



City and Borough of Juneau
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TO: Deputy Mayor Nankervis, Chair of Assembly Committee of the Whole

DATE: June 9, 2017

FROM: Rorie Watt, P.E., City Manager 

RE: Mining Ordinance & AJ Mine Update

At the May 1, Committee of the Whole meeting the Assembly reviewed a citizen's proposed changes to our local mining ordinance. After the review, the Committee asked for recommendations on how to proceed on this issue.

In 2010, the Assembly appointed the AJ Mine Advisory Committee (AJMAC). Prior to deciding how to proceed with the present day proposed changes, I strongly recommend that Assembly (and interested community members) closely read the charge from then Mayor and Assembly and the group and individual recommendations produced by the AJMAC that were written in 2011:

http://www.juneau.org/engineering/AJ_MINE/documents/AJMAC_Final_Report.pdf

Due to the controversial history of the AJ, the formation of the committee was carefully executed and the individuals participating were chosen for their expertise on technical issues and community perspective. The resulting report and comments were carefully written, the AJMAC labored over the exact phrasing and wording of their findings and recommendations. Subsequently, an AJ Mine Related Water Report and a Municipal Drinking Water Plan were prepared and the Drinking Water Plan was adopted by the Assembly. Those documents as well as a trove of supporting information can be found on the City web page:

http://www.juneau.org/engineering/AJ_MINE/index.php

Moving Forward – the Alaska Juneau Gold Mine, a Municipal Property:

Reopening the AJ is one of the touchiest of Juneau topics. Success in discussing this topic requires special handling, patience, substantial public communication and durable decision making. Mines take years to lease, finance, permit and develop and any CBJ decisions must take that time line into account.

Historically, the City (along with its Mineral Property partner – AJT, formerly a subsidiary of AEL&P) leased the AJ to a mining company that then transferred the lease to Echo Bay who then pursued resource investigation, mine development concepts and then permitting. Once the scope of a possible mine became clearer to community (and let me emphasize - at a date much later than the date of the original lease), the Assembly appointed a committee to work on a local mining ordinance. The timing was backwards. For those in support of mineral development it felt like unfair play to impose regulations subsequent to leasing the property; for those interested in the benefits of local regulatory protection the horse was already out of the barn.

If the Assembly wishes to advance consideration of the question “under what circumstances, if any, should the City promote development of the AJ mine?”, then in accordance with the AJMAC report the most logical next step is a review of potential lease provisions. As property owner, the CBJ has maximum ability to limit mine development through the implementation of lease conditions. Properly crafted lease conditions can offer even stronger protections to the community than a regulatory scheme could. In accordance with Appendix F of the AJMAC report (a rough road map), the proper order of consideration is:

- A. Potential Lease terms
- B. Regulatory Purpose and Possible Ordinance Amendments
- C. Final Lease AND Ordinance Language.

If the Assembly wishes to advance thinking and decision making on the AJ mine, then I strongly recommend the following sequence of events:

1. Design a public process for the entire arena of AJ issues. Pick up where the AJMAC left off, and don't try and delegate – this is a full Assembly activity, and the Assembly must be willing to devote significant time resources and detailed focus to this topic.
2. Substantially educate the public on the nuances and details of the so called “Small Mine Concept” (SMC) that was discussed by the AJMAC. I recommend a process of repeated educational opportunities akin to “Lunch and Learns” and that they happen absent the pressure of an impending decision making process. Let this happen for a period of time, I suggest six months.
3. Only then proceed onto the next step, consideration of potential lease terms.

To be perfectly frank, a change now to our existing mining ordinance may not be durable – several (if not many) Assemblies would have an opportunity to make subsequent changes. Additionally, the public discourse about mine ordinance amendments would suffer from a lack of clarity on necessary knowledge about the SMC and a lack of consideration of potential lease term restrictions.

There are several additional topics that must be touched upon. First, the municipal drinking water system will be an area of public focus. The community lacks a technical understanding of the water system and the relationship between potential lease limitations (or “circumstances”) and the drinking water system. Second, depending on the wording of a final version, a mining ordinance change would touch on more property than the AJ. The policy purpose for local regulation of mines could be different based on the geographic locations of the mineral properties. As an example, the off the road system mines (Green's Creek & Kensington) currently receive less oversight than the on the road system mineral properties which fall into two categories – more remote (eg. Herbert River) and next to the urban core (AJ).

Third, I do not currently have staff resources to undertake the large public process that the AJ would require. I have begun to explore some options to this obstacle, but there will be a need for substantial Assembly and staff effort (including the Law Department). The Assembly may wish to form a Committee of itself (including all members) to work on the issue.

Some in the community will be frustrated that the City is even considering this topic. Others will be equally frustrated at the pace of the timing and process that I have outlined above. The AJ hasn't produced gold in over 70 years, there is no point in not having a strategically organized and disciplined process.