

**ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY**

**RESOLUTION NO. G21-28**

**RESOLUTION OF THE ALASKA INDUSTRIAL  
DEVELOPMENT AND EXPORT AUTHORITY RELATING  
TO THE THIRD PHASE OF PRE-DEVELOPMENT WORK  
ON THE WEST SUSITNA ACCESS ROAD PROJECT**

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**WHEREAS**, the Alaska Industrial Development and Export Authority (the “Authority”) has the ability under AS 44.88.172 to own and operate, or to finance, development projects that create infrastructure needed to bring natural resources to market;

**WHEREAS**, the opening of new areas for natural resource development through the construction of access roads is important in supporting economic development and is in furtherance of the Authority’s statutory mission;

**WHEREAS**, predevelopment work on access roads to proposed natural resource projects may require expenditures for planning, permitting, environmental work, feasibility studies, preliminary engineering, legal services, or other similar tasks before a determination can be made as to whether the project is viable or eligible for financing by the Authority;

**WHEREAS**, in Resolution No. G19-21, adopted October 23, 2019, the Board approved the West Susitna Access Road as a development finance project under AS 44.88.172 with respect to pre-development work for the West Susitna Access Road;

**WHEREAS**, the Authority has an opportunity to work with the Matanuska Susitna Borough (“Borough”) and potentially with other interested private parties, on predevelopment work for an access and transportation corridor that will open up the west side of Cook Inlet to natural resource developments (the “West Susitna Access Road”);

**WHEREAS**, the Borough passed ordinance 21-021, approving \$50K in their capital budget specifically for stakeholder engagement activities on the West Susitna Access Road project,

**WHEREAS**, the Borough and AIDEA will take in carrying out the third phase of a feasibility analysis as initial pre-development work for the West Susitna Access Road;

**WHEREAS**, the 32<sup>nd</sup> State Legislature is appropriating \$8.5 million to AIDEA for the continued development of the West Susitna Access road project under SB74;

**NOW, THEREFORE, BE IT RESOLVED BY THE ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY AS FOLLOWS:**

Section 1. Under AS 44.88.172, the Authority is authorized to accept appropriated funds for predevelopment work on the West Susitna Access Road. The Executive Director is authorized and directed to accept the funds for the work associated with the third phase of the Project.

Section 2. The Authority is further authorized to contract for predevelopment work on the West Susitna Access Road with engineers and other professionals, procured under AIDEA's regulations. Thereafter, the Authority is authorized to expend up to \$8,500,000.00 from the Revolving Fund's Economic Development Account to pay for the predevelopment work on the West Susitna Access Road. This authorization includes any expenditures committed or incurred by the Authority for this project prior to the date of this Resolution.

Section 3. If the Executive Director determines it to be appropriate, the Authority is authorized to enter into agreements with other interested private parties regarding private funding of predevelopment work, or portions of it, on the West Susitna Access Road.

Dated at Anchorage, Alaska, this 27<sup>th</sup> day of October, 2021.

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Chair

ATTEST  
[SEAL]

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Secretary



## MEMORANDUM

**To:** Board Members  
Alaska Industrial Development and Export Authority

**From:** Alan Weitzner  
Executive Director

**Date:** October 27, 2021

**Subject:** West Susitna Access Road – Pre-development Work Phase 3  
Resolution No. G21-28

AIDEA staff is requesting the Board's approval to accept and receive \$8.5 million of state appropriated funds identified in SB 74<sup>1</sup>, from the 2021 32<sup>nd</sup> State Legislative session, for the purposes of the advancement of predevelopment work on the West Susitna Access Road project (the "Project") in order to bring a Record of Decision from the governing regulatory agency. This project has been established as a development finance project of the Authority under AS 44.88.172 per resolution G19-21. This Project is proposed in partnership with the MSB.

### AIDEA MISSION

AIDEA's purpose is to promote, develop, and advance the general prosperity and economic welfare of the people of Alaska. The opening of new areas for natural resource development through the construction of access roads and/or transportation corridors is important in supporting economic development in connection with the extraction, transportation and production of timber, metals, minerals, hydrocarbons, petroleum products and other resources.

Under AS 44.88.172(a), AIDEA is entitled to expend money from the economic development account to finance, acquire, manage and operate development projects that the Authority intends to own and operate or to provide development project financing, all for projects defined under AS 44.88.900(13)(A), including roads and related infrastructure.

AIDEA has performed a reconnaissance-level Project economic impacts report (attached) using IMPLAN economic impact modelling software. Benefits from the future development of this multi-use resource access corridor to the region and to the state include:

- Creation of an estimated 250-500 direct jobs during construction of the access corridor, additional job growth through associated resource developments;
- Greater utilization of the MSB owned Port Mackenzie through natural resource export opportunities;

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<sup>1</sup> "...The amount of \$8,500,000 is appropriated from the 2021 state infrastructure project fund to the Department of Commerce, Community, and Economic Development for the West Susitna Road Access Project."

- Increased access within MSB to over 65,000 acres of agricultural land, and over 6 million acres of recreational opportunities; and
- Potential economic benefits to the state and borough include mine royalties, lease payments, port fees, increased year-round employment opportunities and an opportunity to broaden MSB's tax base.

## **BACKGROUND ON WEST SUSITNA ACCESS REQUEST**

In 2014, the Alaska Department of Transportation and Public Facilities (DOT&PF) Roads to Resources program completed an extensive natural resources inventory and access corridor study referred to as the West Susitna Reconnaissance Study for Access to Resource Development Opportunities (West Susitna Access Study). The purpose of the study was to identify multiple resource development opportunities that can be accessed by one transportation corridor, thereby attracting multiple private sector, non-governmental and governmental investments across resources. Advancing the work initiated by DOT&PF would also allow the MSB to access borough owned resources as well as enhancing MSB's fire suppression activities.

## **PHASE 1 FINDINGS & CONCLUSION**

HDR completed field level reconnaissance for two preliminary multi-modal routes late last fall for the purpose of gathering LiDAR data and determining route feasibility to the Canyon Creek lease area and further west towards the Whistler Mining District. Phase 1 included data gathering to help identify the level of effort required for Phase 2 engineering studies and seek an understanding of the constructability and overall feasibility for the two routes. To summarize the teams' findings:

- Port Mackenzie Route (PMR) from Ayrshire Road to Talachulitna River is a feasible route in terms of terrain that minimizes wetland impacts and includes viable water crossings.
- Upon the road reaching the Skwentna River, the route will need to cross to the North side of the Skwentna to avoid extremely challenging terrain along the south side.
- The Southern route, starting at Ladd Landing, is an environmentally and geotechnical challenging route to construct. Segments of this route would need additional refinement to minimize wetland impacts and further investigation of material availability would likely be required.
- There are many cabins, lodges, and private property along the proposed routes and the project route will need to consider land ownership, right-of-way acquisitions, and subsistence harvest issues.
- The project route will need to consider cultural and historical resources along the alignment.

The Phase 1 Report can be found at: <http://www.aidea.org/Programs/Project-Development/West-Susitna-Access>

Upon review of Phase 1 report and multiple discussions with current partners and potential partners on multi-modal alternatives, AIDEA staff focused the project efforts with the MSB on

predevelopment studies for a multi-use transportation/access road from the Port Mackenzie/Big Lake area to the Yentna Mining District near the current Whiskey/Bravo airstrip. It is AIDEA staff's opinion that predevelopment studies of multi-use transportation/access road will maximize the projects' benefit for the most potential users and would be in the public interest.

## **PHASE 2 FINDINGS & CONCLUSIONS**

The intent of phase 2 of the predevelopment work of the West Susitna Access project was to accomplish two objectives:

- 1) Advance preliminary engineering to a point where a reasonable opinion of probable capital costs could be developed for economic decision making; and
- 2) Conduct wetland mapping and field work to position the project for developing a Clean Water Act section 404 permit application, in the case the project moves forward.

The project team developed the preliminary design criteria for the road and selected a typical road section as formulation for the opinion of probable costs. The team settled on a preliminary driving surface of 24' wide, design speed of 45 mph, and a maximum running grade of 8%, with a gravel driving surface.

The engineering report identified 145 water crossings, of which 90 will be required to provide fish passages. Eleven crossings were identified as requiring bridges, of which four crossings are considered complex based upon construction complexities, in-water work, span lengths, or deep canyon crossings.

The best informed opinion of probable capital cost for the project is approximately \$350 million. This value includes environmental and permitting, design, construction, construction administration, right-of-way survey and platting, right-of-way acquisition – inclusive of all costs to build the road.

All deliverables produced under phase 2 have been made public on AIDEA's website (<http://www.aidea.org/Programs/Project-Development/West-Susitna-Access>) and include: Preliminary Engineering report, Preliminary Road Engineering Map-book, Preliminary Wetland Mapping Report, and the project public communications plan.

## **PHASE 3 PROGRAM PROPOSAL**

The next phase of the West Susitna Access road will be to work towards an application to the governing regulatory agency for permission to fill in wetlands with gravel for road construction under Section 404 of the Clean Water Act. This application will trigger the National Environment Policy Act (NEPA) process, bringing the project to a Record of Decision by the regulatory agency.

The recommended next steps will be to refine the engineering and fill data gaps that could impact route alignment, schedule, and opinion of probable cost. Work included in filling those gaps will be fish surveys, stream surveys, cultural & historical studies, land ownership identification, preliminary geotechnical investigations, identification of temporary and permanent project

footprints associated with construction, and to include purchase of current relevant data prepared by external sources.

Engineering and field work will be required prior to submitting an application to the USACE. AIDEA proposes to engage with a 3<sup>rd</sup> party engineering firm, procured competitively under AIDEA's procurement regulations to assist and guide AIDEA through application process and achieve a Record of Decision.

AIDEA staff proposes the following tentative outline for effectively utilizing the state appropriated funds for advancing the West Susitna road development:

- October 2021: Accept & Receive \$8.5 million in state appropriated funds into AIDEA's economic development account (AS 44.88.172) under AIDEA procurement regulations
- November 2021 - December 2021: Competitively procure 3<sup>rd</sup> party contractor to assist AIDEA with application process
- January 2022 – March 2022: On-board contractor, data download, and develop 2022 Work Plan
- Q2 - Q4 2022: Subject to contractor timing and available data, target permit application submission to governing regulatory agency as early as Q2 2022, but no later than Q4 2022
- Q1 2023 thru Q3 2024: NEPA Review
- Q4 2024: Achieve Record of Decision

AIDEA will take a segmented approach to achieve each project milestone by proposing annual budgets to the Board for pursuing the West Susitna project development. Proposals will include detailed scopes, schedules, anticipated procurements, and critical project milestone dates. The 3<sup>rd</sup> party contractor will assist AIDEA in developing these plans and provide their expertise in guiding AIDEA through the application process. AIDEA will provide the Board with updates at critical project milestones.

## **STRATEGIC PROJECT PARTNERS & STAKEHOLDER ENGAGEMENT**

Public engagement will be a major component of this next phase of development. AIDEA staff and MSB will continue to build on our partnership framework developed in Phase 1 and followed upon with the successful completion of Phase 2. MSB has committed \$50K, in their 2021-2022 capital budget, ordinance 21-021, to help champion the stakeholder engagement process with MSB. AIDEA believes a strong working relationship and support from MSB will benefit the project. AIDEA is committed to an open and transparent process and will engage 3<sup>rd</sup> party contractors as necessary to help assist MSB and AIDEA with public involvement and stakeholder engagements at major project milestones.

**RECOMMENDATION**

AIDEA staff recommends Board approval to accept the state appropriated funds, under AS 44.88.172, into AIDEA's economic development account for the advancement of the West Susitna Access road development project. Upon the Board's approval, AIDEA will begin the competitive procurement process for selecting a third party contractor and develop a plan for achieving a Record of Decision from the governing regulatory agency.

**Attachments:**

West Susitna Access Road Economic Impact Report