

**ALASKA STATE LEGISLATURE  
HOUSE TRANSPORTATION STANDING COMMITTEE**

February 28, 2023

1:01 p.m.

**MEMBERS PRESENT**

Representative Kevin McCabe, Chair  
Representative Sarah Vance, Vice Chair  
Representative Tom McKay  
Representative Craig Johnson  
Representative Louise Stutes  
Representative Genevieve Mina

**MEMBERS ABSENT**

Representative Jesse Sumner

**COMMITTEE CALENDAR**

PRESENTATION(S): ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT  
AUTHORITY

- HEARD

**PREVIOUS COMMITTEE ACTION**

No previous action to record

**WITNESS REGISTER**

RANDY RUARO, Executive Director  
Alaska Industrial Development and Export Authority  
Department of Commerce, Community, and Economic Development  
Anchorage, Alaska

**POSITION STATEMENT:** Gave a presentation on the Alaska  
Industrial Development and Export Authority.

BRANDON BREFCZYNSKI, Deputy Director  
Alaska Industrial Development and Export Authority  
Department of Commerce, Community, and Economic Development  
Anchorage, Alaska

**POSITION STATEMENT:** Assisted in a presentation on the Alaska  
Industrial Development and Export Authority.

JOSIE WILSON, Director  
Communications and External Affairs

Alaska Industrial Development and Export Authority  
Department of Commerce, Community, and Economic Development  
Anchorage, Alaska

**POSITION STATEMENT:** Assisted in a presentation on the Alaska Industrial Development and Export Authority.

**ACTION NARRATIVE**

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**CHAIR KEVIN MCCABE** called the House Transportation Standing Committee meeting to order at 1:01 p.m. Representatives McKay, Vance, and McCabe were present at the call to order. Representatives C. Johnson, Stutes, and Mina arrived as the meeting was in progress.

**PRESENTATION(S) : ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT  
AUTHORITY**

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CHAIR MCCABE announced that the only order of business would be the Alaska Industrial Development and Export Authority presentation.

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RANDY RUARO, Executive Director, Alaska Industrial Development and Export Authority, Department of Commerce, Community, and Economic Development, began a PowerPoint presentation "Alaska Industrial Development and Export Authority Overview" [hard copy in committee packet]. He began on slide 2 and explained the mission and history of the Alaska Industrial Development and Export Authority (AIDEA). He said AIDEA's statutory mission is to create economic growth and jobs, which has been designated as a public purpose by the Alaska State Legislature. He further explained that AIDEA is designated as a subdivision of the state, and a public entity. He shared that AIDEA originated in 1967 and has been a self-sustaining corporation with \$463 million in dividends since 1996, with over \$3.5 billion invested into economic development in Alaska. He stated that this year's dividend totaled \$17.9 million, and dividends are rising. He referred to negative statements from a "certain entity" and expressed his belief that AIDEA can rebut the comments and show that it is doing well.

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MR. RUARO moved to slides 4 and 5 to talk about how AIDEA's mission ties in with the Statehood Act. He referred to Article 8 of the Alaska State Constitution, which puts forth that Alaska develop its resources to the maximum extent possible. He informed members that the U.S. Supreme Court has said that statehood acts are not only federal statute but are also compacts that cannot be changed later by Congress, especially in cases of land grants to states. He said it is important to remember that when Alaska's statehood rights are interfered with, the legal question is raised on whether federal agencies have the authority to interfere.

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MR. RUARO moved to slide 6 to talk about Section 6(i) of the Statehood Act. He said that the section states that all grants of statehood lands shall include mineral deposits and the right to prospect for, mine, and remove the minerals. He said the language was put in intentionally by Congress since it had identified that Alaska was rich with resources but needed to sustain itself. He said the Act granted the right not only to look for minerals in Alaska, but to remove them as well. He suggested that the language means that the state has a floating easement, whenever it is needed, to get statehood minerals off statehood lands. He said that, at the chair's consent, he would be willing to provide more detail into Section 6(i). He emphasized the importance of the Statehood Act's legislative history.

CHAIR MCCABE responded that any information Mr. Ruaro could provide would be helpful.

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REPRESENTATIVE STUTES queried Mr. Ruaro about his statements regarding mineral rights under the Statehood Act. She stated that his characterization comes off as sounding like the state can mine anywhere it wants to collect the resources, and further, that like there is no permitting process to collect the minerals.

MR. RUARO explained that in the case of statehood lands, which he noted is about one quarter of the state, the state does have a right to mine, prospect, and remove minerals. He said the mineral rights are still subject to mitigating conditions that are discussed with the federal government. He provided an

example: the Army Corps of Engineers has jurisdiction over wetlands, which means that on statehood lands the corps could perform an environmental review that is not National Environmental Policy Act (NEPA) related. He offered his understanding that there is an opportunity for the federal government to weight in with mitigating conditions but said he does not think the federal government can come in and say, "No development."

REPRESENTATIVE STUTES stated that she understands the comments, but said that if there is permitting required, then the state must undergo the permitting process. She asked if her statement is correct.

MR. RUARO suggested that the permitting process is a different process than permitting on state lands. He said that the federal agency should be constrained by its promise to the state, in such that it should not outright deny the state it's right to develop on its lands. On federal lands, he said, the federal government has more leeway.

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MR. RUARO returned to the presentation on slide 7. He stated that the statehood vision has not turned out well. He said one reason is because the federal permitting process, NEPA, is being applied to all sorts of projects, from green energy to oil and gas projects. He said the NEPA process is what the study, "Progress Denied: A Study on the Potential Economic Impact of Permitting Challenges Facing Proposed Energy Projects," covers. He explained that the study shows how the NEPA process takes an average five to seven years to complete but could take longer if there is litigation involved afterward. Further, he said the study discussed that NEPA, though well intentioned, causes significant delay of opportunity for Alaskans.

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MR. RUARO moved to slide 8 to report on the progress of several AIDEA transportation projects. He said the projects include the FEDEX Corporation maintenance repair and operations facility; the West Susitna Access project; the Ambler Access project; and 1002 leasing. He said there is an access component to just about everything because of time and distance for shipping. He stated, while on slide 9, that the Ambler Access project is a priority project, which is a planned 211-mile road that would go off the Dalton Highway and into the Ambler mining district. He

said that for Ambler specifically, Congress said there should be an easement and access for the project. He recounted that when the Alaska National Interest Lands Conservation Act (ANILCA) was passed in the 1980s, former U.S. Senator Ted Stevens had made sure to protect Ambler. He relayed that the mineral presence in Ambler has been known for decades to be significant, and so Senator Stevens wrote language into ANILCA that allowed for the easement right off the Dalton Highway and into the Ambler mining district. He reported that there were a number of mining claims, and jobs available, but said AIDEA is working through court issues since there has been litigation against Ambler. He stated that AIDEA will still progress forward as fast as it can. He said that Ambler is a project where, because of ANILCA and the Statehood Act, AIDEA's stance is that the federal government does not have the right to say, "No project." He said that while some reasonable conditions can be imposed, the federal government cannot just say to the state, "You don't have the right to develop on state lands." That is a significant difference compared to most projects.

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CHAIR MCCABE asked how the Federal Government feels about AIDEA's stance.

MR. RUARO said he is not sure whether the Federal Government agrees with it.

CHAIR MCCABE asked if the Federal Government is the "hold-up" on the Ambler Road project, or if there have been other barriers.

MR. RUARO answered that U.S. Department of Interior (DoI) Deputy Secretary Tommy Beaudreau had filed an affidavit with the court, which stated that DoI must further review its previous process under the Trump Administration. He explained that the court agreed that the U.S. Bureau of Land Management (BLM) should be allowed to study further, and then issue a new decision. He said the review is currently underway.

CHAIR MCCABE sought confirmation that federal lands are involved, there is an easement - and there is already an easement granted under ANILCA - but now the Federal Government is wanting to study Ambler Road further.

MR. RUARO responded that Chair McCabe's recounting is correct. He elaborated that, for the Ambler Road project, there has been an agreement reached between AIDEA and BLM. He said BLM is

going to move forward with the study, and AIDEA will be moving forward with a field season, but only if allowed. He shared that a number of plaintiffs have come forward and asserted to the court that the state is not in control of its own lands, and further, that Alaska Native Settlement Claims Act (ANCSA) corporations are also not in control of their own lands. He said that is the matter before the court right now. He stated that AIDEA disagrees with that assertion.

CHAIR MCCABE asked what BLM is studying.

MR. RUARO answered that BLM is studying matters relating to historical cultural sites along the easement route, as well as subsistence issues. Following the review, BLM will report to the court and issue a new decision. He said the draft decision timeline is due this fall, and so there will be an opportunity for the public to weigh in on the decision.

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MR. RUARO returned to the presentation on slide 10. He spoke on the FEDEX facility project, which he stated has been an "anchor" project at the Ted Stevens International Airport. He said AIDEA is in negotiations with FEDEX to get additional improvements, as well as increase the term of the lease by a few years. He said that AIDEA thinks that the airport has been a great location.

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CHAIR MCCABE inquired about the FEDEX hangers. He relayed that FEDEX no longer flies the "74" plane, but rather Boeing's 777, which has a longer wingspan. He asked if the 777s will fit in the hanger.

MR. RUARO expressed his belief that the Boeing 777s will fit. He noted that FEDEX is also considering other expansion opportunities at the airport. He said the presence of polyfluoroalkyl substances (PFAS) in the ground is creating issues, and so AIDEA is figuring out how to construct on ground that is contaminated with PFAS.

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MR. RUARO returned to the presentation on slide 11 to talk about the West Susitna Access project. He shared that the first 7- to 8-mile section of the road was built in 2012/2013 by Alaska's Department of Natural Resources (DNR). He said the access

project would extend the road another 92 miles, as well as build a crossing over the Susitna River. He noted that West Susitna has great recreational value for Alaskans, and the area around Skwentna is highly mineralized. He reported that the West Susitna Access project is currently before the Army Corps of Engineers. He said AIDEA submitted four pages of information that was requested by the corps, and AIDEA is moving forward on the access project as quickly as it can.

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CHAIR MCCABE asked if the review pertains to the wetlands.

MR. RUARO answered yes.

CHAIR MCCABE relayed his understanding that only about 1 percent of the whole (road) is wetlands.

MR. RUARO confirmed that is correct. He commented that the project is not "thousands and thousands of acres." He said the access project is a priority project for AIDEA, and then he turned the committee's attention to Mr. Brefczynski, the person who is leading the access project.

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BRANDON BREFCZYNSKI, Deputy Director, Alaska Industrial Development and Export Authority, Department of Commerce, Community, and Economic Development, reiterated that AIDEA has submitted four pages of requested materials to the corps to begin the process in procuring a third-party contractor and start work on the environmental impact statement (EIS). He explained that the EIS is estimated to have a two-year timeline. He stated that the EIS is a required process, as will be other permitting processes that must occur at the same time. He shared that the hope is the project will begin in the second quarter of 2025.

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MR. BREFCZYNSKI moved to slide 12 to provide details about the purpose of the West Susitna Access project and why it is a priority for AIDEA and the governor's administration. He echoed Mr. Ruaro in that there is tremendous recreation and mineral activity in the area. He said there are also opportunities for agriculture, forestry, and - potentially - oil and gas, as there are some oil and gas reserves in the area. He said that, a

couple weeks ago, DNR put out a public notice for exploration licenses in the north and south areas of the road.

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MR. BREFCZYNSKI moved to slide 13 to discuss how important mining is for the Alaska and U.S. economies. At the national level, he said, there is need for critical minerals that are used to make technological devices. In the West Susitna area where the road would end, there are several mining deposits that contain the minerals used for "every day, modern life."

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CHAIR MCCABE asked Mr. Brefczynski to explain the term "transitional economy," which is shown on slide 13. He shared that he has heard this term used frequently and wants the committee, and the public, to understand the term.

MR. BREFCZYNSKI deferred to Ms. Wilson to answer the question.

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JOSIE WILSON, Director, Communications and External Affairs, Alaska Industrial Development and Export Authority, Department of Commerce, Community, and Economic Development, explained that the term "transitional economy" is being brought up frequently because of the growing talk around changing from a resource economy to an alternative energy economy. She made members aware that minerals are important towards being considered a "green economy." She said that most people are unaware that, in order to have a transitional economy, green economy, or alternative energy economy, critical minerals are needed.

CHAIR MCCABE asked for further clarification about the materials required. Solar panels need copper, for example, as do generators and wind turbines. With the term "transitional economy," he stressed, people need to understand that mining - and oil extraction - will be around for a long time. He suggested that the potential for resource development potential might be a point to raise in advocating for the access project.

MS. WILSON concurred with Chair McCabe's comment. She added that there are other important uses for minerals as it relates to transitional economies.

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MR. RUARO spoke further on the benefit of the access project. He said that AIDEA will work with the Alaska Department of Fish and Game (ADF&G) to see if there are opportunities to improve rivers and streams. He said the hope is that there's more salmon, and more opportunity for everyone.

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REPRESENTATIVE VANCE inquired about the engineering of the access project, which is shown on slide 15. She asked about the 171 culvert crossings and asked if Mr. Ruaro knew whether the crossings are "fish friendly."

MR. RUARO answered that the crossings will be fish friendly culverts, which are being designed in partnership with ADF&G.

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CHAIR MCCABE shared that he has heard many concerns from Cook Inlet fishers, as well as sport fishers in the valley, regarding the Susitna river bridge. He said this is the first opportunity to flesh out the West Susitna Access project. He said he assumes there will be more hearings and information distributed to allow the public to know where the bridge will be placed, how it will be constructed, and how the salmon will be protected. He suggested that the bridge is the biggest inflection point for the project.

MR. RUARO responded that the bridge will be a significant part of the access project. Further, he said there will be multiple opportunities for comment and review of the bridge design and placement.

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MR. BREFCZYNSKI returned to the presentation on slide 14 to discuss potential jobs and wages for borough residents, which would be borne from the project. He said the slide illustrates the importance of the access project to the economy and residents that surround the Matanuska-Susitna Borough, Southcentral Alaska, as well as residents around the state. He said the data on the slide originates from the McKinley Research Group's research report, in which it estimated the potential job and payroll impacts from the mine deposits and the road project itself. He stated that the access project would be a "boon" for Southcentral Alaska.

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MR. BREFCZYNSKI moved to slide 15 to outline engineering components of the access project. He said the road will be designed to meet "fish standards." It will also contain several bridge crossings, boat launches, and trail pullouts.

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CHAIR MCCABE said his constituents want to know if individuals can freely drive different vehicles on the road, from "4-wheelers" to eight-foot-wide snowmobile trailers. He stressed that an important aspect of this project is public access.

MR. BREFCZYNSKI confirmed that the road will be public access.

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MR. RUARO explained that he added slide 16 to the presentation to show five different R.S. 2477 easements that are in the area of the access project. He explained that the R.S. 2477s provide access to the public based on a federal grant of an easement under an 1867 mining law. He said the R.S. 2477s outlined on slide 16 are additional access opportunities into West Susitna. He said he thought it was important to note that, besides the access project's route, there are other routes in the area as well.

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REPRESENTATIVE STUTES asked Mr. Ruaro to explain what an "R.S. 2477" is.

MR. RUARO answered that "R.S. 2477" is a generic term for a type of easement that the federal government provided in the 1870s. The statute stated that anywhere there was public use of open public lands, an easement was created. The statute was repealed in 1976. In the West Susitna area, there are five R.S. 2477 easements that could sustain public use and are also codified in Alaska statute. He noted that there are about 932 such easements statewide that have been identified, and he said that if a person were to walk on the R.S. 2477 routes, they would have a right of public access to do so.

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REPRESENTATIVE VANCE inquired about the access project route. She asked for the reason in creating a new easement when the proposed route already runs parallel to the existing easements.

MR. RUARO said the question comes down to what the most buildable route is and how best to keep distance between the road and the trail. He noted that one R.S. 2477 is the Iditarod trail. He stated that there are several factors that come into play when separating the road from the R.S. 2477.

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MR. BREFCZYNSKI moved to slide 17 to reiterate that permitting for the access project is currently underway. He said AIDEA has submitted information to the U.S. Army Corps of Engineers, to which the corps acknowledged receiving the information. He further reiterated that AIDEA is hiring a third-party contractor to conduct an EIS. He stated that the project has state-right of-way but will still require other permitting as AIDEA works through the 404 analysis, as well as Section 106 permitting, which relates to cultural surveying.

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MR. BREFCZYNSKI provided a project timeline on slide 18 [labeled as 22]. He said AIDEA intends to begin construction, contingent on all going well, by 2025.

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MS. WILSON moved to slide 19. She said that AIDEA is requesting support in dispelling misconceptions. She shared that there are going to be information sessions in the Matanuska-Susitna valley, as well as the project area, in March. The sessions will aim to provide the same information about the project as was presented to the committee today. She said AIDEA is urging any supporters of the project to be advocates for responsible development of Alaska's resources. She informed members of the group "Alaskans for Access Coalition," which is seeking to inform the public about the truth of the West-Susitna access project. Further, the group "Friends of West Susitna" is also working to provide facts and information to the public. She said that there will be opportunities to comment on the project during the NEPA process. She invited anyone that has questions to reach out to AIDEA.

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CHAIR MCCABE asked if there is a website where people can track the phases of the project.

MS. WILSON answered that there is a designated section on AIDEA's website that provides up-to-date information about the project. She said AIDEA plans to make the webpage have a shortened uniform resource locator (URL) so the public can more easily access information about the project. She said ADIEA has a Facebook page that is now accessible. She said they are not creating a separate project website, rather, they are directing people to the project page that is on AIDEA's website or towards the social media page. She asked if Chair McCabe would suggest an outside website.

CHAIR MCCABE indicated no and said what Ms. Wilson explained is fine. He noted there is interest on both sides in the project, and he wanted to ensure there was a place the public could go to track the project. He asked the presenters to return to slide 14 to explain where the Whistler, Island Mountain, Raintree West, and Canyon Creek projects are, as well as what minerals would be gathered. He said he is already familiar with Estelle.

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MR. BREFCZYNSKI answered that the Whistler project has a lease owned by Goldmining Inc. and contains potential gold and copper deposits. Island Mountain is also leased to Goldmining Inc. and is also a gold and copper deposit. Canyon Creek is leased to the Alaska-Asia Mining Company, is a coal deposit, and is located south of the proposed access road. He stated that he will follow up with the committee on the exact locations of the projects.

CHAIR MCCABE thanked the presenters for the presentation.

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#### **ADJOURNMENT**

There being no further business before the committee, the House Transportation Standing Committee meeting was adjourned at 1:38 p.m.