cessing contingent upon the city's ability to provide adequate water. The threat of discontinuing water service to the processors during these peak demand periods causes concern to persons not only involved in fishing, but to the community at large.

Timber - Though loggers had harvested trees for building canneries and making fish boxes since the 19th century, logging in Southeast Alaska became big business in the 1950's when the Forest Service signed long-term timber sale contracts with two pulp mill companies. Life began to change for the industry in the 1970s as the nationwide environmental movement started to criticize clear-cut logging on the Tongass National Forest. Increased public scrutiny evolved into new environmental laws, and the aging pulp mills faced expensive upgrades in the 1980's to keep pace with air and water quality standards. As the pulp mills faced more problems, the owners in the 1990's threatened to close down if they couldn't get a steady supply of trees. The mills were also hurt by cheaper foreign competition, most noticeably from massive tree farms in South America that could produce pulp at much lower cost than the Alaska mills.

Looking at low-cost competition, a dwindling supply of easily accessible timber, the high cost of environmental upgrades to their mills and continued political pressures, the Alaska Pulp Corp., closed its Sitka pulp mill in 1993. The company closed its Wrangell sawmill in 1994. The Ketchikan pulp mill closed in March 1997. The shutdown ended more than 40 years of domination of the Southeast timber industry by the pulp companies, though the Ketchikan pulp mill's parent company has continued to operate its two sawmills for the last two years. However, Ketchikan Pulp Corporation has announced its intent to cease Alaska operations.

Alaska's congressional delegation obtained $110 million in 1996 to assist Southeast Alaska communities hit hard by the loss of mill and logging jobs. Petersburg received about $6 million of that money over a four-year period, with city officials looking to use the cash to help strengthen the town's economy.

Cancellation of the Alaska Pulp Corporation long-term contract, mill closures, multiple court injunctions delaying timber harvest proceedings, and the economic downturn has affected the community and has had negative effects for local related businesses. Fewer tugboats and small aircraft have been needed to transport timber to market and to transport loggers to logging sites throughout the local area. The potential also exists for fewer federal timber receipts to come to Petersburg in the next few years, as the result of fewer logs being harvested from the Tongass National Forest. The appeals process for timber sales and the resulting judiciary decisions will have a large effect on the timber industry as it relates to the Petersburg community.

With the giant pulp mills out of business, the Forest Service is putting up timber sales for smaller sawmills still in operation, and for operators who want to try using wood for higher-value products instead of making pulp. There is no longer one source of timber, or a constant source of timber from the Forest Service. Efforts by the Forest Service, Native corporations, state, and Mental Health lands could provide a more constant source of timber for the area and support smaller scale timber operations.

Visitor industry - The visitor industry is becoming an important source of income for the community. In 1996, a visitor industry survey regarding the community member's opinions toward visitor industry was distributed and results tabulated by the City of Petersburg Community Development Department. Many in the community are for smaller scale, slow visitor industry growth that fits the character of Petersburg. Other residents are opposed to any type of activity in the visitor industry. A small minority of the community would like visitor industry opportunities fully developed.

Of the people surveyed, 47% felt that the community should take steps to restrict visitor industry development,

while 40% of the people felt that the community should not take steps to restrict visitor industry development, and 12% were unsure or had no opinion. Of the people surveyed, 83% stated that the most important factor in determining how much visitor industry to have in Petersburg is the impact on local quality of life. Of the people surveyed, 96% also stated that it is important that the community residents are involved in decisions about visitor industry and 83% stated that the community should develop plans to manage the growth of visitor industry. Residents overwhelmingly voiced that they were opposed to attracting large cruise ships.

Comments from residents who desired visitor industry in the spirit of the community of Petersburg include:

- Prefer visitor industry be in character with the community, its heritage and culture, and of high quality, encourage small in scale, not volumes of people.
- Large ships do not help locals, let's have visitors stay a couple nights, not hours.
- Natural resource industries and the visitor industry are compatible; industry can be an important visitor attraction.
- Need more trails, campgrounds, and RV facilities near town.
- Slow growth in visitor industry is ok, but it must be controlled; the worst possible outcome would be that it would overtake us like Ketchikan, Sitka, and Juneau.

Some of the comments from residents who stated that they did not want visitor industry in Petersburg include:

- Do not promote Petersburg as a transportation destination.
- Do not promote sport fishing or hunting.
- Local dollars should not be spent on promoting visitor industry.
- No deep water port.
- Visitors park at the harbor and it is hard for working members of the community to get to their boats.
- Impact on the fishing and the environment becomes negatively overwhelming.
- Visitors should always be down on the list of priorities.
- The spending of city funds for visitor related development is wrong. Our tax money should be spent on the community, not to benefit a few visitor-related enterprises.
- Visitors would change culture, flavor and atmosphere in a negative way.

Some of these issues are being addressed since the survey was conducted, and public opinion is constantly evolving.

Economic Forecasts

The outlook for commercial fishing industry is as follows: the flood of farmed salmon, coupled with previous strong harvests in Alaska and a weak economy in a major market, Japan, have depressed prices below the profit point for many harvesters and producers. Changes in the salmon market caused by the advent of farmed fish are probably permanent. Buyers value consistency of quality and supply more than top quality, and seem pleased with the farmed product. In addition, some reports indicate that people not accustomed to wild salmon prefer the taste of farmed fish. This could influence sales to customers in new, developing markets, and to the younger population that are tomorrow's consumers. Trouble could easily spread as fish farmers develop other species. Some farmers are already raising halibut, producing more each year. It is likely that in the long term, any species that can be profitably farmed, will be, and will have similar effects on fish markets.

There have been many closures and cutbacks at several Alaskan processors. The short-term situation could worsen dramatically before Alaska's industry finds an economical place in the new market.