

## Memo

To: Alaska Delegation Staff

From: Brad Gilman & Sebastian O'Kelly  
Robertson, Monagle & Eastaugh

Re: Petersburg Borough's Issues for February 25-26 Washington, DC Visits

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The following memo summarizes the major issues Petersburg Borough would like to raise during its Washington, DC visits.

**1. Secure Rural Schools (SRS):** The SRS Program was created by bipartisan legislation in 2000 as a substitute for declining revenue sharing receipts due to reductions in logging on Forest Service lands. Last year, Congress failed to fund SRS, the first time in 15 years that it has not reauthorized or extended the program. Attached is a recent resolution passed by the Borough Assembly that details the effect of the loss of SRS funds on its schools (over \$600,000 per year). This loss of funding could mean reduced equipment and supplies, loss of non-core classes, sports and activities, and staff reductions. The Borough strongly supports the reauthorization or extension of SRS (including retroactive payment for 2014), as well as enactment of Healthy Forest legislation that would ensure more economically sustainable timber production in our Federal forests.

**2. PILT:** PILT provides partial compensation for the loss of revenue to communities with large Federal property in-holdings which cannot be developed and which are exempt from local property taxes. Funding for PILT for this year was included in both Omnibus Appropriation Act and the National Defense Authorization Act. The program was level funded at last year's amount, but just over 8 percent of its funds are being withheld until October of next year. Normally, communities receive their PILT checks in June and Congress does not set aside PILT funding in this manner (it was done this year in order to meet budget offset rules). The Department of Interior has not yet determined how it will implement this change in terms of the timing of disbursement of funds. The Borough would prefer that the full amount of its allocation be provided in June and supports enactment of a PILT reauthorization bill or another extension.

**3. South Harbor Dredging –** Petersburg's three harbors are the lifeblood of its commercial fishing economy. The harbors are fully subscribed by the fishing fleet and also receive significant tourist visitation during the summer months. The community has recently completed a renovation of its North Harbor which included dredging by the Army Corps and is now seeking to turn its attention to the South Harbor. The South Harbor is suffering from bank sloughing, sediment build up, and glacial rebound. Vessels often run aground and the boat stalls along the shore are impassable during stages of the tide. The Borough has requested that the Corps initiate a General Investigation under its Section 107 Program to determine if the harbor would qualify

for dredging. The Borough is requesting the Delegation's assistance in obtaining agreement from the Corps to begin the study process.

**4. British Columbia Mining:** The collapse of the tailings dam last year at the Mt. Polley Mine in lower British Columbia and subsequent spill into the Fraser River have elevated attention to mines under development in northwest British Columbia that are adjacent to Southeast Alaska rivers and waterways. Five major mines in this part of the province are in various stages of permitting. The U.S.-Canada International Joint Commission is responsible for monitoring and compliance associated the U.S.-Canada Boundary Waters Treaty of 1909. That treaty lays out the conditions and standards involving activities on trans-boundary rivers, such as the Stikine which is the major salmon spawning river in the area. To trigger a formal Commission review, a written request must come from both the U.S. State Department and Canada's Department of Foreign Affairs. We are seeking the Delegation's assistance in pressing the State Department to ask the Commission to undertake such a review. The Petersburg Vessel Owners' Associations is working with counterpart fishing groups in Canada to initiate a similar request from its Department of Foreign Affairs.

**5. Fisheries:**

- **EPA Commercial Fishing Vessel Incidental Discharges:** The Borough wishes to thanks the Delegation for its hard work and success in extending the current legislative moratorium on new EPA regulations for another three years. We support making the ban permanent.
- **Genetically-Modified Salmon:** If a ban on Genetically-Modified salmon cannot be enacted, the Borough strongly supports labeling efforts to properly distinguish this inferior product from wild, sustainably caught salmon.
- **National Marine Monuments:** While the Borough was relieved when NOAA denied the petition to turn the Aleutian Islands and surrounding waters into a National Marine Sanctuary, it remains very concerned that the President could use his Antiquities Act authority to designate these waters or other waters off the coast of Alaska as National Marine Sanctuaries. The Borough supports legislation sponsored by the Delegation that would subject any Sanctuary designation to approval by Congress.

**6. Coast Guard Reorganization –** Petersburg is home to a small USCG operation and the 110' class vessel *ANACAPA*. The *ANACAPA* is very important to the community and its fleet given its ability to carry out search and rescue, and fisheries enforcement. There have been rumors in Petersburg and other Alaska communities that the CG is planning a substantial reorganization of its operations in the State that could include retirement of many of its assets as well as closure of some of its field offices. This is a national issue, with the latest manifestation coming on the most recent Coast Authorization Bill when the Oregon Delegation inserted a provision that delays the Coast Guard from moving forward with a closure of the air station at Newport, Oregon. The Borough would like to retain the *ANACAPA*'s services for as long as possible or until they can be replaced by the services of one of the new 154' class Fast Response Cutters (FRC). The Coast Guard has designated two future FRCs to be home-ported in Ketchikan, with media reports stating that a third FRC is planned to go to Juneau by the end of

this decade. Petersburg is requesting the Delegation's assistance in having a vessel remain in Petersburg.

**7. Swan Lake Hydropower** – The Borough supports SEAPA's effort to raise the current hydroelectric dam at Swan Lake by 15 feet. Current dam height (174') is not adequate to manage seasonal fluctuations and there is significant power loss due to spillage. The project would displace 12,000 megawatt hours of less clean and more expensive diesel power and replace it with cleaner, cheaper hydropower. It would increase current water storage capacity by 25%. Project design is expected to be completed this year and construction is to begin in 2016, with total project cost estimated at \$13.3 million. Wrangell's and Ketchikan's utilities would also benefit from this project.

**8. Essential Air Service** – Without the Essential Air Service program, Petersburg would likely lose regular, daily air service provided Alaska Airlines. While the threat of program termination seems less than it was a couple years ago, legislative critics of the program remain in both the House and Senate. The Borough urges the Delegation to remain vigilant and to oppose any effort to cut or terminate the program.

**9. Extension Of Work Opportunity Tax Credit For "Rural Renewal Communities"** – Petersburg's small businesses have used and support this credit. The Borough urges the Delegation to support its renewal as part of the larger effort underway in the House and Senate to reform the Federal tax code.

**10. Sea Lion:** Community boat owners have faced troublesome and harassing sea lions in our harbors but have been constrained in their response due to the protections of the Marine Mammal Protection Act. Last year, the Delegation encouraged NMFS to work and meet with community leaders to address the issue and we have since erected signage warning fishermen not to dispose of fish carcasses in the harbor and at the cleaning station. Since then, the presence of the sea lions has diminished, although they still use the Coast Guard NavAids at the harbor mouths as haul outs. The Coast Guard, citing its internal regulations, has resisted our suggestion to string up wire around the buoys.