Halford,

RE Big Game Commercial Services Board

As a licensed Guide I am in favor of sunseting the BGCSB. This board has continuo··sly voted against the full time guide with regualations that make it impossible to operate a full time business.

Guide use areas are crippling all guides and the F&G. Example; All guides should be able to hunt the Mulchatna Caribou herd which is growing so rapidly that it is out growing its range and will certainly crash soon if enough animals are not taken, but, guide use areas prevent guides that are not licensed in that area, like I am, to come in with clients and hunt. The same goes for unit 20D and Unit 13 on the overpopulation of Bears.

The only reason for Guide use areas was for Bear hunting in Unit 9 and Kodiak where to many guides were operating, when we could as guides, hunt anywhere. This could have been protected by emergency closure or other methods, not by issuing guide use areas for the whole State.

We need a new BGCSB, and by sunseting this one, maybe the next one will pay attention to the Guide industry and not the APHA "old timers". If this board keeps going we will have the same "good old boys club" we had before.

Thank you,

Bob

Bob Wener

P.O. Box 882 Delta Jct., AK 99737

SPECIALIZED
GUIDE SERVICE
BUD WILLARD • LICENSED GUIDE & OUTFITTER
P.O. BOX 875532 • WASILLA, ALASKA 99687 • PHONE 907-376-2212

5/4/95

Dear Senator Halford,

I would like to thank you for your efforts against H.B. 102.

I feel the same way you do on these issues. I have seen the Big Game Commercial Services Board do things you would not believe.

Please stand firm against the "good ole boy" network. They have money and power but they are not right.

Thanks again,

Bud Willard

RECEIVED
JUN 0[illegible] 1995
Ans'd............

May 13, 1995

Senator Ric Halford
Alaska State Senate
State Capitol
Juneau, AK 99801-1182

Dear Senator,

In response to your April 27, 1995 letter to guides.

I'm a 43 year old class A guide, who has lived in the bush of Alaska 34 years 150 miles NW of Fairbanks. I maintain a box – in Fairbanks for purposes of mail year round. I own a guest ranch with horses taking people out in our area mountains. Not making a living at it. I've decided to get a guides license over the past 5 years to help me in my area make ends meet. This being a terrible struggle because of the present regulations as they are.

I'm in agreeance with most things you stated in your letter. I'm very aware of the corruption within the organization. Let's say first hand.

I'll support anyone who wishes to take on and try to straighten out the problems of the game guide business. It should be fair for all parties concerned and not just a chosen few.

Basic fairness first,

Les Cobin
Po Box 84334
Fairbanks, AK 99708

Roland Hammack
Guide Outfitter
Box 82
Chitina, Alaska 99566

May 3, 1995

Dear Senator Halford

Thanks for sending the information on APHA & BG&SC I agree with you. I don't have much faith in them. The APHA was selling guide area for select members when the exclusive areas were in place, because I got a letter by mistake one time about selling an area near Fairbanks for Jay Frazer

I started guiding for Don Johnson in 1975. The exclusive areas were already in then and I knew I'd probably never get an area. but went ahead and got my registered license in 1984 because Don was starting to have bad heart problems, and Warren his son said I should get it if Don didn't make it the board would devide it up and he'd help me get a part. Don lasted 11 more years.

In 1986 I was contacted by Keith Johnson a APHA member and maybe on the board about a area he had for sell. His maps showed a big area about thirty or forty miles across, a bill of sell for his cabin, landing strip, corral, tents & lanterns etc. I thought the exclusive area law was forever. So I thought if I was ever to get in the guiding business I'd have to follow the rules. at the Guide board meeting in april 1987 to transfer the area, most of the area was joint use and they wouldn't transfer joint use, so the area I got I can walk across in six or seven hours at the most. The cabin ~~and~~ turned out to be a park Service public use cabin. He lied to me and had sold other areas I was told. He got a lawyer to have my home auctioned off. I had to sell it before the auction date at a big loss. I paid $70,000 for the cabin & the area plus his lawyer and interest came to $82,000 and was ~~so~~ againts the constution for two or three years. I got a worthless Bill of sale, two coleman laterns two tents that

that I hauled to the dump. Everything else belongs to the Park Service. I have a Park Service permit to guide but can't transfer it. I was forced to buy some private land in the area because the board decide in 1988 or 1989 that guides had to have a base camp in the area, and the cabin was Park Service property and I couldn't register it through them, I built a cabin for base camp and live there.

I pay the Park Service $500 plus 3% of Gross, the state use area even though there is no state land here, guide insurance, workman comp (one assistant Guide) aircraft insurance and if I take more than six hunters I'm over hunting the area.

I have only the one area. I put in for an area near Port Moller on the refuge, planning to have a bear area with Warren Johnson whom I work for during bear season and was part of his & Don Johnsons area. But they selected me and Larry Rivers saying only two guides could guide there. I dropped my ~~port~~ part letting Warren stay in business and letting Larry Rivers move in who had never guided in that certain area.

I have had lots of false hopes, wasted efforts trying to comply, the mapping, the B.S., trying to stay with the laws in the system and keeping my word.

Me and my wife work a cafe in Chitina during the summer, if you ever get here stop at the It'll Do Cafe and its on the house. Good Luck

Roland Hammack

FISCAL NOTE

STATE OF ALASKA
1996 LEGISLATIVE SESSION

BILL NO. SSCR 2

Revision Date: Original
Title: Disapproving EO 95
Sponsor: Senate Resources
Requester:

Dept. Affected:
BRU:
Component:
COMPONENT SERIAL NO.

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 100	FY 01	FY 02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL EXPENDITURES	-0-	-0-	-0-	-0-	-0-	-0-
CHANGE IN REVENUES ( )	-0-	-0-	-0-	-0-	-0-	-0-

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

Estimate of any current year (FY96) cost: $ none

POSITIONS

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

The estimated savings reflected in EO 95 will not be achieved in the manner proposed by the Governor.

Prepared by: Annette Kreitzer
Division: Senate Resources Committee
Phone: 465-4907
Date: 2/26/96

Approved by Commissioner: Loren L. Leman
Agency: Senator Loren Leman, Chairman
Date:

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For further distribution information, call the Governor's Legislative Office

(Rev 11/95) 96fisnot.xls/DBR

Alaska State Legislature

Please enter into the record my testimony to the Joint H & S Resource
committee name

committee on HSC Resolution No. 2 dated Feb 6.
bill/subject

I urge the House and Senate Resource committees to adopt SCR No. 2. which disapproves Executive Order No. 95. The regulatory Process of the Big Game Commercial Services Board, under the ~~st~~ Legislatures authority, should remain separate from Anti-hunting Gov. Tony Knowles, authority. Or any other State Administration here after.

Signed: Rod Arno
Testifier

Self
Representing (Optional)

P.O. Box 2990 Palmer Ak 99645
Address

(907) 376-2913 Fax 376-7100
Phone No.

MAR 01 1996

Alaska State Legislature

Please enter into the record my testimony to the JOINT RES E.O. 92 95
committee name

committee on E.O. 92, 95, dated 2-27-96.
bill/subject

Urge the joint committees to disapprove
both E.O.92, and E.O.95.
in the best interests of all alaskans
to stop the Gov office from circumventing
the intent of the legislature

Signed: Kenneth Rivard RIVARD
Testifier

SELF
Representing (Optional)

Box 871842 Wasilla AK 99687
Address

907 376 2140
Phone No.

Fax Cover Note

Joe Klutsch
Katmai Guide Service
PO Box 313, King Salmon, AK 99613
Ph: (907) 246-3030 Fax: (907) 246-3050

TO: STAFF - Annette or others EXTENSION: 907 465-3810

PHONE #: FAX #:

COMPANY: Senator Leman DATE:

Message: Please distribute a copy of this letter to the members of both Senate and House Resources Committees before the deliberate Executive order 95.

Your help will be greatly appreciated!

Thanks

Joe

****PLEASE DELIVER THIS FAX IMMEDIATELY****

TOTAL PAGES (INCLUDING THIS SHEET): ____

Katmai Guide Service

JOE KLUTSCH, MASTER GUIDE

2-27-1996

Senator Loren Leman
State Capitol
Juneau, Alaska 99801

Dear Senator Leman,

Today you will consider a vote which could recommend overturning Governor Knowles executive order 95. The current guide law and associated regulation package are the product of seven years of extremely hard work. A bipartisan task force appointed by Governor Cowper worked for over a year taking extensive input from lawyers, land and resource managers, legislators, members of the guiding industry and the general public to craft a draft guide law in the wake of a state supreme court decision which ruled that the guide area component of the former law was unconstitutional. The legislature labored for two more years to pass a bill. Then the Big Game Commercial Service Board (created by the new state law) worked diligently for three more years to design a regulation package that finally brought order to a beleaguered industry. The issue of regulating guiding in Alaska has been chewed beyond the bone.

The House approved extending the Big Game Commercial Service Board by a 39 yea vote last session. Two extension bills died in Senate Committee without debate and the Board was sunsetted. You have received a guide industry survey which clearly indicates that the vast majority of operating guides favors retaining the current regulation package and working to improve it. The system is designed to provide accountability and insure that lawful and ethical guiding is the standard in Alaska. Every licensed guide - new or old is on precisely the same footing with respect to their ability to access the system and conduct business. High quality of experience by the client, reducing the potential for conflicts with other users, and protection of the wildlife resource are the ultimate objectives of this system.

To deregulate guiding to a simple licensing status makes absolutely no sense at this juncture in Alaska's history - especially in light of the other resource allocation issues that remain unresolved. Before you vote on this resolution, I urge you to ask yourself these questions:

FISHING HUNTING PHOTOGRAPHY
P.O. BOX 313 • KING SALMON, ALASKA 99613 • (907) 246-3030 • FAX: (907)246-3050

1. Do those of your constituents who hunt (subsistence or non-subsistence) really think that deregulating guiding is in their best interest?

2. Do those of your constituents who don't hunt think that that would be a good idea - especially those who enjoy watching wildlife?

3. Do you or your constituents believe it is in the best interest of Alaska's game resources to create a situation where "combat hunting" could occur as is the case with a number of sport and commercial fisheries?

A few peoples personal agenda's can not be allowed to stand in the way of what is right for the future of the guiding industry, for your own hunting and non-hunting constituents, and for the thousands of clients who travel to Alaska and expect a quality experience provided by professional ethical operators, and most of all for the wildlife resource that defines the unique character of Alaska.

If there is not a willingness on the part of key individuals to maintain the current system through legislation, then I urge you to let the Executive order stand. A washed out substitute will not be in anyone's interest. Your careful consideration of these points is greatly appreciated.

Sincerely,

Joe Klutsch

c.c. members of Senate and House Resources Committee's

Cook

9-LS1727\A

SENATE SPECIAL CONCURRENT RESOLUTION NO.

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - SECOND SESSION

BY THE SENATE RESOURCES COMMITTEE

Introduced:
Referred:

A RESOLUTION

Disapproving Executive Order No. 95.

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

WHEREAS the governor, under authority of art. III, sec. 23, Constitution of the State of Alaska, has proposed in Executive Order No. 95 to transfer the responsibility for the licensing and regulating of big game guides and related occupations to the Department of Commerce and Economic Development; and

WHEREAS art. III, sec. 23, Constitution of the State of Alaska, provides that unless disapproved within 60 days of a regular session by resolution concurred in by a majority of the members of the legislature in joint session, an executive order becomes effective at a date designated by the governor;

BE IT RESOLVED by the Alaska State Legislature that Executive Order No. 95 is disapproved.

WORK ORDER REQUEST FORM W.O. [19] LS-1727

KEYWORDS: EXECUTIVE ORDER
GOVERNMENT ORGANIZATION
GUIDES

ASSIGNED: Cook

REQUEST FOR: Resolution

TAKEN BY: Cook

SUBJECT: Disapproving E.O. 95; Guides

REQUESTED FOR: SC SRES BY: Annette PHONE: 465-2095

DELIVER TO: Sen. Leman, Cap. 115

INSTRUCTIONS: Draft resolution disapproving E.O. 95, relating to licensing and regulating of big game guides.

OBTAIN	SPECIAL DRAFTING INSTRUCTIONS ATTACHED [ ] AUTHORIZED TO CONFER WITH ______ ______ RETURN ______ ______ TO REQUESTOR APPROVED: X DIRECTOR, LEGAL SERVICES
REVIEWED ______ IN 02/20/96 DUE BEFORE 4:00 TYPED: Draft ______ Date ______ Final ______ Date ______ PROOFED ______ DELIVERED ______	SPECIAL INSTRUCTIONS to TYPING/PROOFING ______ RUSH for Intro Request for FINAL

Sponsor

ALDP1010[02/20/96]

Alaska State Legislature

Official Business

State Capitol
Juneau AK 99801

MEMO

TO: Tam Cook, Director
Legal Services

FROM: Annette Kreitzer, Aide to Senate Resources Committee

DATE: February 20, 1996

RE: Senate Special Concurrent Resolution Disapproving EO 95

Please prepare a Senate Special Concurrent Resolution disapproving Executive Order 95, Transferring the responsibility for the licensing and regulation of big game guides and related occupations to DCED. This is a Senate Majority priority. Please deliver to Senator Leman's office, Room 115 in final form in time for introduction tomorrow.

SJR

3

SENATE COMMITTEE REPORT
First Committee of Referr

DATE: 1/16/95

FURTHER:

Date of 5-Day Notice: 1-19-95
(in accordance with Uniform Rule 23)

DATE TURNED
INTO OFFICE: 2-3-95

Resources Committee considered SJR 3

Opposing the ban on the export of Alaska North Slope crude oil; endorsing federal legislation to remove restraints; requesting the Congress to pass legislation to permit the export of Alaska North Slope crude oil; and urging the President of the United States to support the legislation to lift the ban.

and recommends:

| | be replaced with _____ CS ______________________(________)

| | adopt previous _____ CS ______________________(________)

|✓| attached amendment(s)

| | adopt Letter of Intent by __________________ Committee

| | further referral to the __________________ Committee

Senate Bill:
| | same title
| | new title
House Bill:
| | technical change
| | new: SCR* _____

SIGNING WITH RECOMMENDATIONS:	DP	DNP	NR	AM
	✓			
	✓			
	✓			
Rick Halford	✓			
CHAIR:	✓			

NEW FISCAL NOTE(S):

Department	Date	Zero	Fiscal
Revenue	1/25/95	✓	

PREVIOUS FISCAL NOTE(S):*

Department	Date	Zero	Fiscal

| | APPROPRIATION -- no fiscal note

*Include fiscal notes accompaning Governor's bill oil; and

WHEREAS lower wellhead prices raise the economic threshold for exploring for and producing all North Slope oil and, as a result, production from certain existing and newly discovered oil fields is currently uneconomic; and

WHEREAS the export ban singles out Alaska to pay its costs, penalizing the state and the North Slope producers, which pay 85 percent of the taxes and royalty collected by the state; and

WHEREAS the current export ban reduces the value of crude oil production in the state by an estimated $1,000,000,000 290,000,00 per year, or about $1.10 50¢ per barrel; and

WHEREAS Alaska North Slope crude oil required to be transported and delivered for sale in the domestic market incurs approximately $2.70 per barrel in higher transportation charges than if the oil could be exported in international tankers to Pacific Rim countries; and

WHEREAS domestic exploration and development of newly discovered oil reserves will enhance the nation's energy and economic security; and

WHEREAS the foreign export of Alaska North Slope crude oil will provide an incentive for further domestic oil exploration and development; and

WHEREAS new discoveries and production resulting from increased domestic exploration will facilitate the development of infrastructure and production facilities needed to produce currently uneconomic Alaska North Slope reserves and, thus, lower the average development costs of all Alaska North Slope production; and

WHEREAS exporting oil to Pacific Rim nations will decrease the substantial trade deficit with nations that have expressed a strong interest in purchasing Alaska produced oil, as evidenced by the sale under a United States Department of Commerce export license of Alaska Cook Inlet oil to a Taiwanese company; and

WHEREAS Canada, Mexico, and Venezuela, among other neighboring countries in this hemisphere, may provide stable, secure exports of crude oil to the United States at more competitive prices than Alaska North Slope crude oil because of the transportation savings; and

WHEREAS the additional cost of shipping Alaska North Slope crude oil to the Gulf Coast and eastern states imposes an unnecessary burden on those states, reduces federal and state tax revenue, reduces state royalties, and discourages exploration and development of North Slope reserves; and

Senate Resources Committee
SJR 3

Testimony of Beverly Ward
Government Relations, ARCO Alaska, Inc.
February 3, 1995

Mr. Chairman, members of the Senate Resources Committee. My name is Beverly Ward. Thank you for the opportunity today to add ARCO's voice to the chorus of those asking that the oil export ban be lifted. We pledge our support to work with the state to win passage of federal legislation eliminating the ban on the export of North Slope oil.

Prior to the 1994 election, we judged passage of legislation lifting the export ban as very unlikely. It now appears passage is possible.

ARCO will not benefit from elimination of the export ban. But because of the potential benefit to the state -- and at the request of the Knowles Administration -- we re-evaluated our long standing neutral position on this issue and decided the time had come to join the state in working to open Pacific Rim markets to Alaska oil.

We will make clear to members of Congress our support for legislation eliminating the export ban. We will also work closely with the Alaska Congressional Delegation, the Legislature and the Knowles Administration on this issue in whatever way is appropriate.

We applaud your efforts through SJR 3 to lift the oil export ban.

BP Testimony on the Lifting of the
Export Ban on Alaska North Slope Crude
Presented to the Senate Resources Committee
February 3,1995

Good morning, Mr. Chairman and members of the Senate Resources Committee. My name is Jim Palmer and on behalf of BP, I am pleased to provide the following testimony to the Alaska State Legislature. This testimony discusses the future of oil production on Alaska's North Slope, and how artificial federal constraints, such as the ban on its export, effect our ability to market it efficiently.

The history of Alaska North Slope oil production is one of remarkable achievement. In the past two decades, the oil industry has invested more than $50 billion (in today's money terms) in realizing the Alaska North Slope's hydrocarbon potential.

We've nearly doubled the volume of oil we expect to recover from the region through a combination of technological advances and massive capital investment. In 1977, we expected to recover less than 10 billion barrels of oil from a single Alaska North Slope field. Today we're producing oil from a number of fields surrounding Prudhoe Bay. The industry has just produced our 10 billionth barrel of oil, yet we have a similar amount in booked and likely reserves. We postponed Prudhoe's inevitable decline by nearly four years, and today based on the State of Alaska's own forecasts, the North Slope is producing some 600,000 barrels more per day than were projected less than a decade ago.

These achievements are particularly remarkable given the competitive disadvantages of Alaska's North Slope -- disadvantages stemming primarily from harsh climatic conditions, remoteness, and federal restrictions on access to world crude oil markets imposed by the ANS export ban.

But today, the future of this critical domestic resource is in double jeopardy. Production is in decline, and margins that are the lifeblood of the ongoing investments that sustain production are being squeezed as never before by upward pressure on Alaska North Slope costs.

BP, along with our industry partners, have been at the forefront of the industry in doing everything we can to enable Alaska North Slope oil to compete effectively for investment capital in a fiercely competitive world oil market. We've left no stone unturned in searching for new ways to do more for less, and we've stemmed the tide of soaring costs in the late '80s and early '90s.

We've completely retooled our relationships with contractors and field partners. We've reduced our staff levels and overhauled the way we do business <u>within</u> BP. These efforts have reduced our operating costs and enabled us to actually <u>reduce</u> per-barrel operating costs in an atmosphere of declining production <u>without sacrificing safety or our environmental performance</u>.

Because of Alaska's high field development costs, as well as restricted access to world crude oil markets, netbacks on Alaska North Slope production are disproportionately low vis-a-vis those of lower-cost hydrocarbon areas of the world that have unrestricted access to crude oil markets.

Much of the Alaska North Slope production we currently project for the year 2000 depends on investments yet to be made.

More than ever before, the environment dictates that investments be directed to areas offering the highest margins at the lowest risks. With the end of the Cold War and so much of the world now competing for energy investment, returns on those investments have become the prime consideration as companies allocate increasingly scarce capital resources.

The competitiveness of these investments is crucial not only to BP and the Alaskan oil industry, but to the federal government and to the State of Alaska.

The federal government has a significant economic stake in the health of the domestic oil industry.

Many of the individual states also hold large stakes in the health of the domestic industry. Those with significant oil production, like Alaska and California, realize substantial tax and royalty revenues. They also benefit from a significant number of jobs both directly and indirectly linked to oil industry investment.

Much has been said and written about the hydrocarbon potential of Alaska's North Slope. There's a general consensus that the potential significantly exceeds reserves already produced on the company books. This potential comes from existing discoveries, additions and extensions that would be economic, given the availability of investment resources. We at BP concur with this assessment.

It is important to understand that noncompetitive margins have two effects. First, they reduce production of both existing and potential resources and remove cash from the system, making investments more difficult even in potentially profitable opportunities.

It's no longer enough that BP and the rest of the industry, through hard work and innovation, are reducing our costs. In order to maintain the competitiveness of Alaskan investments, it's critical that <u>everyone</u> with a stake in the future of the Alaskan oil industry does his and her part to help ensure its long-term health.

Federal restrictions on our ability to market Alaska North Slope oil where it will generate the highest possible returns hurt producers and the State of Alaska by reducing netbacks on North Slope oil. These restrictions are costly and an unnecessary burden on our ability to compete. Lifting these restrictions will help to restore Alaska's competitiveness for future investment by boosting the wellhead value of ANS crude.

The world has changed dramatically from the days when export restrictions on ANS crude were first imposed ... days of real and perceived supply shortages and an energy crisis mentality. Today, with open markets, improved trade flows, access to new oil and gas provinces and significant discoveries throughout the world, the supply-demand balance has reversed itself.

Restrictions on ANS exports that were based on fears of supply shortages are no longer appropriate. But failure to maintain investment because of loss of competitiveness will not help. Removing the restrictions and providing incentives will maximize domestic production if supply crises should occur in the future.

BP and the Alaskan oil industry will continue to do our part by doing all we can to make Alaska North Slope investments competitive. But we can no longer do it alone.

By directly or indirectly relieving the burden of unnecessary restrictions on our ability to compete, the federal government will not only demonstrate its commitment to do its part to enhance the competitiveness of Alaska North Slope oil, but also to help ensure the long-term health of this critical domestic resource.

BP strongly encourages the State of Alaska to support lifting the ANS export ban.

Thank you for this opportunity to address these important issues.

FISCAL NOTE

STATE OF ALASKA — **BILL NO.** SJR 3

1995 LEGISLATIVE SESSION

Revision Date:	1/23/95	Dept. Affected:	
Title:	\ resolution urging the lifting of the ANS export ban	BRU:	
		Component:	
Sponsor:	Ellis, Duncan, Kelly, et.al.		
Requester:	Ellis	COMPONENT SERIAL NO.	

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL EXPENDITURES						
CHANGE IN REVENUES ( )	80,000.0	40,000.0	0.0	0.0	0.0	0.0

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY95) cost: $

POSITIONS

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

If the export ban were lifted, Alaska North Slope oil (ANS) in excess of U.S. West Coast needs could be shipped to the Far East instead of making the long and costly trip via Panama to the U.S. Gulf Coast. Assuming current prices and transportation costs mandating use of Jones Act tankers, lifting the ban would increase the wellhead value of ANS by over $.50/bbl and thus increase State taxes and royalties. The window of opportunity to enhance State revenues by lifting the export ban is closing. ANS production is projected to continue to decrease so that the West Coast surplus of ANS is projected to disappear by FY 1997. When the West Coast ANS surplus disappears so will the direct benefit to the state treasury from lifting the export ban.

Prepared by:	John Pilkinton	Phone:	277-5627
Division:	Oil and Gas Audit Division	Date:	1/25/95
Approved by Commissioner:	Deborah Vogt	Date:	1/23/95
Agency:	Revenue		

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Anchorage Daily News Jan 27, 1995

Arco changes stance, backs lifting of ban

By KIM FARARO
and RALPH THOMAS
Daily News reporters

Arco will support lifting the oil-export ban after years of remaining neutral on whether North Slope crude should be sold abroad, Gov. Tony Knowles said Thursday.

The move will likely help Alaska's congressional delegation in its bid to overturn the ban, because the state's oil industry will not be as divided on the issue. British Petroleum — the state's top oil producer — has been pushing to end the export prohibition. Arco and Exxon — the Nos. 2 and 3 producers — had not joined BP's lobbying.

But even with Arco's change of heart, significant hurdles to ending the ban remain. The newest obstacle arose recently when a Senate rule maker sent legislation on the ban to a committee run by New York Sen. Alfonse D'Amato. D'Amato opposes North Slope exports.

Lifting the ban could increase Alaska's oil revenue tens of millions of dollars a year by allowing producers to send their crude to Asian ports closer to Alaska than Gulf of Mexico refineries. That would decrease producers' transportation costs, which are deducted from taxable revenue.

BP would benefit because the company owns

Please see Page B-3, OIL

OIL: Arco backs lifting of export ban

Continued from Page B-1

most oil produced on the North Slope and cannot sell all its crude on the West Coast as Arco and Exxon have been able to.

Knowles said he learned of Arco's new position Thursday, when Arco Alaska president Ken Thompson called him. The announcement follows Knowles' recent trip to Arco's Los Angeles headquarters, where he asked high-level officials to support Alaska's efforts to repeal the ban.

Knowles said Thursday that Thompson told him the trip had helped sway Arco's executives. The governor said he was pleased by Arco's turnaround and thinks it will have a "significant" impact on deliberations in Congress.

Arco Alaska spokesman Ronnie Chappell confirmed the policy change but said the company will not discuss the change until officials brief Alaska's senators and Rep. Don Young. He said the briefings would be held Thursday and today.

In the past, Arco officials have said they didn't have strong feelings about the ban because it has little effect on the company. Arco refines its North Slope crude in its West Coast refineries.

BP has no West Coast refineries and, although it sells some of its crude there to other companies, it must send the rest to the Gulf Coast.

The ban began in 1973 after the Organization of Petroleum Exporting Countries launched an oil embargo that made Americans fearful for their energy security. Efforts to abolish the ban since then have met with strong opposition from maritime unions and their supporters in Congress. Last year, BP tried breaking the impasse by negotiating with the unions, and Alaska's senators proposed legislation that said any exports would travel on U.S. ships with U.S. crews. But the plans didn't succeed.

Alaska's all-Republican delegation was heartened when their party won control of both houses of Congress in November and hoped to abolish the ban quickly. But the news that D'Amato would get a shot at a bill to lift the ban was a setback.

D'Amato's constituents include the owners of Northville Industries, which operates a pipeline across Panama. The line carries North Slope crude unloaded by Pacific Ocean tankers and picked up by tankers on the Atlantic side. Those tankers then ship the crude to Gulf Coast refineries.

JOHNNY ELLIS
SENATOR

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ALASKA STATE LEGISLATURE
SENATE

Sponsor Statement for
SJR 3
Requesting Congress to Lift the Ban on the export of
Alaska Crude Oil

SJR 3 endorses federal legisisation removing restraints on the exportation of Alaska North Slope crude oil, and requests that the President of the United States present a recommendation to lift the oil export ban.

Lifting the export ban will enhance the economic vitality and security of Alaska. Exporting Alaska North Slope crude oil will encourage and facilitate further oil exploration in Alaska and other states, creating a greater degree of national energy self-sufficiency.

Due to the high transportation costs associated with shipping Alaska North Slope crude oil to Gulf Coast states through the Panama Canal, the wellhead price of oil is reduced. Since Alaska oil cannot be exported, it is sold at a discount price on the West Coast to be price competitive with California crude. This surplus of oil depresses the value of Alaska and California oil, and subsequently has a negative impact on the economies in both states. Lifting the ban would alleviate this surplus, raise the barrel prices of all oil, and increase State revenues.

At a conservative estimate, Alaska would gain from billions of dollars in added revenue and economic benefits. Exporting oil would foster more oil exploration and development by making ventures deemed economical risky under current production values more lucrative. Oil export would also help to offset the United States' trade deficit.

The potential vulnerability of the United States to embargoes - which led to the imposition of the ban - has been greatly mitigated. President Bush partially lifted the ban on California oil exporting, proving that national security and scarcity of domestic oil no longer outweigh potential economic gains. The North American Free Trade Agreement has further reinforced the need to repeal the Alaska oil export ban and President Clinton announced last summer that he would support a repeal of the ban. Clearly, the time to lift the ban is now.

I urge you to support SJR 3. Lifting the ban on exporting oil is critical to the future economic security of our state.

Department of Commerce & Economic Development / POSITION PAPER

SENATE JOINT RESOLUTION NO. 3

The Department of Commerce and Economic Development supports passage of Senate Joint Resolution No. 3.

The Alaska North Slope export ban is a significant barrier to investment in the region.

In a recent study commissioned by the department to undertake an analysis of the Alaskan oil and gas industry with regard to the State's attractiveness to the industry in the current climate, the consultants found:

> *The federally-imposed Alaska North Slope Export ban, which has been in effect since the first production from the area, is a major disincentive. The ban effectively precludes the North Slope oil from being sold into the highest value markets, in particular Japan and Korea. This ban, which has been the subject of ongoing debate, assumes critical importance in a period of soft oil prices.*

This resolution supports all efforts to obtain passage of federal legislation permitting the export of Alaska North Slope crude oil, regardless of the point of production within the state.

William L. Hensley, Commissioner

Date: Jan. 18, 1995

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Legislative Research Agency

Alaska State Legislature

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January 20, 1995

MEMORANDUM

TO: Senator Johnny Ellis

FROM: Linda J. Snow LJSnow
Legislative Analyst

RE: **Current Developments Regarding the Federal Ban of the Export of North Slope Crude Oil**
Research Request 95.070

You asked us to provide an update on current developments regarding the federal ban on exporting North Slope crude oil. The following is a summary of recent developments in the courts and in the U.S. Congress.

Litigation

The state has two lawsuits in progress challenging the ban. In a suit filed in federal district court[1], the state alleges that the ban violates the tenth amendment, the guarantee clause, and the port preference clau of the U.S. Constitution. On March 1, 1994, the district court granted the United States' motion for summary judgement, finding the ban constitutional. The state has appealed the case to the ninth circuit court, both parties have submitted briefs, and oral argument is pending[2].

---

[1]State v. Brown, United States District Court, A92-364-CV (JWS), Ninth Circuit Court of Appeals No. 94-35686.

[2]See Attachment A, a summary of the case prepared by Joanne Grace, Alaska assistant attorney general, Anchorage.

In a suit filed in the federal claims court[3], the state is seeking $2.5 billion for a fifth amendment taking[4]. The claims court recently lifted a two year stay of the case, and the United States filed a motion to dismiss. Both parties are currently briefing that motion[5].

Federal Legislation

Senate Bill 70, and corresponding House Bill 70 have been submitted to Congress this session and are currently in committee. These bills call for an end to the ban on the export of North Slope oil, and providing that the oil be transported to market by U.S. flagged vessels. Attachment B is a copy of SB 70. According to Mark Dinneen of the Governor's Washington, D.C. office, the prospects of the ban being lifted have increased due to the Alaska congressional delegation's position in the majority, and as chairs to several influential committees this session. Mr. Dinneen also stated that British Petroleum and the U.S. maritime unions were supporting the bill this session. As opposition to the bill, Mr. Dinneen named the west coast refineries, the state of California, and U.S. automobile manufacturers[6]. A U.S. Department of Energy study of the costs and benefits of the ban was released in June of 1994, and was supportive of lifting the ban[7].

I hope this information is helpful to you. If you would like further assistance, please don't hesitate to call us. Also, you could contact directly Mr. Dinneen at (202) 624-5858 or Ms. Grace at (907) 269-5100.

---

[3]State v. United States, United States Court of Federal Claims, 92-3141 [Oil Export Ban].

[4]The fifth amendment does not allow the government to take property without compensation. The state is claiming that the federal government is restricting the markets where Alaska can sell its royalty oil, thereby rendering that oil of lesser value than it would have in a world market. The state is requesting compensation for its loss of revenue due to the export ban.

[5]See Attachment A, a summary of the case prepared by Joanne Grace, Alaska assistant attorney general, Anchorage.

[6]According to Mr. Dinneen, west coast refineries will have to pay world market price of North Slope oil if the ban is lifted, impacting the economy of California. Also, U.S. automobile manufacturers would like to see the balance of trade improve because of more automobile exports, not oil exports.

[7]*Exporting Alaska North Slope Crude Oil: Benefits and Costs*, U.S. Department of Energy, June 1994, DOE-PO-0025.

ATTACHMENT A

**Summary of Oil Export Ban Litigation,
prepared by Joanne Grace, Alaska Assistant Attorney General**

State v. Brown, United States District Court, A92-364-CV (JWS), Ninth Circuit Court of Appeals No. 94-35686; State v. United States, United States Court of Federal Claims, 92-3141 [Oil Export Ban].

SUMMARY OF CASE:

In 1992, the State filed two lawsuits against the United States to challenge the ban on the export of North Slope crude oil. The State filed one case in the federal district court in Anchorage, alleging that the ban violates the tenth amendment, the guarantee clause, and the port preference clause of the U.S. Constitution, and one case in the Court of Federal Claims, seeking $2.5 billion compensation for a fifth amendment taking. The State is represented by Birch, Horton, Bittner & Cherot.

The claims court stayed the takings case for two years for procedural reasons, but recently lifted the stay. The United States filed a motion to dismiss, which the parties are briefing.

In the district court case, the court granted the United States' motion for summary judgment on March 1, 1994, finding the ban constitutional. The state has appealed to the ninth circuit, and the parties have briefed the appeal and are awaiting oral argument.

ATTACHMENT B

Senate Bill 70
Exports of Alaskan North Slope Oil
104th Congress, First Session

II

104TH CONGRESS
1ST SESSION

S. 70

To permit exports of certain domestically produced crude oil, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JANUARY 4, 1995

Mr. DOLE (for Mr. MURKOWSKI) (for himself, Mr. BREAUX, Mr. STEVENS, and Mr. HEFLIN) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

---

A BILL

To permit exports of certain domestically produced crude oil, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. EXPORTS OF ALASKAN NORTH SLOPE OIL.

Section 28 of the Act entitled "An Act to promote the mining of coal, phosphate, oil, oil shale, gas, and sodium on the public domain", approved February 25, 1920 (commonly known as the "Mineral Leasing Act") (30 U.S.C. 185), is amended—

(1) by striking subsection (s) and inserting the following:

"EXPORTS OF ALASKAN NORTH SLOPE OIL

"(s)(1) Subject to paragraphs (2) and (3), notwithstanding any other provision of law (including any regulation), any oil transported by pipeline over a right-of-way granted pursuant to section 203 of the Trans-Alaska Pipeline Authorization Act (43 U.S.C. 1652) may be exported.

"(2) Except in the case of oil exported to a country pursuant to a bilateral international oil supply agreement entered into by the United States with the country before June 25, 1979, or to a country pursuant to the International Emergency Oil Sharing Plan of the International Energy Agency, the oil shall be transported by a vessel documented under the laws of the United States and owned by a citizen of the United States (as determined in accordance with section 2 of the Shipping Act, 1916 (46 U.S.C. App. 802)).

"(3) Nothing in this subsection shall restrict the authority of the President under the Constitution, the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.), or the National Emergencies Act (50 U.S.C. 1601 et seq.) to prohibit exportation of the oil."; and

(2) by striking subsection (u).

SEC. 2. EFFECTIVE DATE.

This Act and the amendments made by it shall take effect on the date of enactment.

O

The Anchorage Times

***Publisher:* BILL J. ALLEN**

Believing in Alaskans, putting Alaska first"

[illegible] ENNIS FRADLEY, PAUL JENKINS, WILLIAM J. TOBIN

[illegible] commentary in this segment of the *Anchorage Daily News* does not represent the views of the Daily News. It is written and published under an agreement with former owners of The Times in the interests of preserving a diversity of viewpoints in the community.

12/20/93

End export ban

AS THE CLINTON administration sets out to do yet another study of the effects of the ban against exporting Alaska's North Slope oil, we bring to your attention two other recent economic studies of the subject: one was prepared last year by the Alaska Department of Revenue. The other, still in draft form, is the work of Economic Insight, Inc., a Portland, Ore., economic consulting firm.

Both analyses come to the same conclusion: the prohibition on the export of Alaska oil is detrimental to both Alaska and California oil production and economies, and more important, to the nation's long-term energy security.

"The ban flies in the face of market efficiency and is a classic example of political rather than economic reasoning," is how the Alaska report sums it up.

"The artificial inhibition of U.S. oil production has severe consequences for jobs and economic growth," says the Portland study. "The cost could be as high as $200 billion and amount to hundreds of thousands of well-paid jobs in petroleum development, oil-field services, manufacturing and transportation."

Stated simply, both studies conclude that the ban results in an ongoing oversupply of heavy crude available for refineries on the West Coast. That oversupply reduces the market value of Alaska's and California's production.

If Alaska's oil were free to compete on the world market and, say, be sold in Japan, the wellhead value for each barrel of oil produced in Alaska would increase by an estimated $1-to-$5 per barrel.

The total impact of this additional value per barrel, according to the state study, would be in the neighborhood of just under $200 million in additional state revenues, almost $300 million for the federal government and more than $500 million for the producers.

Both studies project that the incentive of a better return for the producers would mean additional investments to explore for new oil in remote areas of Alaska and would provide more impetus for the industry to undertake the more costly development of reservoirs such as the West Sak field.

The oil industry has already invested some $67 billion developing Alaska oil fields and transportation facilities, the Portland study notes. Continuation of the export ban — and thus the disincentive to produce Alaska oil — diminishes the prospect that additional significant investments will be made.

"The export ban of oil threatens to inhibit the development of as much as 10 billion barrels in Alaska and California over the next several decades," says the report. In an era of budget deficits and constrained public spending "it is nothing less than thickheaded imperviousness" to continue the ban, it concludes.

Let's trust President Clinton's team can come to the same conclusion.

Background

Anchorage Daily News Friday, May 27, 1994

Oil export ban

The end is near?

It was a bad idea then, and it's a bad idea now. Alaskans knew that the export ban on North Slope crude was the price they had to pay for congressional approval of the trans-Alaska pipeline. A coalition of unions, businesses, and some environmentalists demanded the ban.

While the ban was alternately displayed as a matter of national security in response to the '70s oil shortage ("Let's keep that oil home") and environmentalism ("Let's keep foreign tankers out of Alaska's pristine waters"), the real issue was jobs and dollars. U.S. maritime unions and their allies knew they would benefit mightily.

Two decades later Alaskans and the oil companies still are underwriting the cost of the ban. Yet it now appears the Clinton administration has decided the price tag is too high for the country.

A preview of the administration's long-awaited export ban study highlights the benefits of a policy change. What benefits? How about 7,000 new oil industry jobs in California and Alaska. How about, if American ships transport the oil abroad, $86 million to the state treasury and $153 million for the oil companies every year? How about an additional $284 million to the federal Treasury, mostly from higher oil taxes?

If that's not enough, how about reducing our trade deficit with Japan? Or how about reducing the glut of cheap oil on the American West Coast, which hurts Alaska?

Trade Representative Mickey Kantor has been attempting to reduce Japanese barriers to American trade for 16 months. Yet here's an irrational naval blockade that Americans created themselves, a barrier that hurts both the United States and Japan.

The export ban was a shaky proposition in the '70s. It's indefensible now, even if the Senate Banking Committee recently succumbed to special interest pleading and voted to extend it another four years.

President Bill Clinton and Congress should act boldly. They should ban the ban when it comes to the floor of Congress for a renewal vote. And they should let Alaska oil travel to where it will do the most good and get the best price.

JULY 1, 1994

If oil is sold abroad

Feds see more jobs, revenue

By DAVID WHITNEY
Daily News reporter

WASHINGTON — Lifting the ban on the export of North Slope oil would lead to higher revenues for Alaska, California and the federal government while at the same time adding more than 11,000 jobs to the economy, the Energy Department said in a long-awaited report Thursday.

"The study concludes that the export of Alaskan oil would yield clear economic and energy benefits to the country," Energy Secretary Hazel O'Leary said in a prepared statement.

But the report, held up for revisions for weeks by the White House, made no recommendations. It came a week after President Clinton met with lawmakers from oil- and gas-producing states and voiced willingness to consider lifting the ban. Clinton needs more time to fully evaluate the issue before he makes a recommendation to Congress, the Energy Department said in a written statement.

Congress has banned the export of North Slope oil since passage of the 1973 law authorizing construction of the 800-mile trans-Alaska pipeline. The pipeline now carries about 1.6 million barrels of oil from Prudhoe Bay to tanker loading docks in Valdez.

Most of that oil is sold to

Please see Back Page, OIL

OIL: Exporting Alaska crude may pay

Continued from Page A-1

West Coast refineries, some of which are owned by North Slope producers.

But about 250,000 barrels a day are transported at high cost to Gulf Coast refineries. The theory is that if that oil can be sold to Japan, transportation costs will drop, federal and state revenues will grow, and there will be more money to invest in oil production that will put more people to work.

The chief opponent to lifting the ban in the past has been the U.S. maritime unions, but they agreed this spring to support exports as long as the oil is moved on U.S. tankers manned by American crews.

The biggest obstacle to lifting the ban, however, may be international trade concerns. The White House is concerned that authorizing exports only on U.S. tankers would be viewed as protectionist just as a new round of trade talks to eliminate foreign ship-building subsidies are about to begin.

Still, the deal with the maritime unions and now the Energy Department report gives Alaska the best chance it's ever had in Congress to lift the ban, said John Katz, Gov. Wally Hickel's top aide in Washington.

And Hickel said in a written statement Thursday that while he was pleased with the Energy Department's findings, Alaska would still pursue its $2.5 billion lawsuit against the federal government over the export ban.

"We look forward to the day that the ban is lifted and Alaska is treated the same as every other state by being allowed to export its resources to our most appropriate markets," Hickel said.

The issue will probably come up on the Senate floor later this month when the chamber takes up the Export Administration Act. In 1984, the Senate killed a measure to lift the ban on a 70-20 vote.

Alaska's congressional delegation said it was delighted with the strength of the Energy Department's study.

The only sour note, said Sen. Ted Stevens, was the department's reaffirmation of the administration's opposition to opening the Arctic National Wildlife Refuge to drilling.

Deputy Energy Secretary Bill White repeated the Clinton administration's commitment not to develop the refuge, or other environmentally sensitive areas of the Outer Continental Shelf.

"This administration has been very consistent in its opposition to opening up the onshore wilderness area to new drilling," he said.

Rep. Don Young, who has sent Clinton a letter signed by 64 other lawmakers urging his support for lifting the ban, called the report "a tremendous step forward in our long battle."

"In the face of this report, it seems clear that there is no reason for the ban to last another day," Sen. Frank Murkowski said.

But substantial opposition remains. Leading it is the Coalition to Keep Alaska Oil, made up of labor unions, consumer groups and independent refiners. Last month the group released its own study rebutting most of the benefits claimed by the Energy Department report.

Coalition director Howard Marlowe called the report "preposterous."

"The Energy Departmen has used outdated and unre alistic assumptions tha don't come close to suppor ing its conclusions," he saic "This may play well for 2 hours. After that, the stud will run up against the real ties that lifting the ban wi create economic harm on th West Coast."

Among the key finding of the study, prepared afte a series of public hearings i California and Alaska, ar that lifting the ban would:

- Not raise gasoline price substantially on the We Coast and presents no env ronmental concerns.
- Bring Alaska at leas $700 million and perhaps a much as $1.6 billion in addi tional revenues over th next six years. The increas would accrue because lowe transportation costs woul increase the wellhead pric of the oil.
- Mean less Alaska oi flooding the West Coast ma ket. That would be an ince tive to oil production fro oil fields in California, ac ding as much as $230 millic to California's state treasu over the next six years.
- Increase oil compar profits by more than $1 b lion by the year 2000.
- Add as much as $5 million to the nation's Gro Domestic Product by the en of the decade. Using Labo Department figures that e timate one new job for ever $50,000 increase in the GD the Energy Department sai total employment wou climb by as many as 11,2 jobs. Job gains could much higher if the wor price of oil climbs.

The Associated Press cor tributed to this story.

Export ban is Congress's to lift, DOE says

Lifting restriction would create between 16,000 and 25,000 jobs in United States

By A.B. STODDARD

[illegible]

WASHINGTON — President Clinton is not planning to lift the ban on exports of Alaskan oil by executive order and will wait to work with Congress on the issue, a Department of Energy official said Thursday.

Because the [illegible]1-year-old ban, which restricts the export of crude from Alaska's North Slope, is written into so many different laws it would be difficult for the president to lift it by an executive order, according to Bill White, deputy energy secretary.

"Our lawyers said that this unilateral decision was not something that was viable," White said in a telephone interview from Moscow, where he is participating in an energy conference with Russian officials.

But working with Congress to legislate a repeal of the ban remains a priority for the administration, White said.

"I think that's something that is going to be at the top of my agenda to be working on when I get back," he said.

President Clinton announced his conditional support for lifting the ban at a June 16 meeting with the lawmakers from oil and gas producing states. He said potential trade complications involving provisions in the General Agreement on Tariffs and Trade and concerns about the shipbuilding industry had to be worked out with other countries.

> *Those who want to keep the ban in place include members of the shipping industry who fear job loss as a result of Alaska oil being exported on foreign ships or ships being repaired abroad.*

White said that while the trade questions still persist, progress has been made and the administration will "work on legislation we can get through" the next Congress.

The Energy Department released a report in June that said lifting the ban would create between 16,000 and 25,000 jobs in the United States as well as increase oil production in California and Alaska by 100,000 to 110,000 barrels per day.

Most small California oil producers argue that Alaska crude floods the California market and depresses oil prices there. Allowing Alaska oil to flow abroad, they say, would create more demand for California crude and in turn raise the state's oil prices.

Those who want to keep the ban in place include members of the shipping industry who fear job loss as a result of Alaska oil being exported on foreign ships or ships being repaired abroad. However, the major maritime unions announced this summer that they would support a lift of the ban if the crude was shipped on Jones Act vessels — those built, owned and crewed by American merchant seamen.

Some refiners who currently use Alaska oil also oppose lifting the ban because of the costly reconfiguration their refineries would require to switch to California crude, which has a different quality.

Although Alaska's congressional delegation has stated that a Republican majority in Congress would help the bid to lift the ban, White declined to say how GOP control would affect the issue.

Howard Marlowe, director of the Coalition to Keep Alaska Oil — which opposes lifting the ban — said the new Republican majority is not necessarily going to affect the move to repeal the export ban.

"The fact is that a significant part of the opposition in Congress will come from, and has always come from, Republicans," Marlowe said.

The Republican Alaska delegation — with Rep. Don Young and Sen. Frank Murkowski likely to chair the Natural Resources committees for both chambers — has stated they will attach a lift of the ban to the reauthorization of the Export Administration Act.

"This particular election places the Alaska delegation in positions of power which will give them increased opportunity to move an export proposal," Marlowe said.

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Background

THE ALASKA NORTH SLOPE CRUDE OIL EXPORT BAN REVISITED 1992

by

Charles L. Logsdon

Alaska Department of Revenue
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THE ALASKA NORTH SLOPE CRUDE OIL EXPORT BAN REVISITED 1992

INTRODUCTION

Numerous articles and analyses have been prepared examining the Alaska North Slope (ANS) Crude Oil Export Ban (Higgins and Jenkins-Smith, Tussing et. al., and the U.S. Department of Energy). Policy analysis of the issue has attracted economists of many different stripes because the ban flies in the face of market efficiency and is a classic example of political rather than economic reasoning.

In this short paper it is not my intent to review in depth the reasons why lifting the export makes economic sense, rather I will attempt to illustrate by use of a simple global oil price equilibrium model, what I believe the impact of the ban has been on U.S. West Coast oil prices and consequently on oil production in both California and Alaska, and on public revenue.

THE ANS EXPORT BAN

The export of ANS was restricted as part of the legislation authorizing the construction of the Trans-Alaska Pipeline System (TAPS). The 900 mile long TAPS stretching from Arctic Alaska's North Slope to the ice free tidewater port of Valdez provided market access to the super giant Prudhoe Bay oil field. Over the years the restrictions have been extended or tightened nearly each time the Congress has passed trade legislation.

The national benefits to the United States of lifting the ban are well known and can be summarized as follows:

1. Higher wellhead values for crude oil production in Alaska and California create the incentive to increase U.S. oil production and energy security.

2. Public revenue will increase due to the higher wellhead value easing the Federal deficit.

3. U.S. balance trade with the Pacific Rim countries would be improved.

The reason why the ban continues even in the face of overwhelming economic logic is quite simply national politics.

The costs of lifting the ban would be absorbed by domestic shipping interests. The maritime interests are a powerful political force which includes:

1. ANS producers who built the required U.S. constructed and flagged tankers to comply with the Jones Act requirement that only such tankers can be used in US coastwise shipping implied by the export ban.

2. Individual Jones Act tanker owners.

3. The banks who finance tanker construction.

4. The maritime unions which crew the tankers.

Other groups favoring the ban include:

1. The U.S. Department of Defense since the ban provides an off budget means of securing a domestic tanker capability.

2. Environmental groups who oppose policies which increase domestic production of oil.

3. Representatives of states which rely on imported oil.

4. Those politicians who are antagonistic toward free trade with the Pacific Rim, particularly Japan.

CALIFORNIA CRUDE OIL PRICES

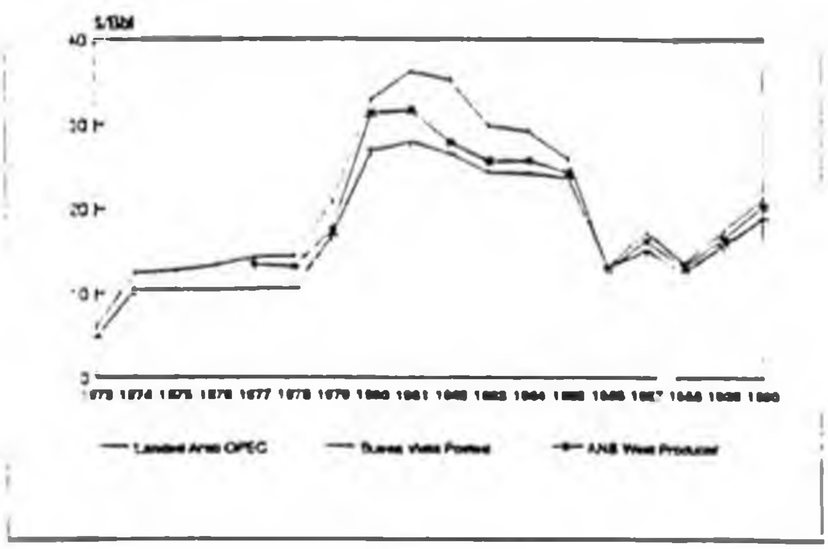
The California crude oil market has developed in isolation from the rest of the US. The development of significant reserves in the area and the natural barrier represented by the mountain ranges of the western U.S. limited the development of a West to East or vice versa crude oil transportation system. Further, most crude oil is moved to either the San Francisco Bay area or Los Angeles/Long Beach refineries by private pipeline rather than regulated common carriers.

California crude oil also tends to be very heavy and of low quality. The result of all of these factors has been a level of oil prices below world market levels. The result of the reliance on private pipelines for the marketing of regional production, has been a two-tiered price structure with imported crude at the high end and domestic postings at the low end. This occurs because of the leverage the producer/pipeline owners have over independents with only a trucking alternative. (Purvin & Gertz).

This institutional environment depressing California crude oil prices was further impacted by the opening of the TAPS. The West

Coast market was flooded by the surge in production from Alaska. As ANS began to back foreign sour crudes out of the West Coast, a West Coast ANS discount off of Gulf Coast ANS became evident. (Figure One).

Figure 1. U.S. West Coast Crude Oil Prices (1973-1990)



The size of the discount became a very major source of dispute for both the tax man (both the State of Alaska and the Internal Revenue Service) and also the California independent producers. Elementary economic theory suggested that since ANS could not be exported, the price of oil on the West coast should be the price at the most distant market the Gulf Coast less the incremental transportation cost.

This theory was pursued by ARCO in pricing crude oil booked into its own refineries. This reduced the company's tax liability and gave them a cost advantage over their competitors allowing an aggressive pursuit of market share on the West Coast.

The alternate price theory followed by BP was that of a price leading oligopolist. BP controlled the incremental barrels of oil which met West Coast oil demand. They used this market position to negotiate sale of ANS barrels on the West Coast in exchange for delivery of barrels to their Gulf Coast and mid Continent refineries. The resulting oil price was less than the monopoly price but greater than the perfectly competitive price. (Logsdon, 1985).

ANS EXPORT BAN AND WEST COAST OIL PRICE EQUILIBRIUM

At the heart of the dispute over the "correct" value for crude oil in California during the 1980's and the part ANS played in determining value was the influence of two major institutional handicaps placed on the crude oil market--the ANS export ban, and the Jones Act. These two barriers have penalized oil producers on the U.S. West Coast directly by forcing the West Coast market to a Gulf Coast pricing basis rather than the much closer Pacific Rim market with the resulting lower oil price and at the same time reducing resource value in Alaska by requiring the use of expensive Jones Act tankers.

This double whammy on production profitability has supply side impacts which have additional negative impacts on the regional and national economy. Clearly the export ban combined with the Jones Act continues to hobble the economic potential of not only Alaska but of the entire U.S. West Coast.

In the remainder of this paper I will attempt to quantify the impact in foregone revenue and barrels of oil that the ANS export ban and the Jones Act have resulted in. The model used to estimate the equilibrium oil price on the US West Coast leaves in place the Jones Act but allows the export of ANS in foreign tankers.

A SIMPLE WORLD PRICE EQUILIBRIUM MODEL APPLIED TO ANS

The value and production effect of the export ban is a function both of the deadweight loss due to imposition of additional transportation costs on ANS marketing and the pecuniary effect the ban has on ANS West Coast price.

Other studies have simply assumed that if the export ban were lifted West Coast oil prices would reach world levels. In this section several alternative theoretical links to the World market are explored and tested with empirical data.

The model assumes that world oil prices (specifically sour crude oil) are established by the supply of and demand for Middle Eastern crude oil. All other world oil producers are assumed to be price takers and prices will be determined primarily by relative transportation costs to alternative world markets. Oil will flow to those markets which maximize the wellhead value of production subject to market competition which insures that in equilibrium the wellhead value from all sales is the same.

This model as applied to ANS uses the Pacific Rim as the basing point for West Coast oil prices in the event that exports were allowed. Another alternative would be to use the landed cost of Middle Eastern crude oil as the basis for determining West Coast oil prices. This alternative is untidy given the fact that there continues to be excess supply on the West Coast. The final alternative is the Gulf Coast netback approach first suggested in 1982 by ARCO.

The relevant oil price and transportation parameters to calculate these alternative theoretical West Coast prices are contained in Table 1 and are taken from *Platt's Oilgram Price Report*, the *1992 World Scale* for international tankers and the *American Tanker Rate Schedule*. Tanker rates are based on use of VLCC's and adjusted by *USFRA* for the U.S. fleet and the *Tanker Charter Record* spot index for the international fleet. It is further assumed that Dubai and ANS are directly comparable crude oils.

Table 1. Oil Prices and Transportation Costs Spring 1992

	Jan	Mar	May
Oil Price (Dubai)	$15.20/bbl	$15.70/bbl	$17.50/bbl
Transportation Costs			
Valdez to U.S. Gulf (Jones)	$2.97/bbl	$2.99/bbl	$3.12/bbl
Valdez to U.S. West (Jones)	0.72	0.66	0.76
Valdez to U.S. Gulf (Int'l)	1.45	1.27	1.35
Valdez to U.S. West (Int'l)	0.26	0.19	0.22
Valdez to Far East	0.42	0.31	0.36
Middle East to Far East	0.70	0.52	0.60
Middle East to U.S. Gulf	1.09	0.81	0.93
Middle East to U.S. West	1.10	0.82	0.94

Source: USFRA, Worldscale, Tanker Charter Record

The following table compares alternative theoretical West Coast oil prices based on the information in Table 1 with the actual ANS spot price for the sample months.

Table 2. Alternative West Coast ANS Prices

	Jan	Mar	May
U.S. Gulf Base (Jones)	$14.04/bbl	$14.18/bbl	$16.07/bbl
U.S. Gulf Base (Int'l)	15.10	15.43	17.30
Pacific Rim Base (Jones)	16.20	16.57	18.50
Pacific Rim Base (Int'l)	15.74	16.10	17.96
Landed Cost West	16.30	16.52	18.44
ANS West Spot	14.92	15.50	18.03

Note: (Jones) assumes Jones Act Tankers on the Valdez to Lower 48 route. (Int'l) assumes International Tankers on all ANS routes

There are three major conclusions suggested by these alternative specifications of ANS West Coast price.

1. The pure Gulf based price is of interest when the export ban is in place since ANS surplus to West Coast needs is disposed of in this market. The average difference in price of $1.18/bbl between using international and domestic tankers in the ANS trade is a direct estimate of the theoretical depressing effect on ANS West Coast price of the Jones Act.

2. The West Coast landed cost of Middle Eastern crude oil will exceed a Pacific Rim based ANS West Coast price if the net transportation cost difference between Valdez to West or Far East destinations is less than the incremental cost of shipping Middle East Crude oil to a West Coast rather than Far East destination.

Clearly this is the case if international tankers are used on all routes. Howevar use of Jones act tankers results in a Pacific Rim based price higher than the landed cost of Middle Eastern crude in two of the three months sampled (although not by much).

Obviously in this case no ANS would be sold domestically since the Valdez netback from the Pacific Rim is higher than the netback of a West Coast landed Middle East crude, however since the break price is so close on the West Coast, it could be assumed in this example that competition between ANS and Dubai for Far East delivery would eventually establish a price at the U.S. roughly equal to an the ANS Far East netback price plus transportation cost to the West Coast.

Generally speaking then, using a Pacific Rim basing point price model is the preferred way of linking ANS West Coast pricing to the world market as long as there is surplus ANS on the West Coast. Logically no ANS would be sold at the U.S. Gulf Coast if exporting were allowed.

3. Comparing the Pacific Rim based ANS West Coast prices with actual spot ANS illustrates two things. First that the market for ANS on the West Coast continues to support some form of oligopolistic behavior and second that the export ban continues to depress West Coast prices by an average of roughly $1.00/bbl.

REVENUE IMPACTS OF THE ANS EXPORT BAN

As stated previously, the export ban directly impacts the value of production in Alaska by reducing the market value of the crude oil sold on the U.S. West Coast, and by increasing the costs of shipping the oil to market. Derivatively, since ANS is the incremental barrel of crude oil coming into the West Coast, the value of California production is also depressed.

This direct revenue impact is estimated using a Pacific Rim basing point for price and assumes that Jones Act tankers are used for domestic sales of ANS while international tankers are used to export ANS. The estimates are based on relevant prices and costs effective averaged over January, March, and May 1992. ANS production is assumed to be 1.75 million bbl/day and California production is assumed to be 0.80 million bbl/day. It is assumed that 0.20 million bbl/day of ANS production is currently being sold at the U.S. Gulf.

Table 3. Oil Production Revenue Impact of the ANS Export Ban (Millions $/Yr)

	State	Producers	Federal	Total
Alaska Impact				
Transport Savings	47.6	90.5	46.6	184.7
Sales Price	136.9	260.6	134.3	531.8
Total	184.5	351.1	180.9	716.5
California Impact	13.4	188.1	96.9	298.4
Total Impact	197.9	539.3	277.8	1014.9

The export ban lowers the value of annual production in Alaska and California by approximately $1.0 billion/year or about $1.10/bbl. If this estimate were applied to all ANS and California production since 1977, the ban has artificially reduced the value of production in both states by over $12.5 billion. This is probably a very conservative estimate based on the historic spread between world crude oil prices and ANS West Coast price outlined previously in Figure 1.

Although basic geological good fortune and increased environmental costs have probably a bigger impact on the long term supply function, clearly this kind of a depressing effect on resource value has been a contributing factor in the declining level of production from these two regions. Certainly the inefficiency of forcing ANS to be moved to a more distant market puts the global economy even further away from the production possibility frontier.

In terms of national cost and benefits, some of this billion dollar a year loss is offset by revenues earned by the domestic tanker industry, and either regional petroleum product consumers or regional petroleum refiners. It might even be argued that since petroleum product prices are linked to the global market i.e. they can be freely traded, that a large amount of the implied refiner margin has gone to compliance with stringent environmental regulations in the California market.

IMPACT ON PRODUCTION OF THE EXPORT BAN

Tussing et. al., in 1987 estimated that the export ban would increase the wellhead price of ANS oil by up to $4/bbl and that this increase would increase production by 460 million bbls. in Alaska and 280 million bbls. in California over the period 1987--2000. The estimates made in this paper are considerably lower primarily because the amount of ANS going to the Gulf Coast market is lower currently due to the decline in ANS production and the continued growth in West Coast crude oil demand.

At current prices of roughly between $17.00/bbl and $19.00/bbl, an increment of $1.00/bbl would add roughly 60 million bbls of California production and 110 million bbls of Alaskan production between 1992 and 2000 assuming production price elasticities of 0.5 (Tussing, et. al.) and 0.3 respectively (State of Alaska).

CONCLUSIONS

The ANS Export Ban has remained in effect over the life of production from North America's largest oil field. The economic evidence has always indicated that the ban is inefficient and results in economic waste and a reduction in the overall level of global economic activity.

Given the current global market structure, the ban continues to depress Alaskan and California crude oil prices by nearly $1.00/bbl. At the same time the approximately 200,000 bbls/day of ANS forced into Eastern U.S. markets incurs approximately $2.70/bbl more in transportation charges than if it were exported to Pacific Rim countries in international tankers.

Taken together, the effect of deadweight transportation cost loss and reduced crude oil price reduces annual producer profit by roughly $540 million, annual state revenues in Alaska and California by $200 million, and annual Federal revenues by $275 million. The higher wellhead values resulting from lifting of the ban could result in another 750 million bbls of production in Alaska and California.

At some point in the near future ANS will no longer be in surplus on the West Coast. At that time the price should rise to world levels. However it is possible that if the export ban is still in effect at that time that the reduction in potential buyers for ANS in a market as concentrated as the U.S. West Coast may continue to result in a West Coast discount relative to global prices.

SJR

12

Alaska State Legislature
House of Representatives
Office of the Chief Clerk

Official Business

State Capitol, Rm 214
Juneau, AK 99801-1182
(907) 465-3725

CONCUR 19-0 4/21/95

April 20, 1995

MESSAGE TO THE SENATE

Madam President:

The House has passed CSSJR 12(RES) with the following amendment and it is transmitted for consideration:

HOUSE CS FOR CS FOR SENATE JOINT RESOLUTION NO. 12(RES) am H
Relating to the United States Department of Agriculture, Forest Service; relating to the United States Department of Agriculture, Forest Service, strategic plan known as "Reinvention of the Forest Service"; and advocating that implementation of the plan be suspended pending Congressional review and consultation with local governments.

Suzi Lowell

Suzi Lowell, Chief Clerk

SENATE FINAL PASSAGE ON
JOURNAL PAGE # 370
2-22-95
FISCAL NOTE: Ø

Sen. Pearce
Sen. Halford
Sen. Miller
Sen. Duncan
Sen. Taylor
(prime sponsor)
Sen. Leman
(Chair, last committee)(Senate
Sen. Frank, Co-Ch., Finance

SENATE COMMITTEE REPORT
First Committee of Refer. .l

DATE: 1/25/95

FURTHER:

Date of 5-Day Notice: 2-2-95
(in accordance with Uniform Rule 23)

DATE TURNED
INTO OFFICE: 2-13-95

Resources Committee considered SJR 12

Relating to U.S. Dept. of Agriculture, Forest Service, and the strategic plan known as "Reinvention of the Forest Service"; and the implementation of the plan.

and recommends:

[✓] be replaced with ____ CS SJR 12 (RES)

[ ] adopt previous ____ CS ________ (____)

[ ] attached amendment(s)

[ ] adopt Letter of Intent by ________ Committee

[ ] further referral to the ________ Committee

Senate Bill:
[✓] same title
[ ] new title
House Bill:
[ ] technical change
[ ] new: SCR* ____

SIGNING WITH RECOMMENDATIONS:	DP	DNP	NR	AM
[signature]	✓			
[signature] Taylor	✓			
[signature] Pearce	✓			
CHAIR: [signature]	✓			

NEW FISCAL NOTE(S):

Department	Date	Zero	Fiscal
DNR	1495	✓	

PREVIOUS FISCAL NOTE(S):*

Department	Date	Zero	Fiscal

[ ] APPROPRIATION -- no fiscal note

*include fiscal notes accompaning Governor's bill

FISCAL NOTE

STATE OF ALASKA **BILL NO.** SJR12

1995 LEGISLATIVE SESSION

Revision Date:	Original	Dept Affected:	Natural Resources
Title:	Relating to the United States Department of Agriculture, Forest Service:... strategic plan known as "Reinvention...	BRU:	Resource Development
		Component:	Forest Management & Development
Sponsor:	Senator(s) Taylor, Pearce		
Requestor:		Component Serial No.	435

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY96	FY97	FY98	FY99	FY00	FY01
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
CHANGE IN REVENUES ( )	0.0	0.0	0.0	0.0	0.0	0.0

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY95) cost: $ None

POSITIONS

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

There is no fiscal impact associated with implementation of this resolution.

Prepared by:	Tom Boutin, Director	Phone :	465-3379
Division:	Forestry	Date :	9-Feb-95
Approved by Commissioner:		Date:	2/9/95
Agency:	Natural Resources		

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For further distribution information call the Governor's Legislative Office

(SJR12.XLS Rev 2/9/95)

Final requested 4:29 p.m. 2/10/95

9-LS0526\C
Luckhaupt
2/2/95

CS FOR SENATE JOINT RESOLUTION NO. 12( )

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - FIRST SESSION

BY

Offered:
Referred:

Sponsor(s): SENATORS TAYLOR, Pearce

A RESOLUTION

Relating to the United States Department of Agriculture, Forest Service; relating to the United States Department of Agriculture, Forest Service, strategic plan known as "Reinvention of the Forest Service"; and advocating that implementation of the plan be suspended pending Congressional review and consultation with local governments.

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

WHEREAS the United States Department of Agriculture, Forest Service, has issued a new strategic plan known as "Reinvention of the Forest Service"; and

WHEREAS this plan has far-reaching implications and was developed without consultation with key elected leaders, including state governors, members of the United States Congress, or community, tribal government, and the Alaska Native Claims Settlement Act (ANCSA) corporate leaders in contradiction of President Clinton's Executive Order No. 12875 "Enhancing Intergovernmental Partnerships"; and

WHEREAS Vice-President Gore's "Report on Reinventing Government" was developed with the promised intent of empowering local governments and decentralizing decision-making power; and

WHEREAS the "Reinvention of the Forest Service" strategic plan approved by Secretary of Agriculture Mike Espy, just before his resignation, eliminates the very foundation of locally based authority that had the responsibility of working with states, local communities, tribal governments, and ANCSA corporations and masks and diffuses decision-making authority and withdraws it to Washington, D.C., making the Forest Service less responsive to local concerns; and

WHEREAS moving the Alaska Region Forest Service office to Portland, Oregon, is an example of the flawed science being used to define ecosystems and ecological boundaries; and

WHEREAS the newly defined purpose of the Forest Service to promote the sustainability of ecosystems without specifically retaining the traditional Forest Service objective of promoting community stability has already created problems and crises for hundreds of communities dependent upon the national forests and state and private forest ecosystems; and

WHEREAS the new strategic plan has seemingly turned away from commitment towards providing a continuous flow of renewable resources to meet the public need, as directed in the Organic Act, Multiple-Use Sustained Yield Act of 1960, the National Forest Management Act, and other Acts of the Congress; and

WHEREAS, under the new strategic plan, the Forest Service is more inclined to present a nebulous plan for ecosystem management where resource yields are simply the by-products of management, with no predictable flows or commitments to supply levels to sustain human life;

BE IT RESOLVED that the Alaska State Legislature calls upon the newly designated Secretary of Agriculture to suspend implementation of the reinvention project's strategic plan approved by Secretary Espy to allow for Congressional review and for consultation with local governments; and be it

FURTHER RESOLVED that the United States Department of Agriculture, Forest Service, conduct true partnership meetings with states, communities, tribal governments, and ANCSA corporations to develop a new strategic plan; and be it

FURTHER RESOLVED that the Forest Service acknowledge the United States Department of Agriculture's legal obligations to rebuild, restore, and promote the economic stability of forest dependent communities; and be it

FURTHER RESOLVED that, in keeping with federal law, timber commodities are a primary not a residual value of forest management; and be it

FURTHER RESOLVED that Forest Service employee compensation and cost-of-living allowance be reflective of timber production, and be it

FURTHER RESOLVED that the United States Department of Agriculture, Forest Service, through a true partnership with local communities, identify and implement strategies for decentralizing decision making and empowering state and local governments to more effectively manage forest ecosystems to assure community stability, improve service to the public, and reduce government cost.

COPIES of this resolution shall be sent to the Honorable Bill Clinton, President of the United States; the Honorable Al Gore, Jr., Vice-President of the United States and President of the U.S. Senate; the Honorable Dan Glickman, Secretary of Agriculture; the Honorable Bruce Babbitt, Secretary of the Interior; Jack Ward Thomas, Chief of the Forest Service, U.S. Department of Agriculture; and to the Honorable Ted Stevens and the Honorable Frank Murkowski, U.S. Senators, and the Honorable Don Young, U.S. Representative, members of the Alaska delegation in Congress.

United States Department of Agriculture | Forest Service | Washington Office | 14th & Independence SW
P.O. Box 96090
Washington, DC 20090-6090

Reply to: 1200 Date: December 6, 1994

Subject: Forest Service Reinvention Plan

To: Forest Service Employees

Enclosed is the Summary of our reinvention report approved by Secretary Espy. This report is a strategic plan for creating the Forest Service of the future. It was developed in the spirit of President Clinton's National Performance Review with extensive participation of our employees and members of the public.

We have deliberately taken a comprehensive and thoroughgoing approach because of the extraordinary challenges faced by our Agency over the past several years. Our employees and stakeholders believe significant change in the way we do our business is necessary to enhance the confidence and trust of the people we serve.

We have electronically mailed a copy of the complete report to your unit's mailbox. It should soon be available for your use. Hard copies will be arriving soon to your unit by surface mail.

In January, we will conduct an interactive video conference to answer questions you may have about the report and our implementation strategies. We hope that you will take the opportunity to read the report between now and then. Further details on the conference will be forthcoming.

Reinvention is an evolutionary process that will continue over a prolonged period. As we phase in various aspects of reinvention, we will use every tool at our disposal to minimize impacts on Forest Service people. These tools include buyouts, retraining, retirements, attrition, transfers within and between agencies, and reassignments.

This is an exciting and challenging time for the Forest Service. We know you are already working hard to create the Forest Service of the future. We sincerely thank you for your efforts.

Keep it up!

/s/ Jack Ward Thomas

JACK WARD THOMAS
Chief

Enclosure

Background

Forest Service Reinvention
Executive Summary

Introduction

We believe significant change is needed in the way we do business in order to perform our duties in a manner that enhances the confidence and trust of the public. Because of the extraordinary challenges faced by our Agency over the past several years, we have deliberately taken a comprehensive and thorough approach to Forest Service reinvention. Our goal is to improve customer service and build the public's trust through improved efficiency and demonstrated competence.

Forest Service Reinvention Report

The newly released report, "Reinvention of the Forest Service: The Changes Begin," proposes a description of the Forest Service of the future and ways to bring it into being. The report is a strategic document. It was developed in the spirit of President Clinton's National Performance Review with extensive participation of Forest Service employees and members of the public. It does not attempt to provide solutions to site-specific resource issues. Nor does it, in general, prescribe sizes or structures of organizations below the regional level. Instead the report focuses on the purpose, outcomes, culture, structure, and work for the Agency. However, a number of specific actions have been, are being, and will be taken in support of the concepts described in the report. This summary addresses many of those actions as well as the broader plan for creating the Forest Service of the future.

A number of the changes described in the report are internally focused on improving how Agency employees work with each other. Others describe how we can work better with the people we serve. Employees will notice a dramatic difference in the organization. We hope those outside the Agency who rely on local offices for service will notice an improvement in that service and healthier forests and rangelands.

Following are the key elements of the Forest Service reinvention proposal. Clearly, some of the proposed actions will require close coordination and dialogue amongst the Administration, Congress, and the people we serve. We plan to forward more specific details about these proposals to Congress in January.

Purpose and Outcomes

The purpose of the Forest Service is to promote the sustainability of ecosystems and to provide excellent public service through conservation leadership. Our land ethic is to promote the sustainability of ecosystems by ensuring their health, diversity, and productivity. Our service ethic is to tell the truth, obey the law, work collaboratively, and use appropriate scientific information. The phrase "caring for the land and serving people" captures the Forest Service mission.

It follows that our desired outcomes are sustainable ecosystems and public service. Sustaining ecosystems, because they provide the foundation for all life, is our first priority. Public service, including high-quality customer service is a partnership with society to meet people's needs for natural resources - uses, values, products, and services - within the bounds of ecosystem management.

Culture

True improvement begins inside an organization, crossing all internal and external boundaries. Internally, the Forest Service will recognize and build upon our multicultural, multidisciplinary composition. We will stress sensitivity to others as a primary feature of our culture. We will work in an innovative, creative, and people-oriented environment, often in teams. Collaborative processes will characterize our internal and external work relationships, and we will emphasize cooperation and reward teams and quality teamwork. Teamwork and shared leadership will be critical as employees help each other to balance career and personal needs. Lifelong learning will be a fundamental component of employee development in the Forest Service of the future.

Externally, we must gain the confidence of the people we serve - the American people. To be successful in our endeavors, we will need continuous guidance from the American public as to what works and what doesn't. We will become active members of the communities in which we live and work. We will also engage in greater levels of intra- and inter-agency cooperation. We must recognize that the Forest Service can learn a great deal from other land managers. We must also be willing and able to work across international boundaries to solve problems efficiently.

Structure, Roles, and Work of the Agency

The structure of the Forest Service will be designed around five broad program areas - National Forest System (NFS), Operations (OPS), Research and Development (R&D), State and Private Forestry (S&PF), and International Forestry (IF)_and in the framework of a national office and seven regional offices (see figure 1). Regional offices will be located in Sacramento, CA; Portland, OR; Albuquerque, NM; Ogden, UT; Denver, CO; Milwaukee, WI; and Atlanta, GA. This is a reduction from the former organization of nine National Forest System regions, eight Research stations, and one State and Private Forestry area. Regional boundaries will be realigned to more closely follow natural ecological boundaries with the goal of improved coordination with the Natural Resources Conservation Service and other natural resource agencies resulting in healthier forests and rangelands. Where regional boundaries on state lines would split a NF, that entire forest will be assigned to one region or the other.

The boundaries shown in figure 1 imply several major changes in FS operations:

1. NFS, S&PF, and R&D all have the same regional boundaries. This means that individual Forests, S&PF units, and R&D units would be reorganized to conform to these boundaries.

2. The shifted boundary of the Southeastern Region, formerly the Southern Region, places Virginia in the Eastern Region and the entire states of Texas and Oklahoma in the Southwestern Region.

3. The former Rocky Mountain and Northern Regions, excluding Idaho, are combined into the Northern Plains Region.

4. The Intermountain Regional boundary shifts north and west to encompass the entire State of Idaho and Eastern Oregon and Washington.

5. The Alaska Region and the Pacific Northwest Region are merged.

Within the seven regions, the boundaries of proclaimed NFs and Grasslands will be retained, but they may be grouped into larger administrative units so a single unit may serve parts of several NFs, R&D units, S&PF units, etc., that share a common ecosystem or a common primary management issue. The work among units will be designed for the best ecosystem management and the highest level of public service at the lowest cost.

At the outset, organizational structure below the regional level will be left open to experimentation, learning, and adaptation to local circumstances. Regional leadership teams will work with units at local levels such as NFs, ranger districts, and R&D units to determine where consolidations and collocations are possible. As in the past, decisions will be made on a case-by-case basis and based on continued or improved high-quality public service and natural resource management, efficiency, and cost-effectiveness. Shared services will also be explored and implemented where feasible across unit boundaries and USDA organizational boundaries and, over time, across other governmental boundaries. Our intention is to continue our basic presence and points of contact at the local level.

To facilitate these changes, we will clarify the roles of each level of the Agency's organization (see figure 2). We will also restructure and streamline the Washington and regional offices to facilitate communications and work across functional boundaries (see figure 3).

In the Forest Service of the future, management will be primarily by teams. Teamwork at all levels will facilitate a streamlined approval process and eliminate excess layers of supervisors. The National Leadership Team will consist of the Chief, Associate Chief, and Deputy Chiefs for NFS, S&PF, OPS, R&D, and IF. Members of Regional Leadership Teams will be the Directors of NFS, S&PF, OPS, and R&D, Although their performance appraisals will emphasize teamwork, Regional Leadership Team members will report directly to the Deputy Chief in their program area.

Many services now delivered by in-house monopolies will be provided through "contracting in" to internal enterprises or teams. Individual units will decide what services they need and are willing to pay for and will contract directly with these enterprises. Contracting in will eliminate unnecessary duplication of skills throughout the Agency, and the option of choosing one service provider over another will offer a powerful feedback mechanism to service providers. When competition and choice are not options, internal customer satisfaction surveys will be used to gauge the quality of services provided by monopoly enterprises.

Transformation Strategies

The Forest Service is such a large, geographically dispersed, and culturally diverse organization that employees must make an extra effort to be sure the Agency's goals are clear to everyone. To accomplish the objectives of our transformation strategies, we will:

- Ensure that all Forest Service employees understand the Agency's purpose and desired outcomes.

- Examine our current organizational culture to identify those elements that are fundamental to and support, and strengthen our Agency and those that must be eliminated or modified in the future.

- Implement the "Toward a Multicultural Organization" report.

- Provide flexible policies and options on flexitime and flexiplace, dependent care, and travel arrangements.

- Implement newly established standards of customer service that all employees will keep as a pledge to the American people. These standards, created in partnership with our customers, will adapt to the constantly changing needs of our society.

- Use every tool at our disposal to minimize impacts on Forest Service people to achieve desired staffing levels when fewer employees are required.

- Reengineer the Agency's business processes.

- Set standards for and base management decisions on results of monitoring. This will be done with the involvement of our partners.

- Emphasize integrated, cross-disciplinary teams at all levels and branches of the Forest Service organization.

- Seek budget reform and extend greater decisionmaking authority to local units in the development and execution of their budgets, emphasizing integration of budgets across Forest Service programs.

- Establish internal enterprise units to provide for-hire services to an internal market system of competition and choice, keeping needed expertise within the Agency, reducing inefficiency and waste, and eliminating duplication of skills and activities that do not efficiently support Forest Service objectives.

- Strengthen our partnership activities across all organizational, administrative, and functional boundaries.

The vision and transformation strategies contained in this report are the Forest Service's roadmap to the future. With commitment from our employees and support from the people we serve, the Forest Service will be well positioned to be a conservation leader for the 21st century.

Current and Ongoing Actions

Reinvention of the Forest Service is not a destination but a journey; it is an evolutionary process that will continue over a prolonged period. As we phase in various aspects of reinvention, we will use every tool at our disposal to minimize impacts on Forest Service people. These tools include buyouts, retraining, retirements, attrition, transfers within and between agencies, and reassignments.

Many actions consistent with this report have already been taken, while others within our authority will be implemented immediately. We will work closely with Congress on those proposals with which they are particularly concerned. We plan to provide details on these proposals to Congress in January.

Planned Organizational and Operational Changes

Following are key organizational and operational changes that will result from implementation of the proposed Reinvention Plan:

1. Employment in the Washington Office will be reduced by at least 10-20%. Functional staffs will be organized to facilitate interdisciplinary teamwork while retaining technical expertise and points of public contact. (A special team is working now on alternatives for restructuring the staff resources of the national office.) Employees whose work supports field activities will be assigned to appropriate field service locations. The Programs and Legislation Deputy Area will be eliminated and its functions distributed among other program areas. The Chief, Associate Chief, and five Deputy Chiefs will comprise the National Leadership Team to facilitate integration of programs and improve accountability.

   Planned completion date for reorganization: September 30, 1995
   Planned completion date for personnel reductions: September 30, 1996

2. Regional Offices will be reduced from 9 to 7 with a potential reduction of 300 employees and cost savings of $17 million.

   Planned implementation date: September 30, 1995
   Planned completion date: September 30, 1996

3. Research Stations will be reduced from 8 to 7 with expected reduction of 25 employees and cost savings of $1.5 million.

   Planned implementation date: September 30, 1995
   Planned completion date: September 30, 1996

4. Revised administrative boundaries will be shared by all Forest Service programs and will be more closely aligned with ecological boundaries. The Forest Service and the Natural Resources Conservation Service will establish common administrative boundaries.

Planned implementation date: September 30, 1995
Planned completion date: September 30, 1996

5. Leadership Teams will be established in each Region to facilitate integrated management and develop integrated budgets for the National Forest System, State and Private Forestry, Operations, and Research and Development programs.

Planned implementation date: September 30, 1995
Planned completion date: September 30, 1996

6. Forest Service and Natural Resources Conservation Service Regional Offices will be collocated. The Forest Service will maintain a presence in locations where Regional Offices are closed.

Planned completion date: September 30, 1996

Continuing Actions

We are continuing to move forward with the following actions that support Reinvention:

1. Administrative and Financial Management Consolidation: This USDA initiative will integrate and consolidate the administrative and financial functions of the Natural Resources Conservation Service and the Forest Service in order to reduce staffing and improve commonality of systems across the Department's Natural Resources and Environment Mission Area. Implementation is scheduled to begin on May 1, 1995.

2. GPRA: The Forest Service requested and was granted pilot status for implementation of the Government Performance and Results Act. Implementation of GPRA is key to improving accountability and reducing duplication in financial and accomplishment reporting. It provides meaningful, useful and reliable annual goals and corporate performance indicators for use in planning, budgeting, monitoring, performance evaluation, and reporting.

3. Budget Reform: We will continue to implement and seek to extend the budget reforms achieved in FY 95, which include: budget structure simplification, integrated funding of projects, and expanded reprogramming authority.

4. Bureau of Land Management and USDA Forest Service Personnel Exchanges: The FS and BLM will work together to promote the exchange of professional and managerial personnel through detail arrangements.

5. Project 615: A contract for information resources technology which will be critical to the Forest Service in addressing complex environmental

problems related to ecosystems management has been awarded. This technology will provide geographic information system capability which is essential for analyzing complex issues relating to management of natural resources.

6. Inventory: We will integrate our resource inventories and carry them out under the leadership of our research branch. We will work with the Natural Resources Conservation Service to share information and conduct joint inventories where appropriate.

7. Science/Policy coordination: We will intensify and institutionalize our collaboration between scientists and managers in the decision-making process.

8. International Forestry. We will complete development of a strategic plan for International Cooperation that reflects our vision of conservation leadership, involves the entire Agency, and builds on partnerships with other organizations.

Additional Implementing Actions

The following actions are being taken to implement our Reinvention Plan.

1. Customer Service - Customer service standards that all employees will strive to meet have been established and will be put in place in all offices.

2. Reengineering - A National Reengineering Design Team will be appointed to implement the Reengineering Transformation Strategy contained in our plan. This team will set the agenda and priorities for, and provide oversight to, the critical task of "rethinking and redesigning how we do work in the Forest Service."

3. New Performance Standards - Team work agreements will be established with the National and Regional Leadership Teams to address the outcomes of sustaining ecosystems and high-quality public service. These new straightforward work agreements will improve accountability and serve as models for all supervisors in the Forest Service.

4. Review System and Accountability - The Customer Service Team will redesign the Management Review System to focus on "Conditions of the Land" and "Customer Satisfaction." This redesigned system will be initiated this fiscal year and will be key to accountability for reinvention.

5. Enterprise Fund - We will explore the establishment of an enterprise fund that will provide start-up financing and incentives for innovative ideas such as creating competition for internal services. Funds will be awarded based on competition.

6. Person-in-job - A new position classification process will be established to allow in-place advancement of resource specialists based on growth in capability and expertise. This draws on the principles and

processes used in the classification and advancement of research scientists. Application to other types of specialists will be explored.

Recent Accomplishments

Examples of actions taken during the past two years that support Forest Service reinvention principles include the following:

1. Reduction in Staffing

Since our downsizing efforts began in October 1992, the Agency has reduced its work force by 4,163 permanent positions, from 35,358 to 31,195, (as of August 15, 1994). Adequate staffing will be maintained to assure skills critical to fulfilling the mission are available.

2. Organizational Restructuring

Since January 1993, the Agency has approved eight ranger district consolidations, seven of which have received approvals for office closings. The first four of these, as listed below, have been completed.

Cibola National Forest - Rita Blanca National Grasslands (Texline, TX) Office was closed and consolidated with the Kiowa National Grasslands Office (Clayton, NM).

Plumas National Forest - La Porte Ranger District Office (Challenge, CA) was closed and consolidated with the Oroville Ranger District Office (Oroville, CA).

Plumas National Forest - Greenville Ranger District Office (Greenville, CA) was closed and consolidated with the Quincy Ranger District Office (Blairsden, CA).

Mark Twain National Forest - Willow Springs Ranger District (Willow Springs, MO) was closed and consolidated with the Ava Ranger District Office (Ava, MO).

Plumas National Forest - Milford Ranger District Office (Milford, CA) will close and consolidate with the Beckwourth Ranger District Office (Blairsden, CA).

Francis Marion and Sumter National Forests - Edgefield and Long Cane Ranger Districts were consolidated. The Forest has received approval to close the Edgefield Ranger District Office (Edgefield, SC) and move to Long Cane Ranger District Office (Greenwood, SC). The date of this closing has not been determined.

Kootenai National Forest - The Libby Ranger District Office (Libby, MT) will be closed and consolidated with the Fisher River Ranger District Office (Libby, MT).

Lincoln National Forest - Cloudcroft (Cloudcroft, NM) and Mayhill (Mayhill, NM) Ranger Districts received approval for consolidation. Decisions on office closings are pending.

3. Collaborative Approaches and Sharing Administrative Services

Forest Service units have taken advantage of a number of collaborative opportunities to reduce costs. Examples include:

Region 2 - Streamlined the organization with a focus on the objectives of reinvention and ecosystem management; established shared expertise arrangements with other regions and agencies.

Region 3 - Work force was reduced by 11 percent over the past 3 years; timber and engineering staffs have implemented an aggressive shared services program between forests and regions, resulting in a consolidation of duties with salary and related savings.

Regions 1, 2, 3, and 4 are currently sharing forest management activities such as sales administration, sale contracts, and appraisals.

Region 4's Design Center is currently doing contract facilities design for other regions.

A team for environmental assessment and impact statement preparation is shared among Regions 1, 4, 6, and BLM in four states (Idaho/Montana and Oregon/Washington).

4. Collocation With Other Agencies

Presently, over 60 Forest Service units (about 6 percent), are collocated with other government agencies. Where opportunities exist, we continue to pursue collocation with other agencies as a means of streamlining, sharing resources, and saving rental costs. Examples include:

Region 1 - Beaverhead National Forest shares space with ASCS and SCS. The Jefferson Ranger District and the Deerlodge National Forest (Whitehall, MT) share space with ASCS, SCS, and other government agencies.

Region 3 - In Santa Fe, NM, the National Park Service and the Santa Fe National Forest Supervisor's office are collocated.

The National Interagency Fire Center in Boise, ID, and the Minnesota Interagency Fire Center in Grand Rapids, MN, are outstanding examples of interagency cooperation and collocation. They include the Forest Service, BLM, Park Service, and the Fish and Wildlife Service.

Pacific Southwest Research Station - The Institute of Pacific Islands Forestry (IPIF) in Honolulu, HI, and the Hawaii Department of Forestry and Wildlife are collocated. The Forestry Research Laboratory in Hilo is collocated with the National Park Service office.

5. Technology (Integrated Information Systems)

Major business system technological changes are underway that will produce dramatic efficiencies and better service delivery. Examples include:

Major initiatives to fully automate and integrate Forest Service financial, payroll, and personnel systems internally and with the National Finance Center will provide a seamless automated interface between all functional components. This initiative will eliminate intermediate manual processes and reduce the time required to complete routine business processes.

Forest Service Reinvention Q&A's

United States
Department of Agriculture

Forest Service
P.O. Box 96090
Washington D.C. 20090-6090

1. Why is it necessary to reinvent the Forest Service?

A number of forces are at work that have compelled the Forest Service to re-examine how we operate, provide goods and services to our nation, and are structured. Among the reasons for reinvention are:

1. The Agency, how it operates, and it's internal structure and culture, have not changed enough to meet the changing expectations of the diverse people we serve.

2. The American people expect a higher level of personal service than ever before. To meet this expectation, we must place greater emphasis on customer service than we have in the past.

3. Our awareness and understanding of the complexity of managing natural systems has grown enormously. We need to place much greater emphasis on ecosystem sustainability over the long term.

4. There are more strident and conflicting demands for finite natural resources than in the past.

5. Our society has a greater diversity of views and concerns about natural resources than ever before.

6. We understand that federal lands alone cannot produce all the goods and services, assure ecosystem sustainability, and protect endangered species at levels that satisfy societal expectations.

7. There is a growing feeling of mistrust for the motives and actions of the Forest Service by many of the people we serve.

8. Discretionary funds in the Federal budget are declining. These funds are currently around 15% of the federal budget, but are likely to continue to decrease.

2. How does the Forest Service reinvention effort tie to the overall USDA reorganization effort?

In September of 1993, Secretary Espy announced the proposed reorganization of USDA. At that time he also announced that the Forest Service would undergo a significant internal review. Forest Service reinvention has provided that review and one result is the colocation of regional boundaries and offices with those of the USDA Natural Resources Conservation Service. Additionally, the two agencies plan to integrate and consolidate administrative and financial functions between organizations to reduce staffing and coordinate systems.

3. Hasn't Forest Service reinvention been ongoing for sometime?

Continuous adaptation has increasingly become a requisite need for our Agency, and the Forest Service has been adapting for some time. However, this reinvention has been a focused effort that builds upon, consolidates, and shares the results of many good, but isolated efforts—e.g. Pilot, customer orientation, shared services, external partnerships, stewardship analysis processes, etc. The Vice President's National Performance Review has given the Agency an opportunity to take a holistic approach to reinvention, looking beyond the issues of streamlining and downsizing. We have been able to examine the Forest Service's core purpose, outcomes it wishes to attain, its organizational culture and the work it performs (or no longer should be doing), in addition to the structural aspects of reinvention.

4. What can we expect as a result of reinvention?

We expect the Forest Service of the future to have an organizational culture and structure that is aligned with the purpose and outcomes America expects--e.g. sustainable ecosystems, quality public service, provision for multiple benefits to people, and effective and efficient government.

Forest Service reinvention is aligned with and builds on Vice President Gore's *National Performance Review*. Therefore, our reinvention is aimed at:

- Cutting Red Tape
- Putting Customers First
- Empowering Employees to Get Results
- Going Back to Basics...producing better government for less costs

5. What are the key components of reinvention?

Our reinvention effort has five dimensions:

- Purpose
- Outcome
- Culture
- Work
- Structure

We traditionally use restructuring as a way to manage change. However, we feel the biggest gains will ultimately come through behavioral changes and reengineering work in combination with greater customer service. Solely focusing on structural changes and hierarchical organization is increasingly recognized as being less important to the delivery of mission and outcomes. Our proposed organizational changes are aimed at encouraging teamwork, empowering employees, and increasing accountability.

6. How will the Washington Office be affected?

The Washington Office (WO) will use the reinvention principles and ideas available to other levels of the organization. In addition, a team is working to determine how to more effectively organize the WO for the future. This will probably result in down-sizing and a reduction in the number of staffs, due to changing roles and methods of operation--e.g. less oversight, less control, and more service. The number of Deputy Chiefs is decreasing from 6 to 5.

7. How many National Forest, Research Station, and State & Private Forestry regions will there be?

The reinvention plan proposes 7 geographic regions. Regional boundaries for the National Forest System, Research Stations, and State & Private Forestry coincide. A few units such as the Forest Products Laboratory and the International Institute for Tropical Forestry will not report through the regions. In addition, each of the regions will contain an Operation's unit.

8. What was the basis for regional boundaries?

A number of factors influenced selection of regional boundaries. Factors considered were ecosystem management needs; alignment with USDA Natural Resources Conservation Service regional boundaries; balanced work loads; and other political, social and economic needs.

9. What will happen to those locations that are no longer identified as Regional or Station headquarters?

Over time, these locations will be phased down to those activities which effectively serve both internal and external customers. Examples of this could be service centers or centers of excellence for administrative processes, such as acquisition or personnel processes. While some offices will close, in most areas we will maintain a presence through district, national forest, service center and other local offices.

10. The Report does not detail how units below the regional level will be affected. Why not?

Because of the vast differences among Forest Service units, the need to serve diverse customers, and the need to have a learning and adaptive organization, it was more advantageous not to be prescriptive on organizations below the regional level. All the other aspects of reinvention, such as the emphasis on teaming and other behaviorial changes, as well as reengineering of work processes apply to all levels. With regard to reinvention, we feel that outcome and results are more important than consistent structure. In fact, in some instances, consistency acts as a constraint to our work.

11. What is the difference between streamlining and reengineering?

Streamlining focuses on taking existing processes and making incremental improvements. Reengineering calls for a fundamental rethinking and radical redesign or even elimination of processes to achieve dramatic improvements in organizational performance.

12. Many of us work on teams now. What is different about the teams called for in the report?

It's true that many of us now do work on teams. However, for the most part our reward systems, appraisal system, and hierarchical organization all focus on individual contributions, rather than team performance and results. In the future, people will be appraised, and rewarded for their teaming abilities as much as for their individual contributions.

13. What will happen to those people who cannot get on teams?

There will be very few, if any, people who cannot serve on teams in some capacity. We will all need to improve our skills and knowledge on how to be beneficial team members. A few jobs will still exist in which individual expertise and relative isolation can still be functional. But they will be few, and even these will require communication and networking skills to be effective.

14. What do we mean by providing choice through internal competition?

Internal competition provides internal customers choice on how and where they obtain services. Internal customers pay for the services they receive and internal enterprise service groups derive their funding from the customers. Currently most internal services are monoplies, funded off the top with more focus on serving the process than serving the customer. Through internal competition, the focus will shift to meeting the customer needs for quality and timely service. This change will put the customer in charge, not the process or the hierarchy.

15. What if internal enterprise groups don't attract enough work to support themselves?

There are some government actitivities that only government can do and are legitimately monopolies—e.g. compliance and regulatory work. Members of non-viable enterprise teams will need to be retrained and/or reassigned to new teams. The key is not to give up on enterprise just because we have a few failures, or everything does not work perfectly.

16. How and when will the changes called for in reinvention be carried out?

Throughout the Forest Service, units are in various stages of implementing many of the concepts described in the reinvention report. A detailed implementation plan that deals with the structural changes, will be developed. Until then, units are expected to move ahead in implementing the reinvention changes and concepts over which they have control.

17. What is the role of labor unions in reinvention?

The National Federation of Federal Employees (NFFE) has been a full partner in reinvention and will continue to be so throughout the implementation. Partnership councils at all levels of the organization provide the means for labor and management to work cooperatively together.

18. How much money will be saved?

The focus of reinvention has been primarily on improving our effectiveness in providing the outcomes the American people expect from the Forest Service. For example, reengineering will eliminate chunks of work that do not contribute to desired Agency outcomes as well as dramatically improving the efficiency of core programs and functions. Working in teams and across organizational boundaries allows for sharing of expertise and eliminates needless duplication of skills. While we expect there will be substantial savings, a comprehensive cost-benefit analysis has not been done.

19. What is the desired size of the agency in terms of people, and how will we get to that number from where we are now?

The size of the Agency is being driven more by budgetary realities than mission needs. While not directly related to reinvention, we have already down-sized approximately 4000 positions and may face the need for an additional 4000 position reduction. This increases the need for us to use the effectiveness we can gain through implementation of reinvention concepts such as reengineering work.

20. Will we continue to do more with fewer people?

No. Instead of doing more with less, we will do fewer things more efficiently and effectively. Reengineering of work will be particularly helpful in identifying those things we are no longer going to do or will do in a greatly changed way. Using our mission, our land and service ethic, and the roles described for each level as our guide we should be able to further identify those activities that are critical to our success. We will do those jobs well, and we will be a success.

21. Many people sent comments and ideas into the team over the last several months. What happened to them and how were they used?

The Reinvention Team relied heavily on the information received from people both within and external to the agency. Most people who contributed suggestions and information received a direct reply from the Team. That information has been summarized and analyzed for use in preparing the final reinvention report.

23. Has the Leadership of the USDA and Forest Service truly bought into the change called for in this report?

The collective leadership of the USDA and Forest Service at all levels is a diverse group of individuals with varying perspectives and degrees of commitment. The Under Secretary, Deputy Under Secretary, Chief, Associate Chief, Deputy Chiefs and other key leadership members are all committed to reinvention and its implementation and will hold other leadership members accountable to ensure that it happens.

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24. What units will be affected by Reinvention? Closed or opened?

The proposed changes include reducing the number of Regional Offices from 9 to 7, and Research Stations from 8 to 7. A Forest Service presence in the affected cities will continue, but in a different capacity consistent with their new roles. Below is a chart of existing units and how they will be affected by this plan.

The increased use of extended teams and improved electronic communications, have profound implications for the proposed consolidation of Stations and Regions. Physical relocation of employees in support of leadership may not always be necessary. For example, consolidation of the North Central and Northeastern Stations with a new headquarter in Milwaukee, does not necessarily mean that all the employees from the Stations need move to Milwaukee. Some could be retrained to carry on functions better aligned with their locations new role. Others could become a member of an internal enterprise team. Still others will continue their current activities; only they will no longer be working in a Station Headquarter, but some other entity such as a Research and Development Work Unit. In the Forest Service of the future, leadership and technical support need not be physically based in one discrete unit, but rather could be physically dispersed, linked primarily through communications.

Teams will be formed in each Region to develop and complete a plan detailing the phased consolidation implementation actions. This plan will be completed September 30, 1995. Completion of actions will be completed by September 30,1996.

25. What cost-benefit analysis did you do to support these changes? Have you considered impacts on local communities in making these decisions?

A rigorous cost-benefit analysis was not done.

26. What is being done to protect the integrity/viability of District and Supervisor Offices? How much additional resources will get to these organizational levels due to reinvention?

The Report and Transformation Strategies do not prescribe the size, structure, or location of District or Supervisor offices. Forests and Districts are encouraged to experiment with different team operations, structures, and boundaryless behavior. Because Districts and Forests are primary providers of customer service, we have stressed the importance of shifting more resources to these field units. We believe that an increase in the amount of resources sent to the field will be realized by downsizing of the WO, RO's; reengineering of our business processes; increased influence and control of budgets, and; the creation and use of internal enterprise teams.

27. What are the projected staff reductions at the WO and RO/S/A levels and the anticipated savings from these actions?

Employment in the Washington Office will be reduced by at least 10-20% from October 1992 levels. Functional staffs will be organized to facilitate interdisciplinary team work while retaining technical expertise and point of public contact. (A special team is working now on alternatives for restructuring the resources of the Chief's office.) Employees performing work for the field will be transferred to appropriate service centers. The Programs and Legislation Deputy Chief Area will be eliminated and the other deputies reconstituted as a National Leadership Team with the Chief and Associate Chief to facilitate integration of programs and improve accountability.

Regional Leadership Teams will be established in each Region to facilitate integrated management and develop integrated budgets for National Forest System, State and Private Forestry, and Research and Development programs with appropriate operational support. We will propose that Regional Offices will be reduced from 9 to 7 with a potential reduction of 300 employees and cost savings of $17 million. Research Stations will be reduced from 8 to 7 with expected reduction of 25 employees and cost savings of $1.5 million.

28. How will the reinvention report help in implementing ecosystem management and how will this affect the ability of the Forest Service to meet commodity targets?

We are confident our ability to implement ecosystem management will be enhanced by a number of actions recommendations in the report. These include:

Ecologically Based Regions. Regions have been crafted to be more closely attuned to ecological land types, as displayed in Figure 1 of the report. The human dimension was factored in resulting in the final regional boundaries as displayed in Figure 2.

Integrated Regional Leadership. Regional leadership teams will be composed of directors of National Forest System, Research and Development, State and Private Forestry, and Operations. This integrated approach will emphasize holistic approaches to management and resolution of resource issues.

Ecosystem Management Based Budgets. Unit budgets will be developed based upon integrated ecosystem based programs and projects.

Boundaryless Teams. There will be an increased emphasis on the use of cross-boundary and boundaryless teams. These multi-disciplinary teams will ensure that resource issues are addressed in an holistic manner.

The effect that the recommendations in the report will have on our ability to meet commodity targets is unclear.

29. Will the position of Regional Forester be abolished? Ultimately, who will be accountable for activities on NFS lands?

The person who will direct National Forest System programs will be the Director-NFS. Many of the current responsibilities of current Regional Foresters will be incorporated into the Director-NFS.

CITY OF SKAGWAY

GATEWAY TO THE GOLD RUSH OF "98"
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FEB 7 1995

February 6, 1995

Re: SJR 8

Senator Jim Duncan
Alaska State Legislature
State Capitol, Room 119
Juneau, AK 99801-1182

Dear Senator Duncan,

Thank you for your letter of January 19th regarding the introduction of Senate Joint Resolution 8 proposing the merger of the Alaska Region and the Pacific Northwest Region of the U. S. Forest Service.

Members of the Skagway City Council reviewed the information regarding this proposal and they were unanimous in their opposition to this so-called "reinvention" which would see Alaska management issues delegated to Forest Service offices in Portland, Oregon for resolution.

Please continue your efforts on behalf of all Alaska to oppose this change. If we can provide additional commentary please contact me at your convenience.

Sincerely,

James R. Filip
City Manager

cc: Senator Leman
Senator Zharoff
Rep. Mackie

City and Borough of Sitka

Providing for Today . . . Preparing for Tomorrow

100 LINCOLN STREET,SITKA, ALASKA 99835

January 30, 1995

The Honorable Loren Leman, Chair
Senate Resources Committee
Room 113, State Capitol
Juneau, AK 99801-1182

RE: Alaska Senate Joint Resolution No. 8

Dear Senator ~~Leman:~~ Loren

The City and Borough of Sitka strongly supports Alaska Senate Joint Resolution No. 8 which opposes the U.S. Forest Service recommendation contained in their December 1994 "reinvention" report to combine the Alaska Region of the U.S. Forest Service with another region and move the regional office from Alaska. This proposed merger would negatively impact not only our community and region, but the entire State of Alaska.

Sincerely,

Rocky

Rocky Gutierrez
Mayor

cc. U.S. Senator Ted Stevens
U.S. Senator Frank Murkowski
U.S. Representative Don Young
Senator Robin Taylor
Representative Ben Grussendorf
Senator Jim Duncan

Alaska State Legislature

Chairman,
Judiciary Committee

Vice Chairman,
Transportation Committee

Member,
Resources Committee
Western Legislative Forestry Task Force

Senator Robin L. Taylor

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Sponsor Statement

Senate Joint Resolution No. 12

Before the Senate Resources Committee
February 10, 1995

Early in December, the U.S. Forest Service announced its Reinvention Plan. A copy of that half-inch thick document is on file in my office, for those who care to indulge in detail. Believe me, the devil is in the detail.

Briefly, this plan would centralize decision making in Washington D.C. Such a policy flies in the face of President Clinton's Executive Order No. 12875, which calls for "enhancing intergovernmental partnerships". It also puts lie to Vice-President Gore's "Report on Reinventing Government", with its stated goals of "empowering state and local governments" and "decentralizing decision-making power".

Under "Reinvention", regional forest supervisors and other front line leaders who now have decision-making authority would be replaced with four people "leadership" teams answerable only to the Chief of the Forest Service and the Secretary of Agriculture.

Gone is any pretense of involving local and state governments in USFS decisions. The plan goes so far as to consolidate the regional offices now located in Alaska and Montana to a central office in Oregon.

Sponsor Statement

SJR 12 calls for suspension of this plan and true partnership meetings with states, communities, and tribal governments. I have suggested a committee substitute which would add ANSCA corporations to that list. The goal would be the development of a new plan, one that would involve the affected entities up front. The "Reinvention" scheme goes far beyond the relocation of regional offices. If left to stand, it will mean a new era of Forest Service policy dictated from on high, without consulting the very people most impacted by those policies.

SOUTHEAST CONFERENCE

Tel. (907) 463-3445 FAX (907) 463-5670 124 West 5th Street Juneau, Alaska 99801

The Southeast Conference, representing the economic diversity and stabiltiy of the Southeast Alaska region, supports the effort of the United States Forest Service to streamline the management of the agency, and to realize a significant cost savings. However, we disagree with the methods proposed in the Forest Service Reinvention Proposal.

The trend toward centralized decision making in the Forest Service Washington, D.C. office is alarming to the people living near and making their living in the National Forests across this country. The loss of local insights and authority in the decision making process has been evident for some time, and jeopardizes the public trust in the federal agency.

It is critically important that the Forest Service increase the level of local involvement and accessibility. Communities' and residents' needs are not being heard now, nor are they adequately addressed. If implemented, the proposal to move the Alaskan Regional Office to Portland would result in a further decline in Forest Service effectiveness and ability to deal with Tongass issues. The Tongass National Forest and the Chugach are the first and second largest in the nation, encompassing approximately 22 million acres. Unique physical conditions, economic factors, and land management plans on the Alaskan forests are specific to the local conditions and needs and cannot be managed from afar.

It is our experience that within the last two years many of the 'reinvention' goals have already been applied to the management of the Tongass, with local responsibility and authority diluted from this region. Recent crucial decisions affecting the management of the Tongass and the local timber industry have been made from Washington, D.C. This has left the communities of Southeast Alaska concerned, and some distrustful of the public process and the agency serving us. Cost savings can be achieved in a number of ways infinitely less detrimental to our Southeast communities than by removing the Regional Office and/or removing or diluting the local authority.

In keeping with the promises made during the Clinton election campaign, decision making should occur closer to impacted communities, not from Washington, D.C. or Portland

TOTAL P.01

"Working For All Alaska"

JOHN A. SANDOR
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PHONE: (907) 586-2497
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January 12, 1995

M.J. (Jean) Hassell
Commissioner
Arizona State Land Department
1616 West Adams, Suite 329
Phoenix, Arizona 85007 FAX: (602) 542-2590

Dear Commissioner Hassell:

Thank you for sending Governor Fife Symington's Arizona Land Policy 2000 draft proposal and related information. The State of Arizona's "reinvention of government" strategy is an excellent proposal to break the gridlock that has paralyzed forest management in virtually all of the western states.

I was surprised to read that this strategy was formally presented to Secretary Babbitt (copy to Secretary Espy) as early as July 14, 1993 - yet this unique and promising strategy is not represented in the U.S. Forest Service's Strategic Plan approved by Secretary Espy last month. In fact, the new Forest Service Strategic Plan actually reduces decentralized decisionmaking in states and communities in favor of centralizing federal decisionmaking with the Chief of the Forest Service and Secretary of Agriculture personnel in Washington, D.C.

The State of Alaska, Montana and others have protested the approval of this new strategic plan without consultation of the elected leaders of our states. It appears your Governor and the Arizona Congressional Delegation were not informed and involved in the Forest Service's process of developing its new Strategic Plan.

Representatives of the Northern Rocky Mountain Retirees Association and others from Alaska, Idaho, etc. will be meeting in Missoula, Montana to consider a formal response to the new Forest Service Strategic Plan. A draft of a paper to be considered at that meeting is enclosed.

Please note the reference to Governor Symington's proposal in the paper. I believe the Governor's strategy is right on target, so will be recommending to the assembled group that we endorse that and other state/local government steps to bring decisionmaking authority to states and local governments. I hope this reference to the Governor's strategy is acceptable to your state.

Once again, I appreciated receiving this information, and the opportunity to again visit with you on crucial resource management issues that are so important to the people of our states.

Sincerest regards,

John A. Sandor

JOHN A. SANDOR

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January 6, 1995

PHONE: (907) 586-2497
FAX: (907) 586-2490

MEMORANDUM

TO: U.S. Senator Ted Stevens (attention Duane Gibson)
U.S. Senator Frank Murkowski (attention Mike Flanagan)
Congressman Don Young (attention Lloyd Jones)

FROM: John A. Sandor

SUBJECT: New U.S. Forest Service Strategic Plan

Enclosed is a paper: "ACTIONS NEEDED TO CORRECT THE SERIOUS FLAWS IN THE NEW STRATEGIC PLAN FOR THE FOREST SERVICE RECENTLY APPROVED BY USDA SCRETARY ESPY".

This paper was prepared by an ad hoc group of professional resource managers (many retired Forest Service employees) from various parts of the nation who advocate major improvements in the new Strategic Plan for the Forest Service.

We advocate all aspects of this Strategic Plan be put on hold until the new Secretary of Agriculture can review the plan. We also believe the Congress must have oversight of the major changes proposed. It is essential that Governors, State Legislatures and local communities also be partners in the development of any new Strategic Plan for the U.S. Forest Service, which has prfound impacts on states and communities who are dependent upon the National Forests. It is imperative that the Forest Service have clearly defined decision-makers within the state who can work with the state, local communities and native corporations/villages, as forest plans are prepared and implemented.

The Northern Rocky Mountain Retirees Association is hosting a meeting on this important issue January 18 in Missoula, Montana. I and others will continue to work closely with this and other regional representatives from different parts of the country. We would like to offer our assistance in providing you and other Members of Congress with whatever information we can to make certain the Strategic Plan finally approved will meet the needs of states and communities dependent on the National Forests.

We are very encouraged by your new leadership roles in Congress.

Thank you.

Enclosure: Paper on the New Forest Service Strategic Plan

cc: Organizations and individuals reviewing the Forest Service Strategic Plan

cc: John Katz, Alaska Governor's Office, Washington, D.C.

ACTIONS NEEDED TO CORRECT THE SERIOUS FLAWS IN THE NEW STRATEGIC PLAN FOR THE FOREST SERVICE RECENTLY APPROVED BY USDA SECRETARY ESPY *

In various parts of the nation, Forest Service plans and programs have become embroiled in complex appeals and litigation. Forest management activities have been suspended for years. Communities have suffered from the loss of available timber. In some instances, even the harvest of insect/disease infested stands has been stopped, raising the risk of catastrophic fires from the build-up of fuels in unmanaged forests. People within and outside government have recognized the need to deal with these crises situations adversely impacting states and communities.

In a December 6, 1994 memorandum to Forest Service employees, the Chief of the Forest Service reported that "the strategic plan for creating the Forest Service of the future" was approved by Secretary of Agriculture Espy. This strategic plan is described in a paper titled:

"REINVENTION OF THE
FOREST SERVICE;
The Changes Begin"
December 6, 1994

Surprisingly, this far-reaching "strategic plan" was developed without meaningful involvement of key elected leaders including State Governors/Members of the United States Congress or community and tribal government leaders adversely impacted by the consequences and serious problems stemming from the "changes" that have been approved by Secretary of Agriculture Espy shortly before his resignation. In one specific instance, the Governor of one impacted state, formally requested the opportunity to discuss the rumored organizational changes under consideration as early as August 26, 1994, but was denied that opportunity even as this proposal was being prepared for Secretary Espy's approval. 1/

This failure to consult and work closely with state, community and tribal governments is inconsistent with, if not in contradiction of President Clinton's Executive Order No. 12875 "ENHANCING INTERGOVERNMENTAL PARTNERSHIPS", which was signed by the President on October 26, 1993. 2/

Vice President Gore's "REPORT ON REINVENTING GOVERNMENT" was developed to create "a government that works better and costs less" by "Empowering States and Local Governments" and "Decentralizing Decisionmaking Power". 3/ However, the Forest Service reinvention strategic plan does not empower local governments or include them as true partners. In fact, the strategic plan approved by Secretary Espy eliminates the very foundation of local authority which had the responsibility of working with states, local communities and tribal governments. Regional Foresters, Forest Supervisors and other line officers which were vested with such authorities are being replaced by "leadership teams" of four people. These leadership teams report to counter-part team leaders in Washington, D.C.. Local decisionmaking authorities are thus masked, diffused and withdrawn to Washington, D.C. where only the Chief of the Forest Service and Secretary of Agriculture can truly be held accountable for the policies, decisions and actions of these "leadership teams".

This very fundamental organization change eliminates the local decisionmaking authority and accountability controls that have been in place since the formation of the Forest Service. The USDA Forest Service "THE USE BOOK - Regulations and Instructions for the Use of the National Forest Reserves", issued by the Secretary of Agriculture, July 1, 1906 describes in detail these local responsibility and accountability mechanisms. 4/ Gifford Pinchot's 1914 book, "THE TRAINING OF A FORESTER", described the specific responsibilities of these locally empowered administrators. 5/ The withdrawal and diffusion of local decisionmaking authority is already being implemented in some areas of the nation, which is certain to make Forest Service management less responsive to states, local communities and defined purpose of the Forest Service to promote the sustainability tems without specifically retaining the traditional Forest Service of promoting community stability has already created serious problems s for hundreds of communities dependent upon the National Forests and Private forest ecosystems. Communities and the people who live and the forests are an integral part of ecosystems. The failure to adeq- volve states, communities and tribal governments as true partners in t Service Reinvention Project can be expected to create additonal crises ems for communities if the Strategic Plan approved by Secretary Espy is ed in its present form.

ing example of the flawed scientific basis for and definition of eco- nd ecological boundaries is illustrated in the proposed reallignment Service Regional Office boundaries. The Strategic Plan states that boundaries will be realligned to more closely follow natural ecological s..." Incredibly, the strategic plan announces the time-table for ting Alaska's diverse and unique forest ecosystems under the direction st Service "leadership team" headquartered in Portland, Oregon! None 's forest ecosystems are the same as those represented in the Pacific . As a matter of fact, many of Alaska's boreal forests are more closely o the ecosystems of the Northern Lake States and adjacent Candadian . Furthermore, the communities and tribal governments in Alaska are representive of any communities in the Pacific Northwest.

ry of the United States Forest Service in Alaska outlines the rationale stablishment of a separate Alaska District (Region) Office in Alaska ive years ago in 1919. 6/ Both the ecological and socio-economic basis historic decision was apparently overlooked in the Reinvention Project Even more troubling, is the fact that Governor Walter J. Hickel's formal , 1994 letter requesting the opportunity to discuss the rumored consolid- Alaska under the Portland, Oregon office was also ignored. 1/ This over- elected leaders in the Reinvention Project was not an isolated example. ates Senator Max Baucus and other elected leaders from the State of ere not provided information explaining the rationale for closing the Montana Regional Office. 7/

re to adequately consult with members of the U.S. Congress and the elected n state governments may be responsible for the strategic plan's lack of cy with a number of the principal federal laws that were enacted to guide rvice activities. As a result, the "strategic plan" for reorganization short of a comprehensive plan for reorganization of the agency. The U.S. as provided direction, through various laws, for the development of a enewable resource program which "ass res that the Nation maintains a source conservation posture that will meet the requirements of our perpetuity..." (Reference: National Forest Management Act of 1976, (2) (6)) 8/

trategic plan, and a number of policy decisions being applied in various he nation, has seemingly turned away from any commitments toward providing us dependable flow of renewable resources to meet the publics needs as y the Organic Act, Multiple-Use Sustained Yield Act of 1960, the NMFA and of Congress. Under the Forest Service's new direction, the agency is ned to present a rather nebulous plan for ecosystem management where ields, if any, are simply by products of management with no predictable ommitment to supply levels to sustain human life. 8/

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References

1. Governor Walter J. Hickel's August 26, 1994 letter to Vice President Al Gore opposing the option of merging the Alaska Region of the Forest Service with the Portland, Oregon Regional Office; looks forward to discussing the proposal.

2. President Clinton's Executive Order No. 12875, dated October 26, 1993, titled: "ENHANCING INTERGOVERNMENTAL PARTNERSHIPS"

3. Vice President Al Gore "THE GORE REPORT ON REINVENTING GOVERNMENT"; page 35: "Empowering State and Local Governments" page 69: "Decentralizing Decisionmaking Power" September 7, 1993 Times Books Edition, Random House, Inc. 168pp

4. James Wilson, Secretary of Agriculture, "THE USE BOOK - Regulations and Instructions for the Use National Forest Reserves" Issued by the Secretary of Agriculture, July 1, 1906 The U.S. Government Printing Office, Washington, D.C. 208pp

5. Gifford Pinchot, "THE TRAINING OF A FORESTER" by the first Chief of the USDA Forest Service; Pages 46-50 describes the responsibilities of the Forest Supervisor and related line positions which are responsible for the "protection, use and care" of the National Forests. J. B. Lippincott Company, Philadelphia and London; 149pp

6. Lawrence W. Rakestraw, "A HISTORY OF THE UNITED STATES FOREST SERVICE IN ALASKA" - A cooperative publication of the Alaska Historical Commission, Department of Education, State of Alaska; and the Alaska Region, United States Forest Service, Department of Agriculture with the assistance of the Alaska Historical Society. Anchorage, Alaska 1981 221pp (Chapter 5, pages 83-116 includes a discussion of the establishment of the Alaska District (Region) Office in 1919)

7. U.S. Senator Max Baucus' December 9, 1994 letter to Under Secretary of Agriculture James Lyons noting the unfortunate lack of information provided by the USDA explaining the rationale for the proposed actions. A listing of 18 questions regarding the Reinvention Project was sent to Mr. Lyons.

8. USDA Forest Service Handbook No. 453, "THE PRINCIPAL LAWS RELATING TO FOREST SERVICE ACTIVITIES" U.S. Government Printing Office, Washington, D.C. 591pp

9. Governor Fife Symington's July 14, 1993 letter to USDI Secretary Babbitt (copy to USDA Secretary Espy) proposed a "re-invention of government" strategy; The Governor's Arizona Land Policy 2000 is also described in a May, 18, 1994 speech and May 19, 1994 letter to Secretaries Babbitt and Espy. Effective forest management models are also available in other states.

* NOTE: This draft paper (1/12/95) has been prepared by an ad hoc group of people who advocate major improvements in Secretary Espy's Strategic Plan.