



West Susitna Access Project Economic Impact Study Results

Alliance Breakfast

April 13, 2023

Donna Logan, President, McKinley Research Group, LLC

Kalb Stevenson, WSAP Community Outreach Consultant

Agenda

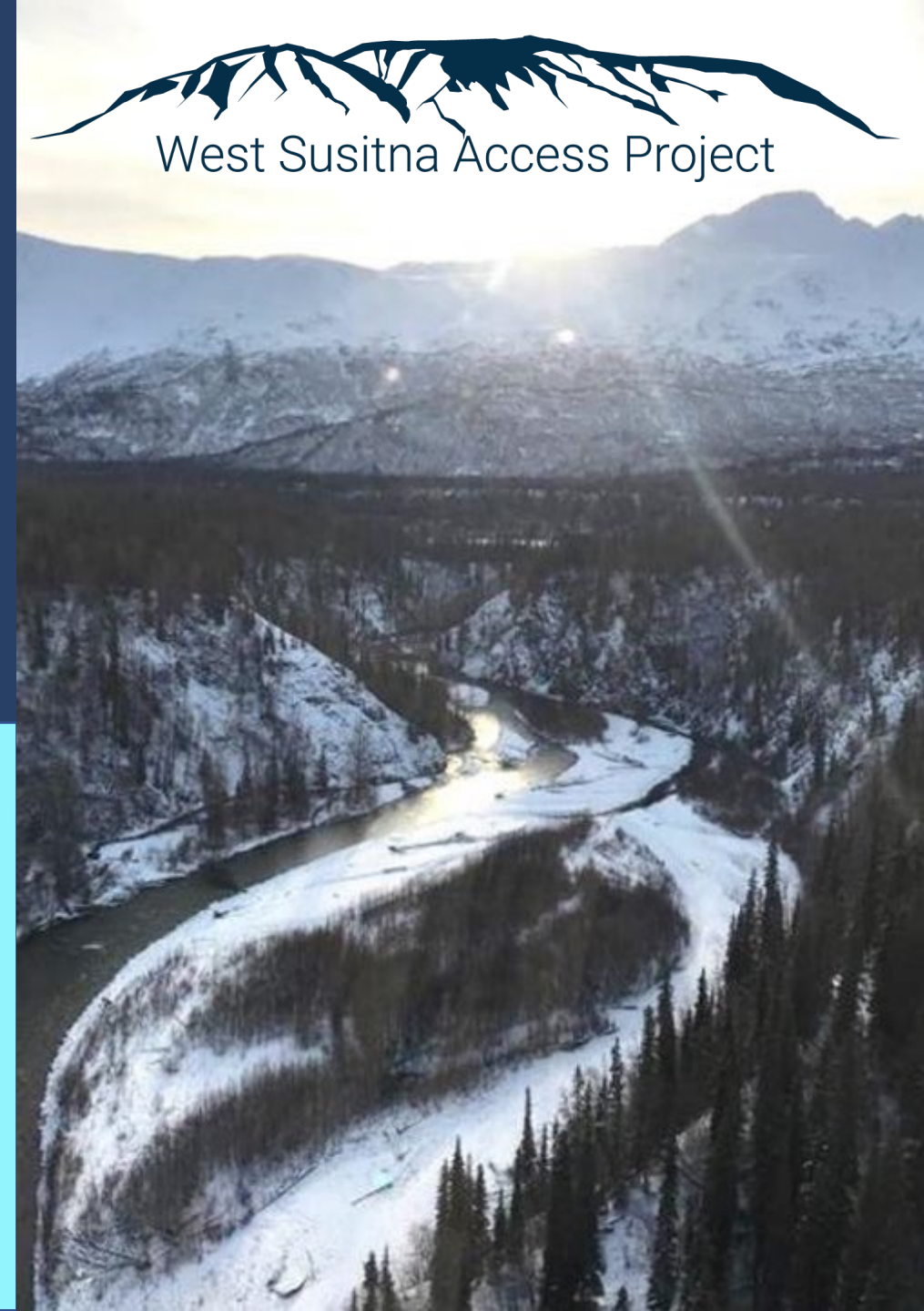
Project
Overview
& Status



Economic
Study
Highlights



Next
Steps





Project Overview & Status

AIDEA Mission

To promote, develop, and advance economic growth and diversification in Alaska by providing various means of financing and investment.

Sec. 44.88.010. Legislative finding and policy.

Section of State Law that established AIDEA and addressed:

- Unemployment and an ongoing need for jobs in the state;
- The state's lack of basic manufacturing, industrial, energy, export, and business enterprises necessary for adequate development of its natural resources and the balanced growth of its economy;
- AIDEA's power to acquire ownership interests in projects, provide development project financing, and issue bonds;
- That it is in the interest of promoting the welfare of the people of Alaska, and a public purpose, to increase job opportunities and encourage the economic growth of the state, including the development of its natural resources, through the establishment and expansion of manufacturing, industrial, energy, export, and business enterprises.

AIDEA Overview



- Investing in Alaskans since 1967
- Alaska's Development Finance Authority
- Financially Self-Sustaining Public Corporation (no GF by statute AS 44.88.190(b))
- The authority is a public corporation of the state... and a political subdivision within the Department of Commerce, Community, and Economic Development, but with a separate and independent legal existence (**Sec. 44.88.020**).
- The purpose of the authority is to promote, develop, and advance the general prosperity and economic welfare of the people of the state, to relieve problems of unemployment, and to create additional employment (**Sec. 44.88.070**).



AK CARES

INFRASTRUCTURE DEVELOPMENT

Ambler Mining District Industrial Access

Blood Bank of Alaska

Bokan Rare Earth Element

DeLong Mountain Transportation System (DMTS)

Snettisham Hydroelectric Project

BUSINESS & EXPORT ASSISTANCE

Loan Guarantee Program

Export Assistance

Success Stories

AK SAFE PROGRAM

CONDUIT REVENUE BONDS

Tax Exempt Bonds

Taxable Bonds

Conduit Revenue Bond Application Form (pdf)

Conduit Revenue Bond Regulations

Success Stories - Bonds

AK SHIP

LOAN PARTICIPATION

Interest Rates

Eligible Financial Institutions

AIDEA Loan Portfolio: Diversity and Performance

Success Stories

NEW MARKETS TAX CREDITS

PROJECT DEVELOPMENT

AIDEA Projects

Camp Denali Readiness Center Addition

35 Years of Mining Support

Federal Express Aircraft Maintenance Facility

Ketchikan Shipyard

Mustang Operations Center 1

Skagway Ore Terminal

BlueCrest Energy, Inc.

West Susitna Access

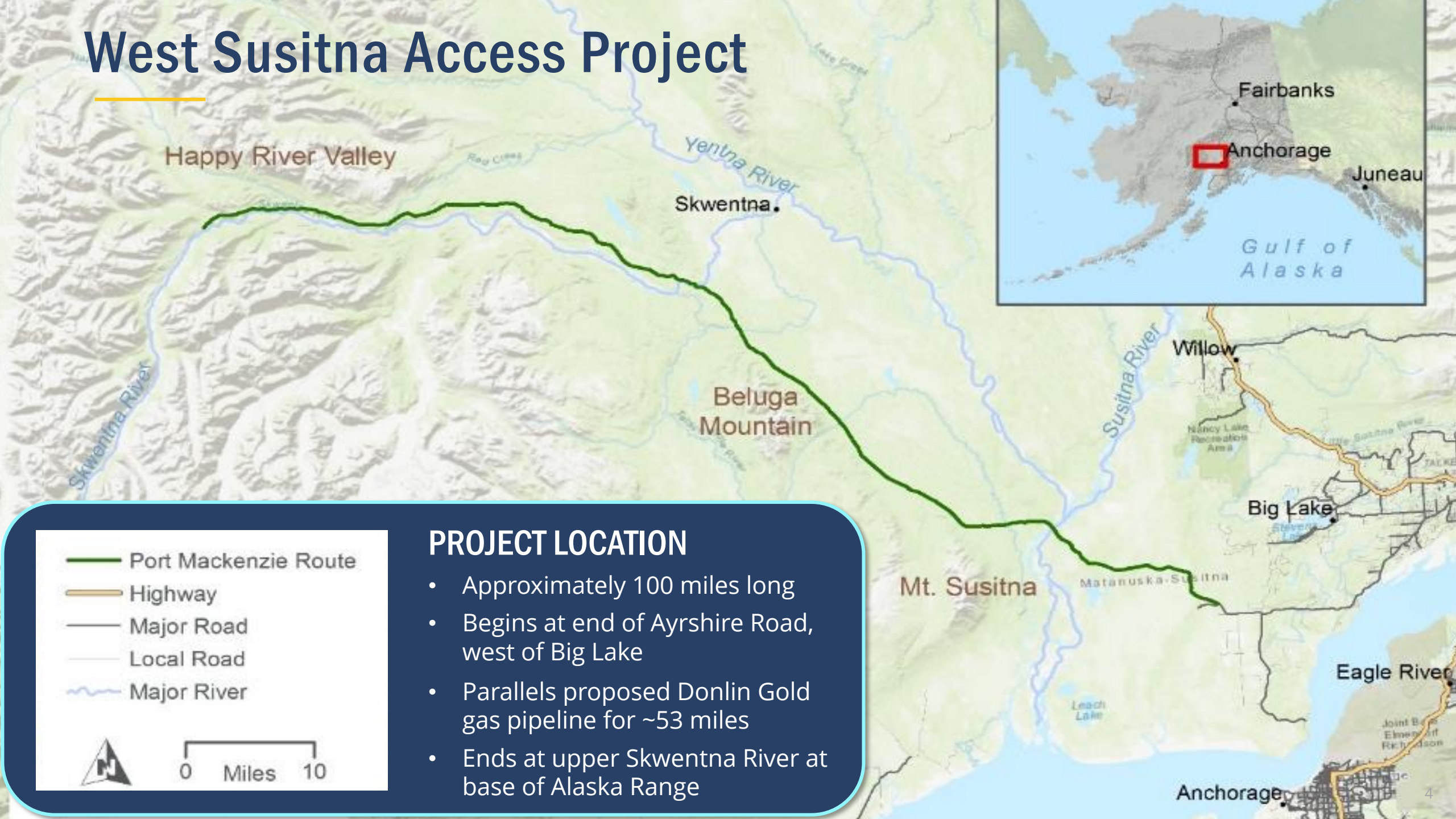
1002 Area

BUSINESS LOANS

Rural Development Initiative Fund (RDIF)

Small Business Economic Development (SBED)

West Susitna Access Project



- Port Mackenzie Route
- Highway
- Major Road
- Local Road
- Major River



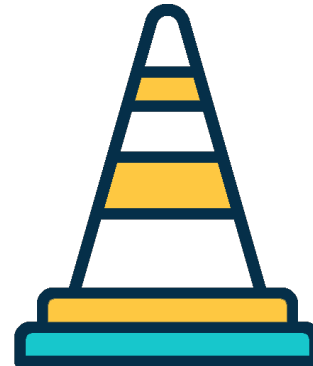
0 Miles 10

PROJECT LOCATION

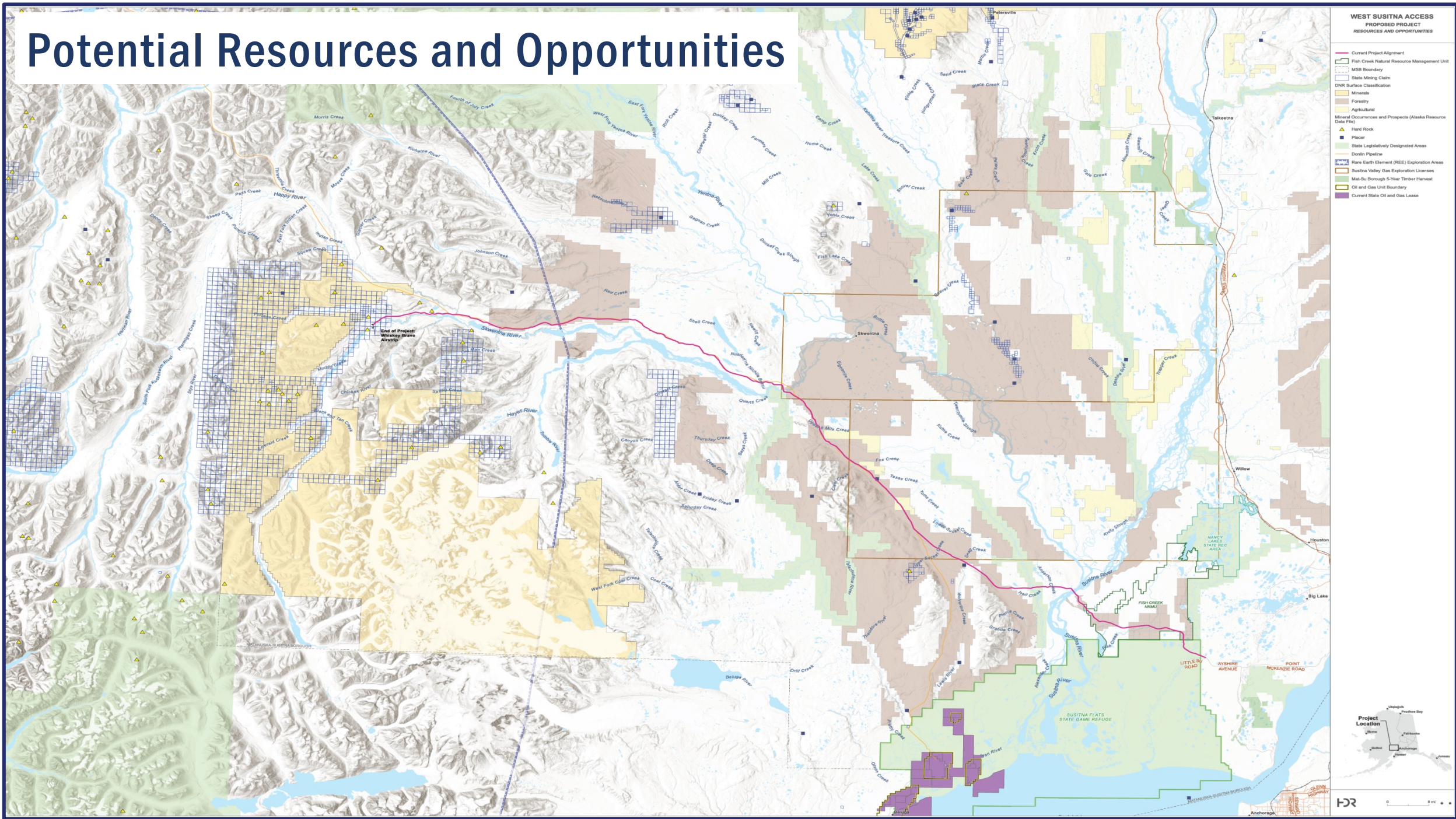
- Approximately 100 miles long
- Begins at end of Ayrshire Road, west of Big Lake
- Parallels proposed Donlin Gold gas pipeline for ~53 miles
- Ends at upper Skwentna River at base of Alaska Range

Project Details

- Components:
 - Access Road
 - 101 miles long
 - 32-foot surface width
 - 11 bridge crossings
 - 171 culvert crossings
 - 28 material sites
 - 3 maintenance stations
 - 2 airstrips
 - 2 boat launches
 - 6 overpass trail crossings
 - 20 at-grade trail crossings

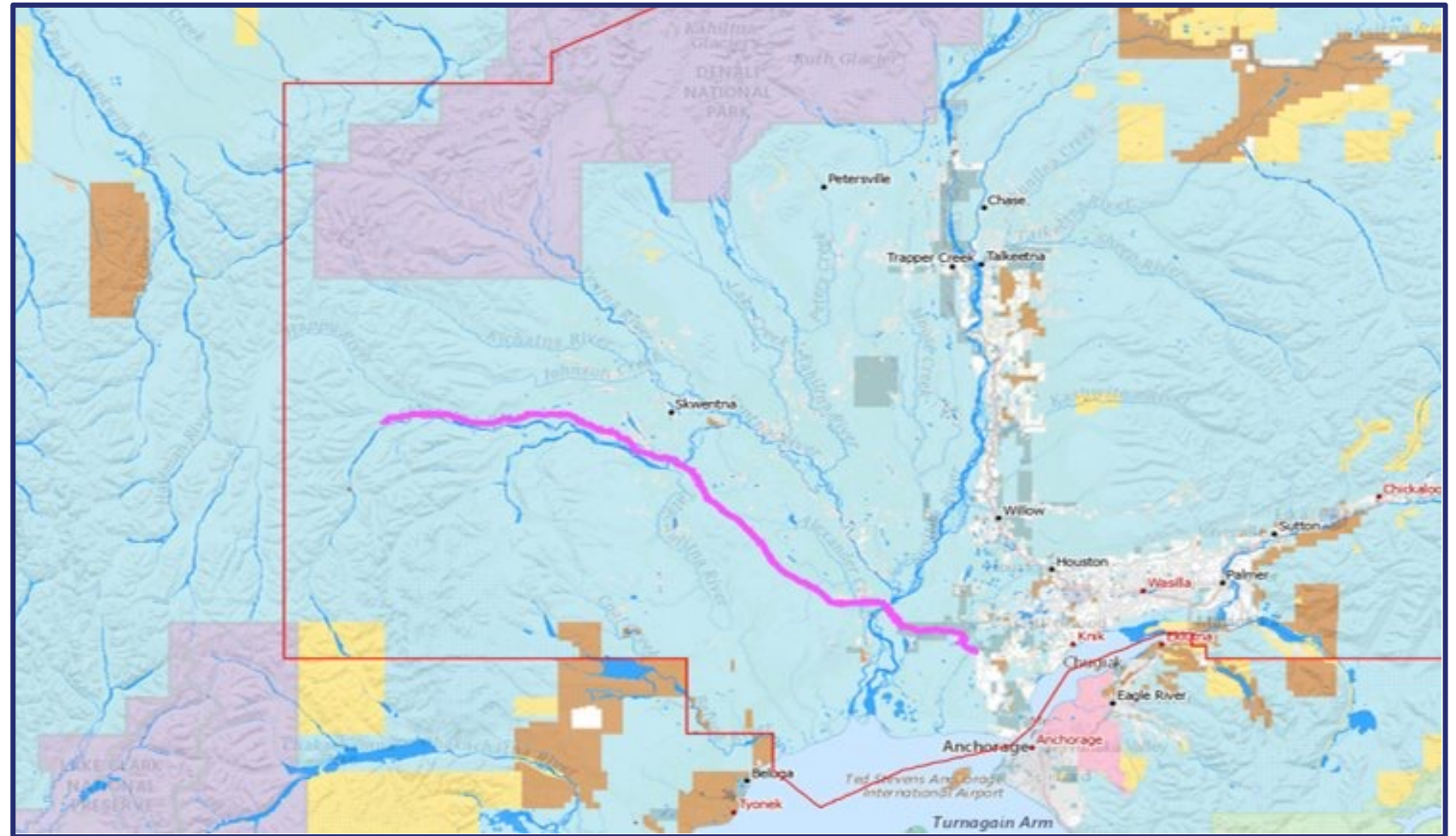


Potential Resources and Opportunities



Current Status – Permitting is Underway

- The 100-mile road was designed to avoid & minimize environmental impacts, with less than 100 acres of projected impacts to wetlands.
- AIDEA submitted its application for federal wetlands permit (CWA 404) in May 2022. The NEPA process will soon be underway.
- The project occurs on State Lands.



Project Schedule





Economic Study Highlights

About McKinley Research Group

- Formerly McDowell Group
- Research and consulting since 1972
- Offices in Anchorage and Juneau
- Economic Analysis, Community Economic Planning, Business Development, Survey Research, and many others
- Conducted 100+ economic impact studies, including Alaska's
 - Industry Support Alliance!
 - Oil and Gas Industry (AOGA)
 - Mining Industry (AMA/CAP)
 - Seafood Industry (ASMI)
 - Visitor Industry (ATIA)



Our Assignment

- Prepare for the Governor's Office
- Conduct a high-level assessment of the economic values associated with the potential development of the West Susitna Access Road, including natural resource and recreational opportunities which would be most impacted by enhanced access; as well as the potential revenue benefits to the State government.
- Our assignment did not include re-evaluation the costs of road construction, environmental impacts of road construction and related industrial traffics, or a cost-benefit analysis

Potential Economic Opportunities Assessed



Mineral Resources

Copper, gold, silver, coal, and platinum potential; more than 3,000 active mining claims



Forestry

700,000+ acres available for harvest; enhances emergency response & fire prevention



Agricultural Resources

More than 65,000 acres of agricultural land identified for potential agricultural uses



Recreational Resources

Opportunities for snowmachining, fishing, hunting, boating, recreational mining, wilderness lodges, and personal use cabins

- We used a variety of published and unpublished data and interviewed more than 20 industry representatives, local and regional recreation organizations, and other stakeholders

Potential Mining Development

- The risk for mining exploration, development, and production decreases with all-weather road access.

Table 7. Mineral Exploration Projects, West Susitna Study Area, 2022

Project	Owner	Land Ownership	Resources	Inferred Resource	Status
Estelle	Nova Minerals Limited	State of Alaska	Gold, copper, silver	6.6 Moz.	Moderate exploration
Whistler	GoldMining Inc	State of Alaska	Gold, copper	2.8 Moz.	Significant exploration
Island Mountain	GoldMining Inc	State of Alaska	Gold, copper	2.0 Moz.	Significant exploration
Raintree West	GoldMining Inc	State of Alaska	Gold, copper	1.6 Moz.	Significant exploration
Canyon Creek	Alaska Asia Mining Company	State of Alaska	Coal	165 Mmst.	Moderate exploration

Source: Nova Minerals Limited, GoldMining Inc, Alaska Department of Natural Resources, and UAA ISER.

Potential Mining-related Jobs and Wage Impacts

- Additional impacts include Mat-Su Borough property tax and State mining taxes and royalty receipts

Table 11. Potential Annual Mine Direct and Multiplier Impacts, West Susitna Area

Project	Operating Jobs	Operating Wages (\$millions)	Total Jobs Impact Range	Total Wage Impact Range (\$millions)
Estelle	200-400	\$24-\$47	380-960	\$38 - \$90
Whistler	500	\$59	950 - 1,200	\$95 - \$115
Island Mountain	360	\$42	680 - 860	\$65 - \$80
Raintree West	230	\$27	450 - 550	\$40 - \$55
Canyon Creek	300	\$35	500 - 1,000	\$50 - \$70

Source: University of Alaska Anchorage, Institute of Social and Economic Research; Alaska Department of Labor and Workforce Development; and McKinley Research Group estimates.

Potential Timber and Agriculture Opportunities

- Timber opportunity factors include:
 - Poor quality timber (beetle infestation)
 - Need for more extensive road system,
 - Current low demand



Table 19. Estimated Value of Forest Resources in the Study Area

Area/Subregion	Forestland Acres	Estimated Direct Economic Value
Alaska Range Subregion	45,000	\$5,000,000
Mt. Susitna Subregion	219,000	\$24,400,000
Susitna Lowlands Subregion	319,000	\$35,500,000
Fish Creek NRMU	11,946	\$1,300,000
Total	594,946	\$66,200,000

Sources: Matanuska-Susitna Borough 2019 Natural Resource Management Unit Plan, Alaska DNR 2011 Susitna Matanuska Area Plan, 2007 MSB Market Analysis and Timber Appraisal.

Table 21. Estimated Annual Value of Agricultural Resources in the Study Area

Area/Subregion	Agricultural Acres	Estimated Direct Economic Value
Mt. Susitna Subregion	7,000	\$1,600,000
Susitna Lowlands Subregion	38,000	\$8,800,000
Fish Creek NRMU	3,500	\$800,000
Total	48,500	\$11,200,000

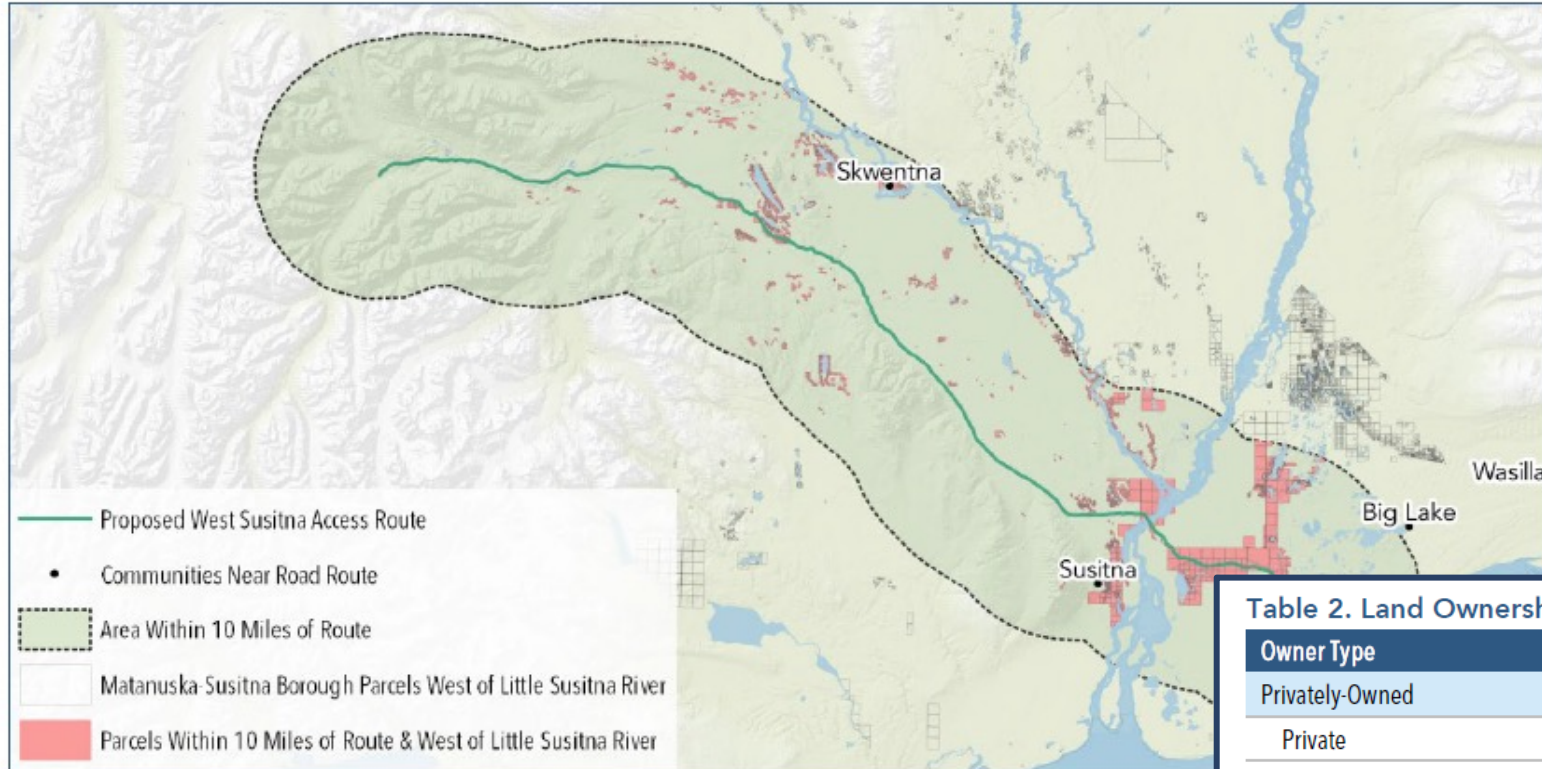
Sources: Matanuska-Susitna Borough Asset Management Plan: Natural Resource Management Units, Alaska DNR 2011 Susitna Matanuska Area Plan. United States Department of Agriculture Census of Agriculture 2017.

- Agriculture opportunity factors include:
 - Likely homestead-scale in the near term due to distance from markets and lack of proven crop potential



Improved Access

Figure 2. Parcels Within 10 Miles of the Proposed West Susitna Access Road Route



Source: Matanuska-Susitna Borough and McKinley Research Group.

*10-mile radius from proposed West Susitna Access Route excludes on-road areas of the MSB.

- About 61% of the land within this radius is owned by the MSB, State, or Federal Government.
- Construction of the access road would likely have the most immediate impact on the land within about 10 miles of the proposed route. The 3,078 parcels in this 10-mile route corridor encompass about 73,000 acres of land*

Table 2. Land Ownership Within 10 Miles of Proposed West Susitna Access Road Route

Owner Type	Number of Parcels	Total Acres
Privately-Owned	2,618	28,448
Private	2,602	25,726
ANCSA Corporation	16	2,722
Government-Owned	460	44,500
State of Alaska	307	19,404
Matanuska-Susitna Borough	140	24,979
Federal Government	13	117
Total	3,078	72,948

Source: Matanuska-Susitna Borough and McKinley Research Group estimates.

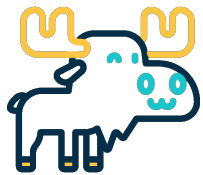
Potential Visitor and Recreation Impacts

- Factors impacting resident and recreation use include:
 - Population growth
 - Changes in wildlife populations
 - Changes in management of these resources
 - Household income
 - For visitors, destination marketing, travel affordability, and infrastructure development
- Outdoor recreation activities:
 - Consumptive (i.e., hunting, trapping, sport fishing)
 - Non-consumptive (i.e., summer activities such as camping, hiking, kayaking, rafting, and flightseeing; winter activities such as snowmachining, skiing)

Potential Visitor and Recreation Impacts



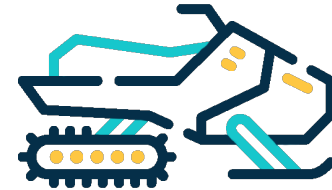
- Enhanced **sportfishing** access:
 - Destinations for salmon, northern pike, smelt/hooligan and rainbow trout on area lakes, streams, and rivers
 - Lower Susitna Personal Use (dipnet) Fishery
- Additional boat launch infrastructure likely needed to attract significant new anglers



- Enhanced **hunting** access:
 - Game Management Unit 16 (moose, brown bear, black bear, sheep, caribou)
 - Trapping (wolf, beaver, wolverine, lynx and others)
- Nonresident hunters are required to hire guides or be accompanied by a resident relative when hunting brown/grizzly bear, Dall sheep, and mountain goats

Potential Visitor and Recreation Impacts

- Enhanced **snowmachine** access:



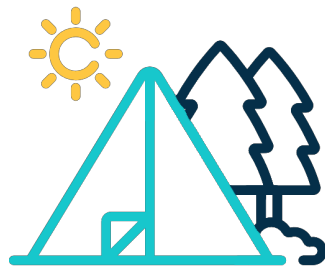
- Many recreational cabins

- Additional parking lots that accommodate trailers and safety infrastructure (warming shelters) needed



- Enhanced access:

- Motorized and nonmotorized boating
- Camping, including private cabins and rental cabins
- Hiking, biking, four-wheeling, and more



Wilderness Lodges

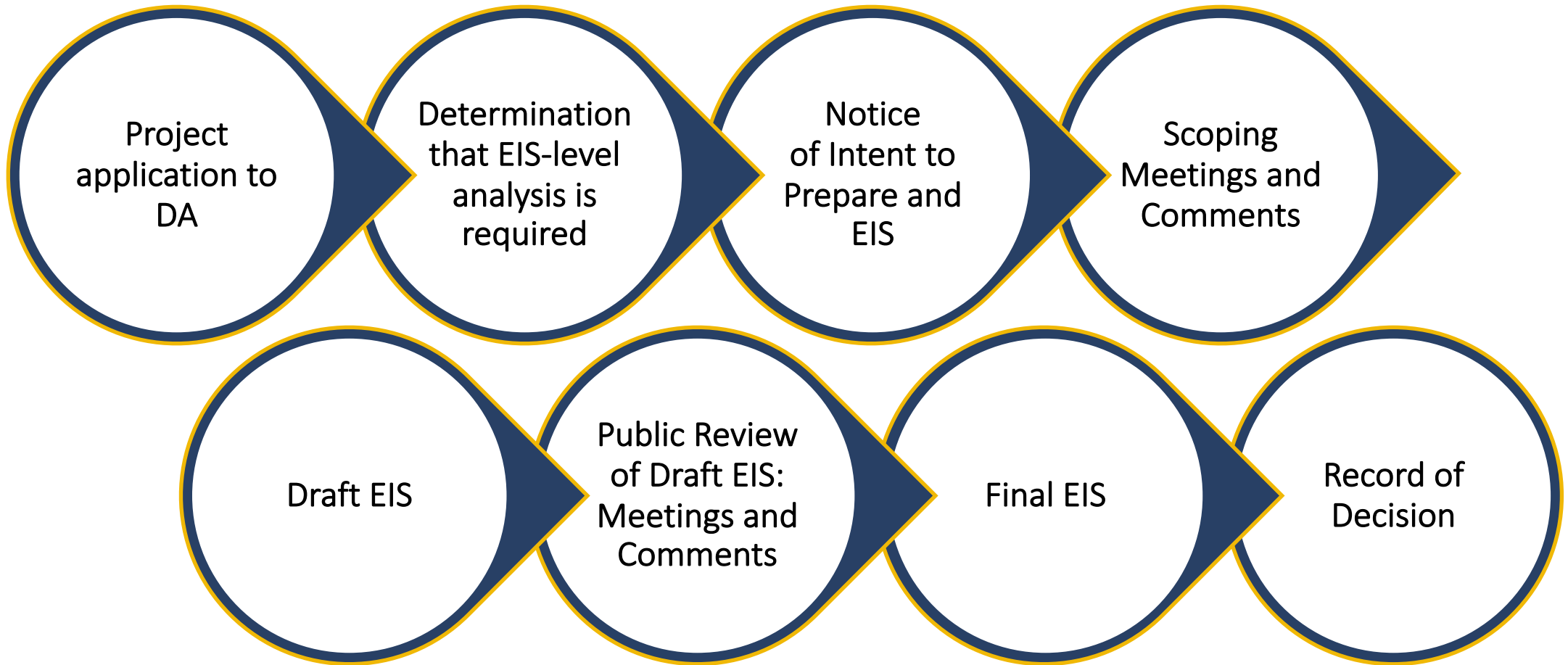
- About 25 lodges in the area
- Multi-day packages all-inclusive (ranging \$2,300-\$17,500)
- Remote, off-road and wilderness setting is significant in the market appeal
- Employment and spending by the lodges account for the highest share of current recreation-related economic activity in the area
 - Direct jobs (employed and self-employed)
 - Contracted hunting guides
 - Pilots transporting clients
 - Services (mechanics) and supplies (food and grocery, equipment, etc.)
 - Mat-Su Borough property and bed tax revenue





Next Steps

EIS Steps for 404 Permit – USACE

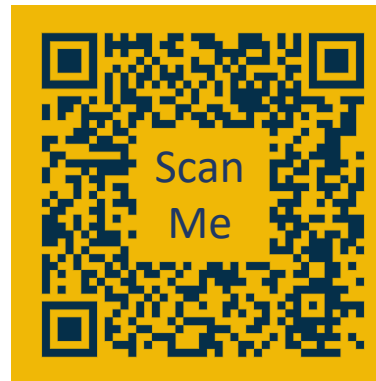


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For additional information, please contact Robyn Reyes at (907) 771-3054



Thank You!



Donna Logan

President, McKinley Research Group, LLC



Kalb Stevenson

WSAP Community Outreach Consultant