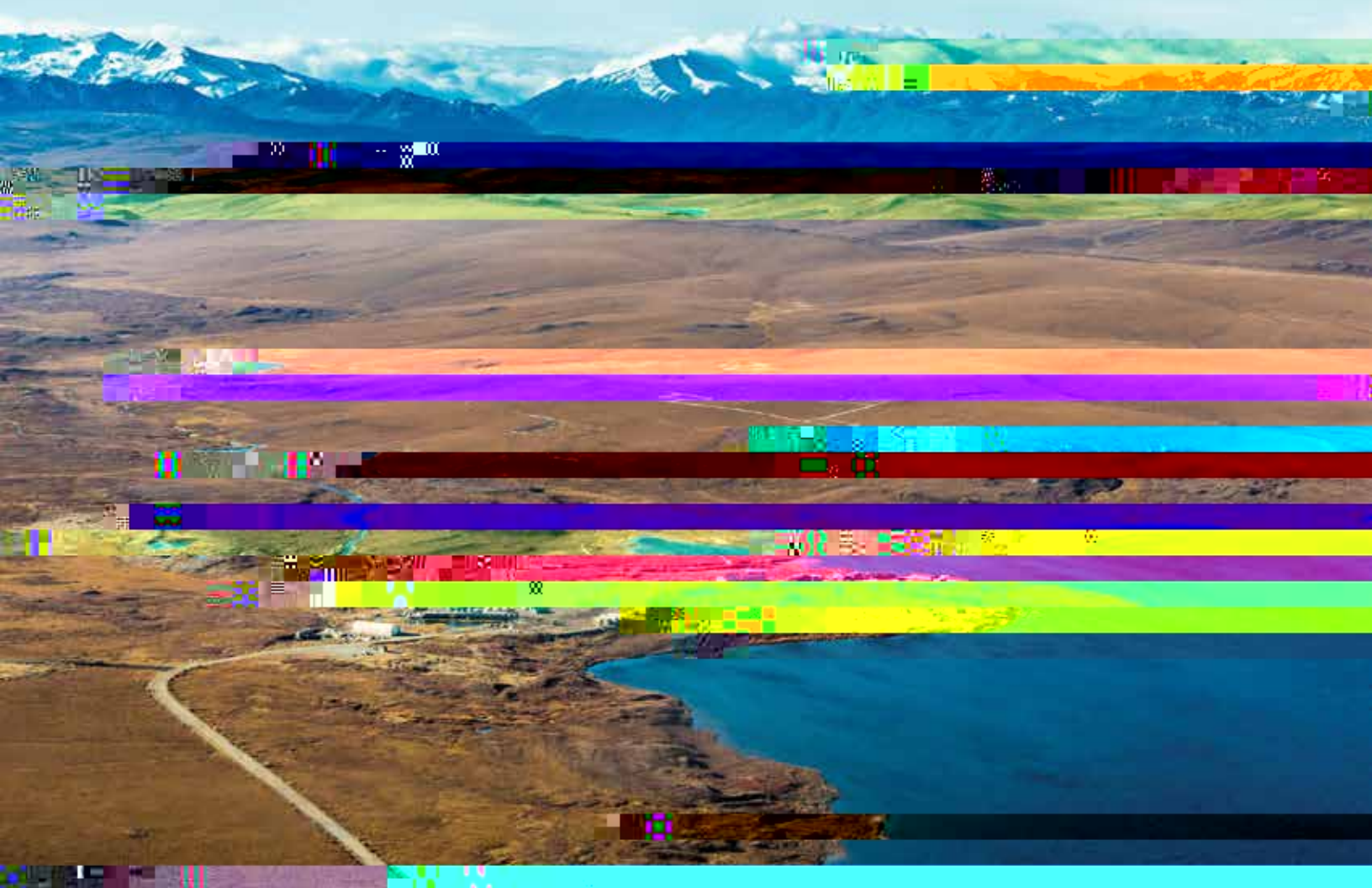


# Final Report

of the Alaska Arctic Policy Commission

January 30, 2015



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Dear Alaskans,

Alaska is America's Arctic, and the Arctic is a dynamic region that is changing rapidly. We cannot let the perceptions of others – who might not understand its value or its people – determine Alaska's future. Alaska's future in the Arctic demands leadership by Alaskans.

Since the 1867 purchase of Alaska from Russia, the United States has been an Arctic nation. Unique challenges of sea ice and permafrost, the remoteness of communities, and distance from markets, but also exceptional opportunities, have always made it obvious to those living here that Alaska is "Arctic."

Alaskans are building on a history of vision, hard work and experience living in, developing and protecting development opportunities that have the potential to promote and create healthy resilient communities. Urgent action is required.

The Arctic presents us with unparalleled opportunities to meet the needs of Alaskans and the nation. As Alaskans we have a shared responsibility to understand the issues at stake, including the perspectives and priorities of Arctic residents, and to set a clear course for leadership now and into the future. The United States is just now beginning to realize it is an Arctic nation – and that it should assume the responsibilities that come with that reality, while assessing the potential. While the state may not always agree with the federal government, the actions of federal agencies clearly affect the interests of Alaskans. We want to chart our own destiny with a large say in how that destiny will unfold.

In 1955 Bob Bartlett addressed the delegates at the Alaska Constitutional Convention, stressing the importance of the present and unborn citizens..." He continued on to describe two very real dangers – exploitation without regard for the future and the loss of our identity as Alaskans. We must ensure that our future generations have the same opportunities and choices that we have today. We must ensure that our future generations have the same opportunities and choices that we have today.

shelf revenue sharing; we want access to federal lands and more powers devolved from the federal government; we value our federally-protected wilderness and marine areas, but Alaskans should decide for ourselves whether we want any more; and we are concerned with climate change and want to partner with the federal government to adapt, rather than endure any federal attempts to solve world climate change on the backs of Alaskans.

Alaskans understand that our climate is changing; we are watching it happen, here, in our home. We are Z D W F K L Q J R X U S H U P D I U R V W P H O W R X U V K R U H V H U R G H D Q G climate change refugees. However, Alaskans will adapt to change when having the freedom to make our own economic decisions.

We are concerned that Alaskans will not be able to develop our economy in a way that will allow us to respond to, and prosper, in the face of change. All levels of government can work together to empower \$ O D V N D Q V W R D G D S W D Q G S U R P R W H U H V L O L H Q W F R P P X Q L W L

( F R Q R P L F G H Y H O R S P H Q W I R U W K H E H Q H A W R I \$ U F W L F U H V L G Alaska and we will continue to advocate for this be one of the priorities during the United States chairmanship of the Arctic Council. Economic development in the Arctic is economic development across the V W D W H Z H D O O V W D Q G W R J D L Q E \ D F W L R Q

\$ S H R S O H A U V W D S S U R D F K U H F R J Q L J H V W K D W \$ O D V N D O D F N V cy and environmental response capacity, search and rescue, telecommunications, ports, roads and railwa We must address these as priorities, or they will remain barriers that hinder the next steps toward creatin vibrant economies that support our Arctic and Alaskan communities. Resource development, shipping an tourism will happen across the North, with or without Alaska. The lack of infrastructure and the speed at which global development in the Arctic is occurring should be a call to action – to build and to create. To sit idly by only increases our risk while preventing us from capitalizing on the new opportunities. We need a new way forward – this is the Arctic imperative that the nation can respond to.

The timeliness of this report is consistent with the interest and commitment that our neighbors in the circumpolar north have shown in developing Arctic policies. In addition, it coincides with the warranted but past due attention that the United States has given the topic in the last twelve months. While U.S. action and interest in the region is important, Alaska needs to develop and pursue its own Arctic vision, consistent with our understanding of, and claim to, the Arctic.

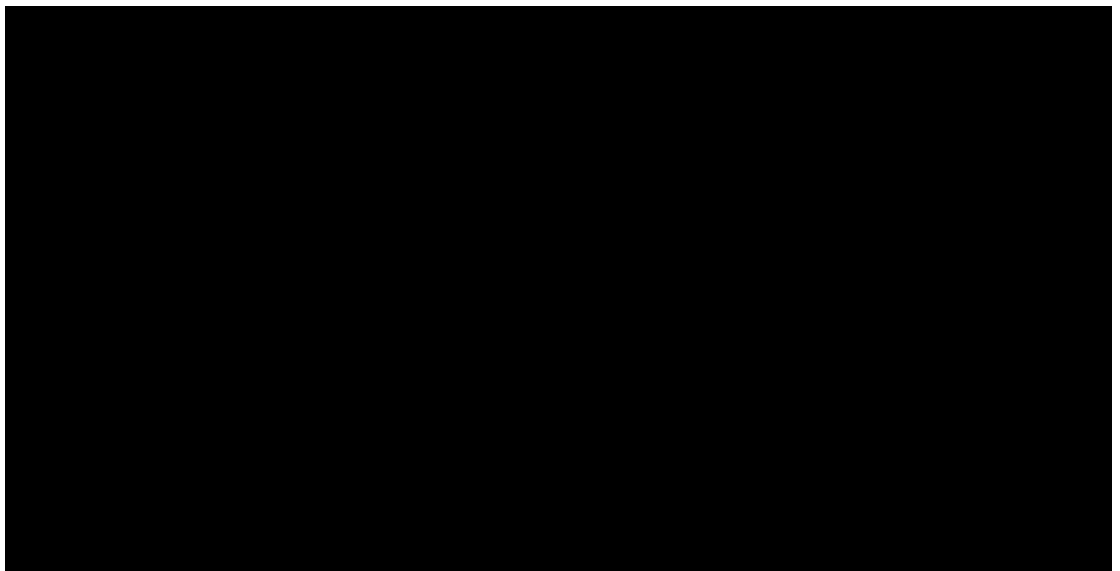
This report does just that, setting forth a vision for Alaska's Arctic future. This vision consists of healthy resilient communities across the state built from economic and resource development, leadership, courage and hard work. The Alaska Arctic Policy and Implementation Plan presented here creates a framework of policy and recommended actions that can be built upon and adapted to the emerging reality of the Arctic as a place of opportunity, stewardship and progress. We propose that Alaska act strategically, directing it I R F X V R Q W K H \$ U F W L F I R U W K H E H Q H A W R I \$ U F W L F U H V L G H G

Sincerely,



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## About the Alaska Arctic Policy Commission

In April 2012, the Alaska State Legislature established the Alaska Arctic Policy Commission to “develop an Arctic policy for the state and produce a strategy for the implementation of an Arctic policy.” The Commission has conducted a baseline review of the Alaskan Arctic by evaluating strengths, deficiencies and opportunities in their Preliminary Report, submitted to the Alaska State Legislature in January 2014. Building on that foundation, the Commission has produced this Final Report that sets forth a proposed Arctic policy and implementation plan.

The state is an active and willing leader and partner in Arctic decision making, bringing expertise and resources to the table. Furthermore, the Commission has remained committed to producing a vision for Alaska’s Arctic that reflects the values of Alaskans, provides a suite of options to capitalize on the opportunities and mitigate risk and that will remain relevant and effective in the future.

Alaska’s Arctic policy will guide state initiatives and inform U.S. domestic and international Arctic policy in beneficial ways that ensure Alaska’s people and environment are healthy and secure. The Commission has considered a broad diversity of Alaskan perspectives, drawing from an internal wealth of knowledge, while considering the national and international context of ongoing Arctic initiatives. This Final Report summarizes the Commission’s findings and serves as the basis for both the Alaska Arctic Policy and the Implementation Plan.

The Alaska Arctic Policy Commission has, in this report to Alaskans, provided:

1. A review of economic, social, cultural and environmental factors of relevance to the Arctic and more broadly to all Alaskans.
2. A draft Alaska Arctic Policy, which drew on vision and policy statements developed through Commission consensus, that aims to reflect the values of Alaskans and provide guidance for future decision making.

3. An Implementation Plan that presents four lines of effort and strategic recommendations that form a suite of potential independent actions for legislative consideration.

In its review of economic, social, cultural and environmental considerations it was important to the Commission to portray the breadth of the issues that were considered in relation to the Arctic. The following discussion and statements review this work more fully and provide some context for the Commission’s work on the resulting Arctic Policy and Implementation Plan.

For the purposes of its research the Commission applied the geographic definition of the U.S. Arctic set out in the Arctic Research and Policy Act (ARPA) – [A]ll United States... territory north of the Arctic Circle and all United States territory north and west of the boundary formed by the Porcupine, Yukon and Kuskokwim Rivers; all contiguous seas, including the Arctic Ocean and the Beaufort, Bering and Chukchi Seas; and the Aleutian chain. The Commission recommends that federal agencies use the complete ARPA 1984 definition and understand that in terms of international policy all of Alaska should be considered the U.S. Arctic.

<sup>1</sup> Arctic Research and Policy Act of 1984. Pub. L. 98–373, title I, § 112, July 31, 1984, 98 Stat. 1248

Arctic Boundary as defined by the Arctic Research and Policy Act (ARPA)



## Review of Alaska's Arctic – A Foundation that Rests upon Economic and Resource Development

The state of Alaska has been engaged in Arctic development and protection since statehood, in 1959. Prior to statehood, the peoples of the region pioneered resource management, development and conservation for the benefit of the region. With statehood came the promise that Alaska's significant land and resource base would build its economy and support its citizenry. Today, oil and gas development is a third of its economic activity and provides roughly 90% of Alaska's general fund revenue; minerals, timber, seafood and tourism contribute to the balance. Alaska has over 45 years of oil and gas development experience in the Arctic and over 100 years of mining experience. The Trans Alaska Pipeline System (TAPS) is an example of a transformative infrastructure



community resupply, safety and security, healthcare delivery and in future economic activity. The state of Alaska continues to have a fundamental position of addressing these necessary demands, the solution to which is a robust economy supported by active and prudent resource development.

Beyond transportation hurdles, Arctic peoples experience a demanding physical environment that can be harsh on structures like homes, schools, local government offices and health clinics. There is a wide array of efforts in place to address these issues, including a weatherization program, energy planning, applied research on power and energy and cold weather housing innovation. A long history of design and construction materials that are not responsive to northern and remote conditions has resulted in inefficient heating and electrical systems, poorly insulated or ventilated homes and structural deficiencies that are not able to withstand permafrost changes or freeze/thaw cycles. Alaska's Arctic geography and remoteness also make it difficult to build, maintain and provide reliable communication services at an affordable price. Even with the fast-paced change of communications technology, which brings more efficient and cost-effective solutions over time, the economics of statewide broadband infrastructure deployment remain challenging. The state is leading activities that address this challenge, working with the private sector to identify gaps and improve telecommunications.

One of the state's priorities – expressed in projects, planning and funding – is to see more affordable energy in every Alaskan community. Communities and regions are actively pursuing solutions to the high cost of energy through energy resource mapping, community consultation, partnerships, funding and proper permitting. While progress has been made, Alaska's rural communities pay the highest prices for energy in the United States, a difficult discrepancy to address. One major factor contributing to high costs is a





ere are many institutions, organizations, private sector and government agencies conducting research in the Arctic that collaborate with one another and with international partners to accomplish assessment, monitoring and modeling. A short list of priorities were identi ed as highly urgent

## Conclusion

This review demonstrates that economic, social, cultural and environmental health and well-being provide a fundamental and intentional starting point for the work and direction of the Alaska Arctic Policy Commission. Some key lessons emerge, however, from the previous overview:

- The state's economic and community growth depends on the prudent development of its rich resource endowment, most importantly on oil resources
- The state has a long history of successfully and responsibly developing said resources for the benefit of Alaskans and the United States
- The Alaskan Arctic requires special attention to protection of subsistence resources and the health of the environment on which they rely
- The food security of local residents and indigenous peoples is an intelligent measure by which to stake success and should encompass ecosystem and cultural health
- Alaskan communities remain challenged by insufficient water and sanitation systems, high costs of energy, distance to healthcare delivery and lack of transportation infrastructure.

the Alaska Arctic Policy Commission submits to the Legislature for consideration this language for an Alaska Arctic Policy bill. It is possible that through the legislative process changes will be made.

## An Act Declaring the Arctic Policy of the State

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

### LEGISLATIVE FINDINGS AND INTENT

\*Section. 1. The uncodified law of the State of Alaska is amended by adding a new section to read:

(a) The legislature finds that

- (1) the state is what makes the United States an Arctic nation;
- (2) the entirety of the state is affected by the activities and prosperity in the Arctic region, and conversely, the Arctic region is affected by the activities and prosperity in the other regions of the state;
- (3) residents of the state, having lived and worked in the Arctic region for decades, have developed expert knowledge regarding a full range of activities and issues involving the region;
- (4) residents of the state recognize the risks that come with climate variability and emerging threats to ecosystems, as well as increased maritime activity, but are optimistic that the skillful application of expertise, coupled with circumpolar cooperation, will usher in a new era of economic and resource development that will improve the quality of life for residents of the state;

Sec. 44.99.105. Declaration of state Arctic policy.

- (a) It is the policy of the state, as it relates to the Arctic to,
- (1) uphold the state's commitment to economically vibrant communities sustained by development activities consistent with the state's responsibility for a healthy environment, including efforts to
    - (A) ensure that Arctic residents and communities benefit from economic and resource development activities in the region;
    - (B) improve the efficiency, predictability, and stability of permitting and regulatory processes;
    - (C) attract investment through the establishment of a positive investment climate and the development of strategic infrastructure;
    - (D) sustain current, and develop new, approaches for responding to a changing climate;
    - (E) encourage industrial and technological innovation in the private and academic sectors that focuses on emerging opportunities and challenges;
  - (2) collaborate with all levels of government, tribes, industry and nongovernmental organizations to achieve transparent and inclusive Arctic decision-making resulting in more informed, sustainable and beneficial outcomes, including efforts to
    - (A) strengthen and expand cross-border relationships and international cooperation, especially bilateral engagements with Canada and Russia;
    - (B) sustain and enhance state participation in the Arctic Council;
    - (C) pursue opportunities to participate meaningfully as a partner in the development of federal and international Arctic policies, thereby incorporating state and local knowledge and expertise;
    - (D) strengthen communication with Arctic Council Permanent Participants, who include and represent the state's indigenous peoples;
    - (E) reiterate the state's long-time support for ratification of the Law of the Sea Treaty;
  - (3) enhance the security of the state through a safe and secure Arctic for individuals and communities, including efforts to
    - (A) enhance disaster and emergency prevention and response, oil spill prevention and response and search and rescue capabilities in the region;
    - (B) provide safe, secure and reliable maritime transportation in the areas of the state adjacent to the Arctic;
    - (C) sustain current, and develop new, community, response, and resource-related infrastructure;
    - (D) coordinate with the federal government for an increase in United States Coast Guard presence, national defense obligations and levels of public and private sector support; and
  - (4) value and strengthen the resilience of communities and respect and integrate the culture and knowledge of Arctic peoples, including efforts to
    - (A) recognize Arctic indigenous peoples' cultures and unique relationship to the environment, including traditional reliance on a subsistence way of life for food security, which provides a spiritual connection to the land and the sea;
    - (B) build capacity to conduct science and research and advance innovation and technology in part by providing support to



Within each line of e ort, Commissioners have identi ed

## Line of Effort #1 - Promote Economic and Resource Development

The Commission recognizes that natural resource development is the most important economic driver in Alaska, today and for the future. Alaska has successfully integrated new technology, best practices and innovative design into resource development projects in Alaska's Arctic and must continue to be a leader. The strong economy established by prudent natural resource development provides a base for Alaska's Arctic communities to thrive by creating new economic opportunities such as infrastructure, jobs, contracting services and community revenue sharing. The State must continue to foster an economic investment climate that encourages and promotes development of the Arctic.

A sound foundation encourages the creation and leveraging of economic opportunity leveraged through stable and strong state and federal government investment; mobilization of capital by Alaska Native regional and village corporations; and other small businesses. Investment is necessary to take advantage of Alaska's strategic location in the opening Arctic, which is critical to the nation's security and important to global shipping routes.

While the state is rich in resources, there are several major barriers and respective approaches to economic and resource development to consider:

- Capital Intensity – recognize that high capital costs are required to develop new infrastructure and natural resources in the Arctic and to address high energy and transportation costs in communities.
- Regulatory Uncertainty – advocate for sound regulatory policies that are legally defensible and minimize third-party lawsuits, which increase the risk and cost to project planning and discourage investment in the Arctic.

- Revenue Sharing - find new ways to cost-share between communities or with neighboring jurisdictions to ensure concrete community benefits distributed and embraced by Arctic residents.

- Distance to/from markets and communication centers – identify and invest in small-scale value-added businesses that displace outside dependence; evaluate and cultivate new markets; and invest in improved communication systems in Alaska's Arctic.

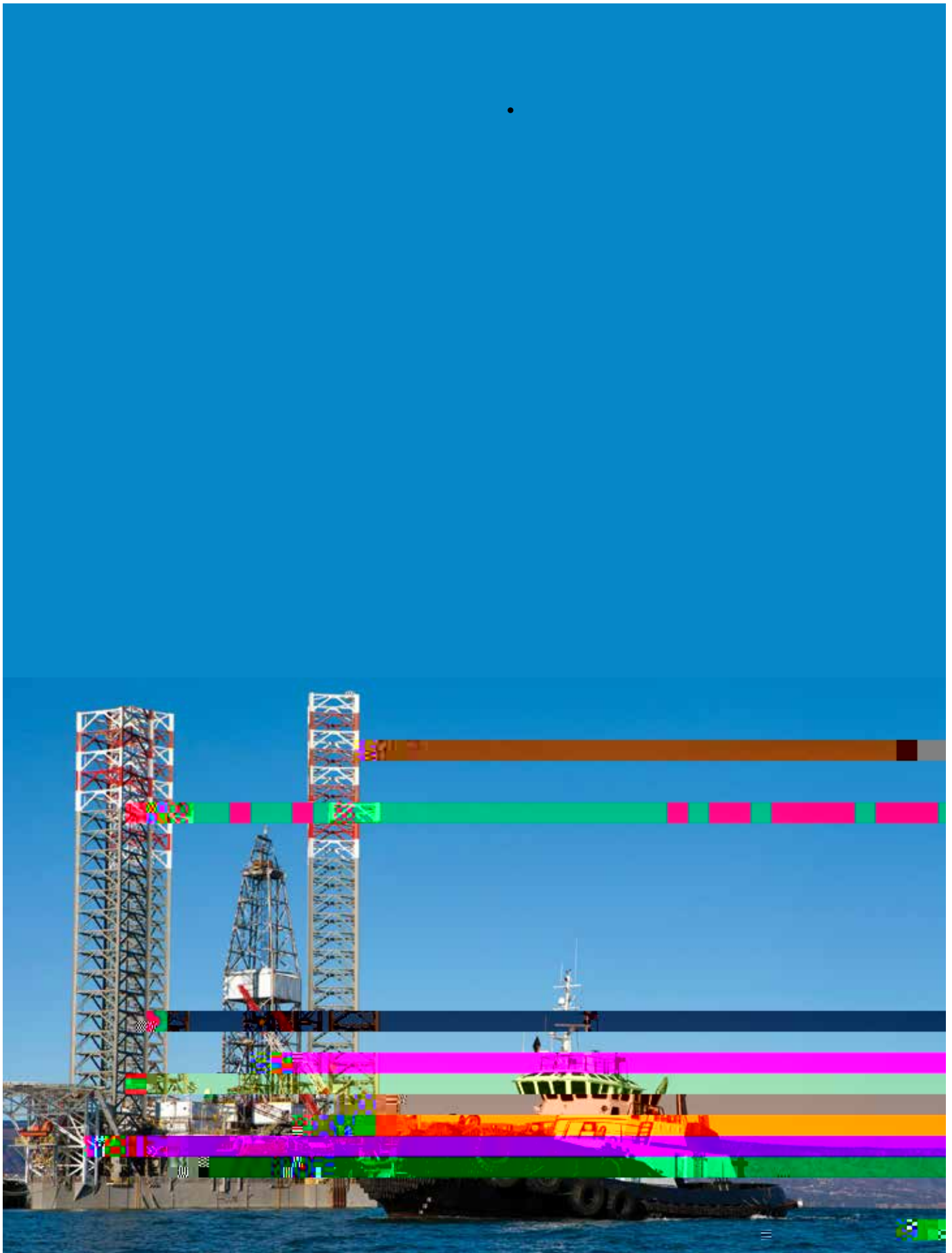
- Access – demand access to/through federal land holdings and consider state co-investment in resource-based infrastructure.

These concerns and considerations are critical when evaluating the Arctic. However, with increased national and international attention, the climate is ripe to implement an action plan

to overcome basic challenges. The state should be strategic in its approach by leveraging assets currently in place and facilitating strategic investments. The state can do this by promoting competition and removing project barriers that promote sound sustainable investments and foster a climate for private investment.

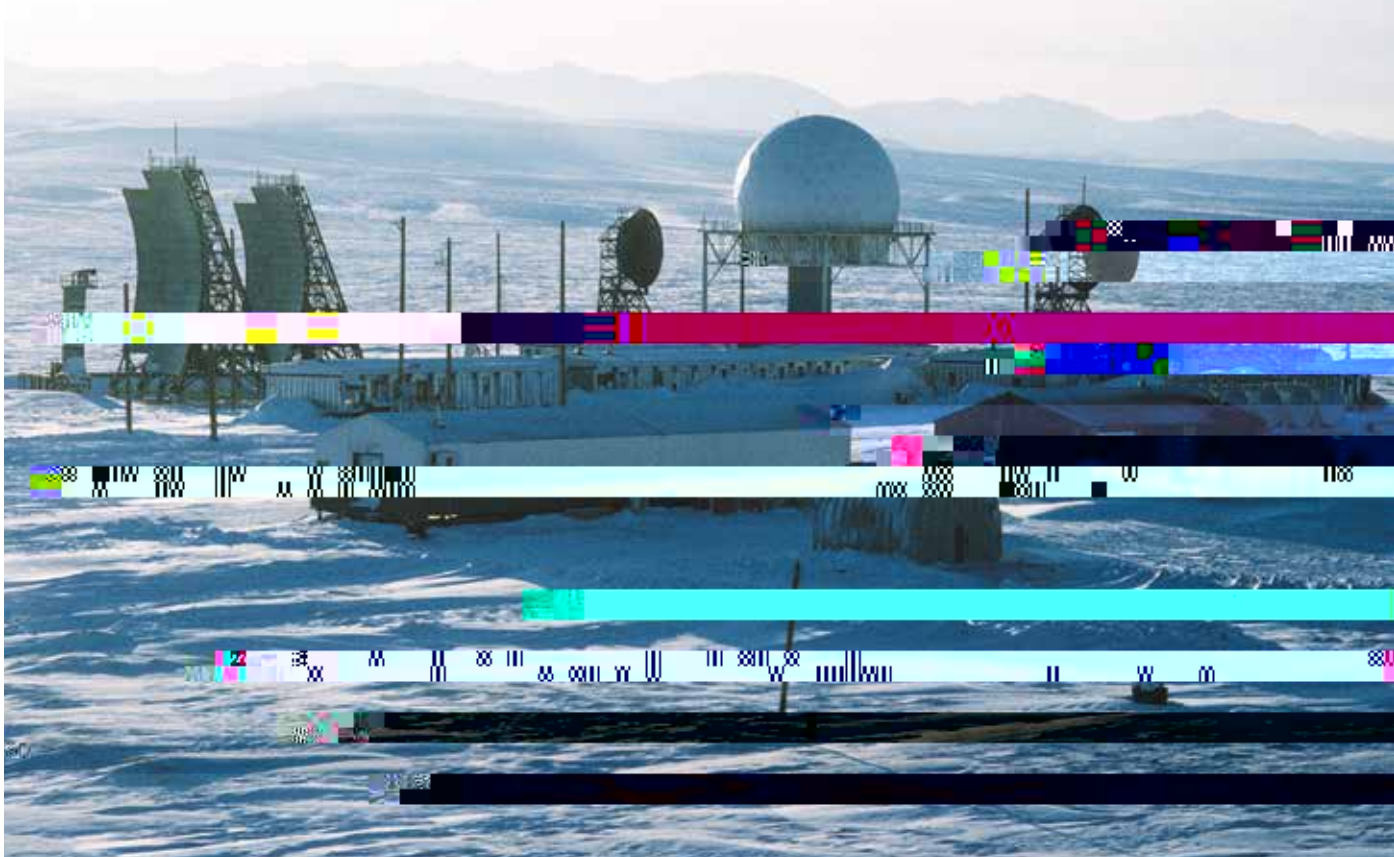
Alaska's Arctic has an enviable resource base that, with careful consideration and state investment, will continue to produce returns to the state and its residents that ensure community health and vitality. Alaskans have long argued that economic development should not come at the cost of stewardship; federal agencies should respect Alaska's long-standing ability to deliver both.







- 2(a) Ensure strengthened capacity within the Administration to address Arctic maritime, science, climate and security issues.
- 2(b) Support efforts to improve and complete communications and mapping, nautical charting, navigational infrastructure, hydrography and bathymetry in the Arctic region.
- 2(c) Expand development of appropriately integrated systems to monitor and communicate Arctic maritime information.
- 2(d) Facilitate and secure public and private investment in support of critical search and rescue, oil spill response and broader emergency response infrastructure.
- 2(e) Assure the state of Alaska Spill Prevention and Response programs have sufficient resources to meet ongoing spill prevention and response needs in the Arctic.
- 2(f) Strengthen private, public and nonpro t oil spill response organizations to ensure expertise in open water, broken ice, near shore and sensitive area protection; and be able to meet contingency plan requirements and operate effectively in the Arctic.
- 2(g) Ensure that a variety of response tools are readily available and can be deployed during an oil or hazardous substance discharge or release.
- 2(h) Foster and strengthen international partnerships with other Arctic nations, establishing bilateral partnerships with, in particular, Canada and Russia, to address emerging opportunities and challenges in the Arctic.



## Line of Effort #3 - Support Healthy Communities

Increasing changes and activity in the Alaskan Arctic are likely to hold enormous implications for the health and well-being of its inhabitants. In turn, socio-economic systems must react as additional stress is placed on existing and future infrastructure and global processes impact local planning. There is a strong correlation between vibrant economies and healthy communities. Socio-economic and environmental factors that lead to such healthy communities can mitigate adverse health impacts that may emerge in the future.

In an increasingly busy Arctic it is critical that Alaska continue to engage in tranb0 0 6yfnhea510.8(o12.5(s 12(at l)5(on)-9(g)3.3(. ))TJ T\* (s)0.6(i)-13.9(n)-9(g\* (s)0.C6.4(d g)-2.1(l)k ha5103.8(r)4tee34.5(.)int 6(( 8(o-189.67n) -1.i)15.6(o)76.)9(n)-9s f618(n)20.1510.8(o12.5(s 1(l)398. W)618.8(i)5(o)104(m)7.98

## Support Healthy Communities, including efforts to:

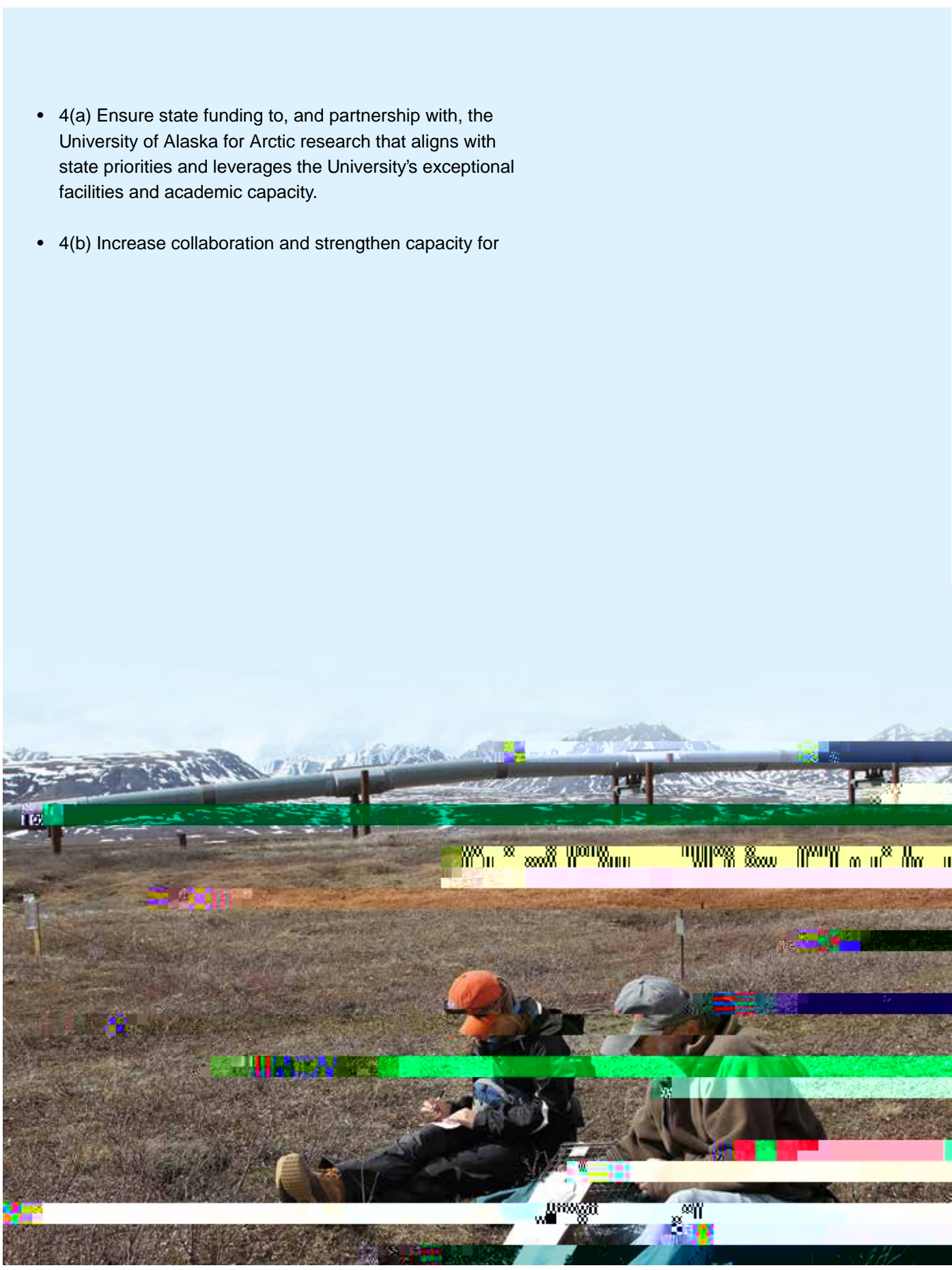
- 3(a) Foster the delivery of reliable and affordable in-home water, sewer, and sanitation services in all rural Arctic communities.
- 3(b) Reduce power and heating costs in rural Alaskan Arctic communities.
- 3(c) Support long-term strategic planning efforts that utilize past achievements, leverage existing methods and strengthen local planning that assesses and directs economic, community and infrastructure development, as well as environmental protection and human safety.
- 3(d) Anticipate, evaluate and respond to risks from climate change related to erosion and community infrastructure and services; and support community efforts to adapt and relocate when necessary.
- 3(e) Develop and support public education and outreach efforts that (a) enhance the understanding



## Line of E ort #4 - Strengthen Science and Research



- 4(a) Ensure state funding to, and partnership with, the University of Alaska for Arctic research that aligns with state priorities and leverages the University's exceptional facilities and academic capacity.
- 4(b) Increase collaboration and strengthen capacity for







- Preparing the submission of an extended Continental Shelf claim beyond Alaska waters.
  - Listening to and including Alaskans in federal decision-making now and in the future with emphasis on the Arctic Council process during the U.S. Chairmanship.
  - Recognizing the unique and specific needs of Alaska in the development of policy, promoting approaches that accommodate Alaska conditions within federal efforts, such as the National Ocean Policy, Regional Planning Bodies and Marine Planning.
- Encourage federal regulators to standardize conditions for OCS exploration by moving conditions out of individual leases and permits and into the regulations themselves, recognizing that some degree of individualized conditionality is needed for flexibility.
  - Support the State of Alaska in working with federal regulators toward a “near miss” incidents database and the design and installation requirements of Arctic-specific safety.
  - Establish an ongoing state-federal public forum on Arctic OCS Risk Management and Process Safety.

Specifically with regard to offshore development, the AAPC recommends to the federal government that it:

- Support Arctic-specific rules for Arctic OCS activity, including Bureau of Ocean Energy Management (BOEM) and Bureau of Safety and Environmental Enforcement (BSEE)’s Arctic-specific regulations under the Outer Continental Shelf Lands Act (OCSLA), and call for demonstrated continual improvement by both the regulators and the regulated operators to ensure the safest possible oil and gas operations on the U.S. Arctic OCS.

• Encourage continued

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SENATOR LYMAN HOFFMAN – B  
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STEP MDLS





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