

Alaska Gas Pipeline

If you've been following the news lately, you've probably been hearing a lot of buzz in both the local and national media about the recently released proposed contract between the state and three major North Slope petroleum producers to build a gas pipeline.

Northern Economics assisted the Alaska Department of Revenue in preparing the Preliminary Fiscal Interest Findings and Determination (Fiscal Interest Finding or FIF for short) for the proposed gas pipeline project.

The ongoing discussions and future decisions to be made about the project are among the most important in the state's history, and will have a dramatic effect on the state's economy, whatever the final decision.

The preliminary FIF and the proposed contract are now available for public review and comment at

<http://www.revenue.state.ak.us/gasline/ContractDocuments/>

We urge all Alaskans to take the time to become informed and provide feedback on this project that has the potential to significantly affect on our state's future.

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Big Changes in Bellingham

Changes for Northern Economics Bellingham

2006 is shaping up to be a year of exciting changes for NEI. Unfortunately, the changes began with Senior Economist Ken Lemke's departure to take a position with Nebraska Public Power. Though we were sad to see him go, we were thrilled for Ken, as this move affords him an opportunity to do some really fascinating work (well, fascinating to an economist, anyway) and puts him back in Nebraska, and several miles closer to family. So congratulations, Ken, and best wishes in your new position! We're still waiting for that big box of Omaha steaks, though. We hope they're not lost in the mail!

Susan Burke Joins NEI

We're very pleased to announce that Susan Burke, Ph.D., has joined us as Senior Economist and head of our Bellingham Office. Susan and her family will be moving to Bellingham from Davis, CA, where she was a supervising economist for MWH Americas, Inc.

Susan brings a wealth of experience in resource economics, specializing in water allocation issues arising between and among users in the Western U.S. She has ten years experience working with state and federal agencies as well as members of environmental, municipal and agricultural stakeholder groups.

Susan received her Ph.D. in Resource Economics from the Oregon State University in 1999 and her M.S. in Agricultural Economics from the University of California, Davis in 1995. Susan specializes in integrating multi-discipline efforts and interfacing with a wide range of stakeholder groups.

Prior to her graduate work she enjoyed a successful ten-year career in Silicon Valley as the Manager of Business and Financial Planning for a successful computer start-up firm.

A New Space for NEI

Northern Economics' Bellingham office is moving to a new, bigger space and we're in the process of adding another staff economist. We should be all moved in by the first week of August. Our phone and fax numbers will remain the same, but please note our new address:

**1108 11th Street, Number 305,
Bellingham, WA 98225**



NEXT ISSUE

The next issue will examine the supply of and demand for natural gas in Southcentral Alaska as well as urban growth and transportation demand in the I-405 corridor.

The Ninth Annual Katoomba Conference

Making the Priceless Valuable: Jumpstarting Environmental Markets

NEI, as a partner in the EcoValuation Group (see callout to the right), was thrilled to help sponsor the ninth conference of the Katoomba Group held in Portland, Oregon June 7th - 9th, 2006. The conference title was *Making the Priceless Valuable: Jumpstarting Environmental Markets*. In addition to sponsoring the event, NEI's Susan Burke and other members of the EVG participated as speakers.

What is the Katoomba Group?

The Katoomba Group is an international working group composed of leading experts from forest and energy industries, research institutions, the financial world, and environmental NGOs, all dedicated to facilitating strategic partnerships that can launch green forest products in the marketplace. To accomplish this, the Katoomba Group is working to build collective understanding of how market-based instruments for environmental services are constructed and under which conditions they can work. The group met for the first time in Katoomba, Australia 1999.

What is Ecosystem Valuation?

Ecosystems provide a wide range of services upon which society depends, such as oxygen production, carbon sequestration, provision of clean water, assimilation of wastes, and flood regulation. Ecosystem service valuation (ESV) is a holistic approach for inventorying and quantifying the dollar value of these services so land owners, planners, and policy makers can better understand the tradeoffs when altering natural ecosystems.

Using benefits transfer methodology, the EVG can help clients identify key ecosystem services associated with an area, estimate the economic value of at least some of those services, and quantify how those services would change under different scenarios.



The EcoValuation Group (EVG) is a consortium of three uniquely talented firms: Herrera Environmental, Inc.; Spatial Informatics Group, LLC; and Northern Economics, Inc.; that specializes in evaluating the monetary value of ecosystem goods and services.

The EVG brings together an interdisciplinary team of biologists, ecologists, engineers, environmental scientists, economists, GIS specialists, planners, and public policy practitioners who collaborate to accurately value resources that deliver ecosystem services, assess and model changes in these services associated with human activities, and develop marketplaces to trade these services.

To learn more, visit our website:
www.ecovaluation.com

How is a Marketplace for Ecosystem Services Developed?

Creativity! Entrepreneurial thinking, early stakeholder involvement, sound technical evaluations, and a commitment to the success of the project are key factors in developing a marketplace where one does not currently exist. The EVG's experience in market transactions, primarily for water, has led them to conclude that a successful marketplace occurs at the nexus of economic, regulatory, political, institutional, and technical realities. As a multi-discipline group, the EVG can address many of the issues that arise during the development of a market. Economic theory instructs that markets can create economically efficient or optimal solutions to resource allocation issues. The practice of market development dictates that the optimal solution give way to a practical solution that meets the goals of the participants.

Urban Growth Area

New Housing Supply and Demand

How many new homes will be needed by the growing resident population in Kendall/Columbia Valley Urban Growth Area (UGA) in north-central Whatcom County, and what type of commercial development will be needed to provide goods and services for the growing population? NEI looked at current and future demand and supply of housing within the UGA, and based upon historical growth rates and buildable residential lots, found that by 2012 there will be a need for approximately 600 more homes. Threshold analysis indicated that a grocery store; an automotive parts store; a home furnishing store; an appliance, television, and electronics store; a building supply store; and other specialty stores could be supported by the future population in UGA. The village concept proposed for the UGA includes well-planned neighborhoods, natural areas, open space, adequate infrastructure, and locates more intense, commercial office and retail activities in a mixed use core. The village concept supports growth while minimizing sprawl into Washington's rural areas.

New Interns

This summer brings a new set of interns to our Anchorage office: Anne Bunger, who earned her master's degree in Development and Resource Economics from the Agricultural University of Norway, and Kari Spohn and Matt White, both seniors at the University of Alaska, Anchorage.

In Bellingham, intern Bill Schenken has finished his internship but is staying on for the summer months as a part-time employee. Among other things, Bill is a technical whiz with computers, and his skills are really appreciated as the Bellingham office begins the moving process and all those wires have to be hooked back up!