Rollo asked me to speak about environmental mandates and economic development. I’m happy to do that since it gives me a chance to talk about the Governor’s leadership in both areas, although I like to call it community building rather than economic development. Economics deals with standard deviations and macro and micro market baskets and gross aggregations in which individuals are easily lost. Community building is something all of us understand. Since 1776 states have competed with each other in community building to attract settlers, create jobs, secure schools for children and provide law and order to the frontier.

The first step in community building has always been access – through the mountain passes, down the great rivers. The beaten paths followed the resources – into the wilderness for game and pelts and into the mountains for coal, iron, copper and gold. First built were the post roads and turnpikes, then canals, then railroads and of special interest to us here in Southeast Alaska, the many ferry systems connecting waterfront communities. Finally, in our lifetimes, the great inter-state highway system. These public works projects altered the course of settlement and changed the face of the land.

Let me give you an example of the power of access. The Erie Canal was built in 1825. By the canal’s centennial in 1925, when San Francisco, Chicago, Portland, Omaha, Atlanta, St. Louis, Philadelphia and Boston among others all were considered thriving cities, fully 7% of the entire population of the United States lived less than two miles distant from the Erie Canal. Access to an all water shipment route had a powerful effect on the pattern of settlement. With access, all wheels of fortune begin to spin.

The second step in community building is to get property into private hands. With access to privately held resources, local economies flourish and the non-risk takers, the butchers and bakers can get to work. Jobs are abundant, schools open and a sheriff pins on his badge.

It is no different here on the Last Frontier. Our communities will thrive with access and resource development.

The basics of community building have not changed since the early days of our nation. Once access is assured, ingenuity, hard work, and seed capital still pay off. The basics of community building have not changed, but the basics of natural resource development have. We know now that the earth will provide for our future and common needs only if we use it carefully. We have learned how to properly manage waste, direct drainage to treatment and away from
water supplies, and choose the best technology to scrub pollutants from exhaust. We are cleaning up the mistakes of the past - drums and debris from World War II, large reservoirs of used drilling muds from early oil field development, underground plumes of solvents, and former defense site contamination from Umiat to Sitka. We are tackling municipal garbage disposal and it shows in improved landfills from Barrow to Ketchikan. New development will follow new rules. Our children will not need to clean up after us.

Governor Murkowski is making sure that community building incorporates the environmental mandates of our federal and state law. Through reorganization, new regulation and increased funding for environmental programs, he has assured that habitat, coastal resources, water and air quality are protected at the time of project design and remain protected through build out and development.

Through DNR’s Office of Program Management, we rely on an inter-agency project team to be sure that each environmental issue is addressed without adding to the development timeline. Good team management means the State speaks with a common voice. Our position is unified and clear on each project’s resource impacts.

At DEC, we have developed a new consolidated waste permit that allows all waste streams on a large project to be managed on a single timeline with coordinated reporting and compliance schedules. This allows all stakeholders to see the full impact of the project and provides developers considerable simplification. We sought and gained commitment from the United States Environmental Protection Agency and the U.S. Army Corps of Engineers to accept permit applications for the unique development problems facing mines operating in our soggy and saturated wet lands.

Of all the environmental initiatives supported by the Governor, the one with the most potential benefits is our proposal to increase the accountability and responsibility of our state regulators by seeking primary responsibility for major waste-water disposal permitting. This is the NPDES program. So called “primacy” will bring important permit decisions home to Alaska where funding, missions and measures are presented to the Legislature for public debate. This approach will provide the full benefit of the national Clean Water Act for Alaska, which is now one of only 5 states remaining under a federal rather than state permitting program. We are taking the first step with primacy for the timber industry. Now it is time for the rest of the regulated community. It is the right thing to do – good for the environment and good for community building. Here’s why... right now, it takes almost three years for EPA to produce a single permit. Maine, also a state with a resource based economy, delivers the same permit in nine months. Time, as you know, is money.
Protecting the environment need not inhibit the powerful market forces that have produced our high standard of living. I am daily reminded that regulation adds time and cost to the important business of making money. Regulations restrict individual and corporate behavior in order to achieve shared and established community values. The Alaska Constitution reflects those shared values when it says that state land and resources should be available for “maximum use consistent with the public interest.” The public has stated its commitment to environmental protection, while still pursuing its interest in making a living off the land.

We can have both. We can build strong communities with resource development. We have the statutory and regulatory tools to protect the environment and we have owners of capital willing to make the investment. Together we must demonstrate that we mean business on both fronts.

For my part, which is environmental protection, I mean business. Tough environmental protection upfront means smoother development down stream. Recently, we cited a vessel for operating in State waters without an oil spill contingency plan. The vessel owner trivialized his problem as a “clerical error” – calling it nothing more than a paperwork violation. I view it differently. There is no such thing as a paperwork violation. A contingency plan is a business contract – backed up by boom and skimmers, and boats and planes. The business contract means people, money, and gear will be on scene in time to meet Alaska’s statutory response requirements.

I was recently in Valdez watching those people and gear on the water in a full deployment oil spill drill. In Alaska, our front line of defense is seiners and gill netters pulling out boom and manning a skimmer. They showed up because their contracts were in order. The paperwork signified a ready fleet and trained crew.

We have also recently proposed an amendment to the mixing zone provision of the water quality standards. No doubt you have heard about it. We sure have. This amendment – and the mixing zone concept in general – is being portrayed by some as an environmental obscenity.

Most of you are familiar with mixing zones. We use them in Alaska and across the Nation to allow dispersion and dilution of effluent under carefully controlled conditions. You know that no community in Alaska could afford to treat its sewage to the near-pristine levels that would be mandated without mixing zones.

Our intent with the proposed new rule is to bring reason to the mixing zone provision, while providing every protection required under state and federal law. You can decide whether the proposal accomplishes that intent. The
details are available on our web site. The comment period is open until November 1.

Governor Murkowski has a vision for Alaska. It is a vision that transcends the obstacles presented by our unique situation. We are the nation’s only arctic state. We have virtually no public infrastructure. We have no power grid. We are sparsely populated and have virtually no private property.

In the Governor’s vision we have access to our timber and fish; gold, copper and zinc; new oil fields and our stranded natural gas. This natural wealth lies in our state lands, in 235 million acres of federal land and in native corporation lands. In the Governor’s vision access attracts capital. Later in the Conference you will hear from the Department of Transportation of the exciting access developments. New roads, better ferry service, new bridges. You will hear from some of the owners of capital about their investments.

You have heard from Jim Clark and you will hear from the Governor about his vision. You will hear from others in the administration about their contributions to marketing, timber sales, fisheries and tourism. All of these are key blocks of community building. You have now heard from me that the DEC contribution to community building is a rock solid regulatory program that honors the state constitution and pins resource development together with the other public interest, environmental protection.