



# RESOURCE DEVELOPMENT COUNCIL

Growing Alaska Through Responsible Resource Development

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## BREAKFAST MEETING

Thursday, February 2, 2012

1. Call to order –Tom Maloney, President
2. Self Introductions
3. Headtable Introductions
4. Staff Report – Rick Rogers, Executive Director
5. Program and Keynote Speaker:

**Knik Arm Bridge Project Update**  
 Michael Foster  
 Chairman, Knik Arm Bridge & Toll Authority

Next Meeting:  
 Thursday, February 16: Chris Rose, Executive Director, Renewable Energy Alaska Project

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## Knik bridge is a key to growth in Alaska

**COMPASS: Other points of view**

By MICHAEL FOSTER

(11/02/11 19:04:35)

Growing up in Alaska, I can remember the debate in the 1970s about the Parks Highway. Some said it wasn't worth building. It's hard to believe that kind of talk today. I don't know anyone who doesn't think the Parks is an important piece of our transportation network, vital to our economy, industries and people. Twenty years from now, people will say the same thing -- "How did we live without the Knik Arm Crossing?"

For the past 10 years, the Matanuska-Susitna Borough has experienced phenomenal growth, and according to the U.S. Census, it is in the top 1 percent of fastest growing "counties" (that's Lower-48 talk for a borough) in the United States. Every socioeconomic forecast that we've found shows that the Matanuska-Susitna Borough will continue to grow (Institute for Social and Economic Research, Woods and Poole, and Alaska Department of Labor). All predict that the population in the Mat-Su will double in the next 25 years.

It is important to note the trend was not fully recognized in 2009. In fact, the ISER 2009 projection had underestimated the Matanuska-Susitna population by 11 percent. (In late 2009, ISER projected the Mat-Su population at 80,300 and the subsequent 2010 United States Census data showed that the ISER projection missed 9,437 people in the Mat-Su valleys and an additional 2,626 in Anchorage).

Looking forward 25 years, ISER's 2009 prediction was that the borough population will be 170,800 (bear in mind that the actual population in 2010 was 11 percent higher than they used in their 2009 model). The Knik Arm Bridge and Toll Authority population study showed that the population was more likely to be 190,976. When applying the ISER growth rate and using the U.S. Census numbers, we found that the projections were nearly identical (U.S. Census numbers would put ISER's prediction around 190,873 versus KABATA's prediction of 190,976). But regardless, even the most conservative data set shows that the Matanuska-Susitna Borough will be creating 15 new "Palmer-sized" towns in the next 25 years.

So where will these people drive? Will they all stay in the Mat-Su Borough? Doubtful. Research shows that higher paying jobs will largely remain in Anchorage, while affordable Mat-Su land and housing will continue to attract residents -- Alaskans willing to sacrifice drive time and fuel costs for a new single-family home that, according to the Alaska Housing Finance Corp., averages \$168,000 cheaper than in Anchorage.

As of 2010, the traffic counter at the Eklutna bridge on the Glenn Highway logged nearly 30,000 cars every day. Without a Knik Arm Crossing, traffic on the Glenn will likely double in the next 25 years. With the highway nearly at capacity, adding another 30,000 trips per day would require expanding the Glenn and Parks highways from Eagle River to Wasilla to six lanes, and the Glenn Highway from Eagle River to Anchorage to eight lanes. This could cost the state in excess of a billion dollars of much needed transportation money. A better option is to build the Knik Arm Crossing using private equity.

The bridge will serve regular commuting traffic and provide a second connection in cases of Glenn Highway road closures, emergencies, and evacuation. It will lower freight costs to Alaska's Interior, saving gas and lower emissions. During construction it will provide thousands of jobs and thousands more after its completion. It will aid in opening the western side of Cook Inlet, which includes nearly 47 percent of all land in the Kenai Peninsula Borough. It's the only transportation project that will produce revenue for other transportation projects statewide.

I was recently asked, "What scenario could I see in which the Knik Arm Crossing would not be needed?" I could only see one: If you closed the door, pulled the blinds, and turned on the sign that said "Alaska is closed for business," then you wouldn't need the bridge.

However, I believe in Alaska's future, its economy, and its people. If you bet on Alaska, then the bridge is needed.

---

Michael Foster is chairman of the board of the Knik Arm Bridge and Toll Authority.

## **Stream of cash for bridge over Knik Arm is drying up**

### **Congress, governor, Legislature balk at putting more money toward the project.**

By SEAN COCKERHAM

(01/19/12 10:17:20)

WASHINGTON -- The billion-dollar Knik Arm Bridge project has financial problems, with no more money coming from Congress and the Alaska governor and a key state legislator balking at putting state money on the line for the project.

Backers of the bridge say they are making great progress and have already started negotiating to take over ownership of businesses and homes in the Government Hill neighborhood of Anchorage that stand in the right-of-way of the project.

But they also say they need an initial \$150 million in state money and for the state to agree that future financial obligations made by the bridge authority will become the "obligations of the state."

It will be a big issue for the Alaska Legislature, which started its annual 90-day session Tuesday.

Sitka Republican Sen. Bert Stedman, who has huge influence over state spending as chairman of the state Senate Finance Committee, said this week that the proposal seems too much like giving a blank check to the bridge authority.

"I don't think it's acceptable for the state to have open access to the treasury on projects like that," Stedman said. "You could get private builders to build anything if the state guarantees the debt obligations. That's a nonstarter."

Alaska Gov. Sean Parnell is also taking the position that the bridge authority has not made the case.

"The pending legislation needs more public scrutiny to determine whether it is a wise way to finance the Knik Arm Crossing," Parnell's spokeswoman, Sharon Leighow, said this week.

Alaska Sen. Mark Begich has concerns about the financing as well, his spokeswoman said this week. Begich wrote a letter to the governor this fall in which he warned that Congress won't be coming to the rescue.

"With the current federal spending deficit and federal earmark moratorium, I do not anticipate additional federal funds for the project will be available in the future," Begich wrote. "I am also concerned existing federal funding allocated for the project may be at risk if the project does not make significant progress."

Alaska Rep. Don Young, who secured the original federal earmark for the bridge, remains a big supporter. "However, given the current earmark moratorium, Congressman Young will not be seeking directed Congressional funding for the project," Young spokesman Luke Miller, said Wednesday. "With that being said, Congressman Young supports efforts to pursue grants and other sources of funding by (the bridge authority.)"

The original congressional earmark for the Knik Arm Bridge was about \$231 million, before what Begich referred to as the "national public outcry." The bridge was ridiculed as one of Alaska's two "Bridges to Nowhere" and Congress stripped the earmark.

But Congress went ahead and let the state have the federal money anyway to use on any transportation project. And the Alaska Legislature decided to put \$93 million of that previously earmarked federal money into the Knik bridge.

The money is fueling the operations of the bridge authority, which has about \$40 million left.

The bridge would run from north of downtown Anchorage across Knik Arm to mostly undeveloped land near Point MacKenzie in the Matanuska-Susitna Borough.

Opponents say the bridge won't save commuters time between Anchorage and the Mat-Su hubs of Wasilla or Palmer. They dispute that enough drivers will pay the toll, which is to start at \$5 each way and go up, and say the state will end up on the hook.

Bridge supporters say it will open up land for housing and economic development, provide a second route into the growing Mat-Su Borough, and relieve future costs of upgrading the Glenn and Parks Highways with projected population growth.

Bridge authority chairman Michael Foster said the "blank check" complaint is a myth. Foster said the most the state could ever have to pay is \$1 billion, and that's if it decides to take over the bridge from the private developer as soon as it opens.

But such a state takeover isn't the plan, Foster said. The plan is for the private developer to borrow money to pay for the bridge construction and then for the developer to operate the bridge over the course of a 35-year contract with the state.

The state would make annual payments to the developer out of the tolls that drivers pay.

The bridge authority says it needs the initial \$150 million in state money to cover a projected shortfall in toll money in the early years of the bridge. More state money would be needed to pay the developer if the shortfall lasts longer. But Foster said the state could buy out the developer at any time, with the cost of doing so starting at \$1 billion the day the bridge opens and gradually going down the longer it's in operation.

Foster said he's working with state legislators and the governor to come to an agreement on financing.

"The project's going well. We're in the right-of-way acquisition process, we have some permits we're still continuing to work on," he said.

He has strong support in the Mat-Su delegation, with Big Lake Republican Rep. Mark Neuman and Wasilla Republican Sen. Linda Menard listing the bridge financing legislation as a top priority.

Menard wrote in her most recent constituent newsletter the "project has gained crucial momentum." The bridge authority is considering three consortiums, including global construction firms and investment groups, as potential developers.

"I can't wait for the private partner to be chosen and the bridge to be built," Menard wrote to her constituents."

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## Our View: Funding makes bridge a non-starter Knik bridge backers still haven't made case to tap state funds

(01/18/12 20:09:03)

Federal funds won't be forthcoming. Neither Sen. Bert Stedman, co-chair of the Senate Finance Committee, nor Gov. Sean Parnell is ready to pledge the state to \$150 million up front and an open obligation in the future to guarantee money for the Knik Arm crossing.

Yet the Knik Arm Bridge and Toll Authority, or KABATA, and its state Senate champion, Linda Menard, keep talking as if this project is a sure thing.

The same old questions remain.

If the long-term toll and traffic projections are so good and so solid, why does the project depend on state guarantees? Menard and others have enthusiastically spoken about all the interest shown by major private outfits in the project. Sure they're interested, because if KABATA has its way, the state assumes all the risk.

As Sen. Stedman pointed out, you could get a private company to build just about anything with that kind of deal.

Stedman called the current proposal for state guarantees a "non-starter." That should tell the bridge authority something.

Backers have to make a better case for why the bridge is needed now, why its traffic and Mat-Su growth projections should be accepted and why the state must be on the hook if those projections don't pan out.

Scott Goldsmith, an economist with UAA's Institute for Social and Economic Research, has pointed out the disparity in household growth projections by Wilbur Smith Associates, ISER and the state Department of Labor and Workforce Development. More telling, however, was his questioning last fall of Wilbur's conclusion that trips per household would double by 2035. Why would the number of trips per household double?

Gov. Parnell, generally a supporter of roads to resources, isn't sold on the request for money. He wants more public scrutiny. So do we. If the bridge were necessary now, with more than speculative demand on both sides, we'd say never mind the guarantees, let's just boost the capital budget or bond for it and build it.

Nobody has made that case yet.

**BOTTOM LINE:** Skepticism is right response to call for Knik Arm bridge money.



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January 31, 2012

Representative Eric Feige  
Co-chair, House Resources Committee  
Alaska State Capitol  
Juneau, AK 99801

Re: HJR 31, Urging the federal government to designate Central Park a Wilderness area

Dear Representative Feige:

The Resource Development Council is writing to encourage the House Resources Committee to pass HJR 31, urging the federal government to designate Central Park in Manhattan a federal Wilderness area.

RDC is an Alaskan business association comprised of individuals and companies from Alaska's oil and gas, mining, forest products, tourism, and fisheries industries. Our membership includes all of the Alaska Native regional corporations, local communities, organized labor, and industry support firms. RDC's purpose is to expand the state's economic base through the responsible development of our natural resources.

HJR 31 calls on the U.S. Congress to place Manhattan's Central Park into federal Wilderness. The resolution draws a striking comparison between Central Park and potential resource development opportunities on federal lands in Alaska. For example, Central Park comprises about six percent of heavily developed Manhattan, which is less than 23 square miles in size. The coastal plain of the Arctic National Wildlife Refuge (ANWR), which is the subject of a current bill in Congress, makes up about eight percent of the 30,000 square-mile-refuge.

The author of the resolution targeted Manhattan because it is the epicenter for wealth and for social and environmental movements. It is in the heart of where there is a lot of opposition to Arctic energy exploration and development.

Obviously, the resolution is not intended to be taken literally. It is a piece of political satire pointing out the hypocrisy of East Coast interests, such as wealthy tax-exempt foundations, that heavily fund efforts to block oil and gas development in a small portion of ANWR. Joined by their allies in Congress, these foundations and other non-development interests routinely work against development of Alaska's resources on other federal lands in our state, while their economy is supported by multiple use development activities across federal and state lands throughout the eastern U.S.

Representative Kyle Johansen's resolution is attracting considerable media attention in the Lower 48, which was his major objective in introducing HJR 31. Now it is up to the

Alaska House to follow through with an overwhelming affirmative vote on HJR 31. Passage of this resolution will send a strong message to members of Congress, who need to look in the mirror when they work against Alaska's efforts to sustain its economy through responsible resource development, while turning a blind eye to past and present development activities across their own regions. Alaskans are frustrated with the many federal impediments to resource development, which is the foundation of our northern economy. HJR 31 expresses this frustration and its passage will direct public attention in the Lower 48 to the issue.

We must not forget that Alaska statehood was largely based on congressional intent – that through the responsible development of its natural resources, the 49<sup>th</sup> state would be able to sustain its economy and not become a ward of the federal government. Early statehood bills failed, and ultimately it was the discovery of oil that convinced Congress Alaska could sustain itself as a state.

Perhaps HJR 31 may remind federal lawmakers and others of the congressional intent in establishing the "1002 area" of ANWR and Alaska statehood.

RDC commends Representative Johansen for introducing HJR 31, as well as cosponsors Representative Anna Fairclough, Representative Kurt Olson, Representative Charisse Millett, House Speaker Mike Chenault, Representative Mike Doogan, and yourself. RDC encourages the committee to pass the resolution.

Sincerely,

Resource Development Council, Inc.



Carl Portman  
Deputy Director



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January 19, 2012

Senators Joe Paskvan and Tom Wagoner  
Co-Chairs, Senate Resources Committee  
Alaska State Legislature  
Juneau, AK 99801

RE: Senate Bill 159, Susitna State Forest

Dear Senators Paskvan and Wagoner:

The Resource Development Council (RDC) is writing to support Senate Bill 159, which would create the Susitna State Forest over 763,200 acres of state land west of the Parks Highway.

RDC is a statewide, non-profit, membership-funded organization founded in 1975. The RDC membership is comprised of individuals and companies from Alaska's oil and gas, mining, timber, tourism, and fisheries industries, as well as Alaska Native corporations, local communities, organized labor, and industry support firms. RDC's purpose is to link these diverse interests together to encourage a strong, diversified private sector in Alaska and expand the state's economic base through the responsible development of our natural resources.

The Alaska Department of Natural Resources currently manages 9.5 million acres of forest land in the Matanuska and Susitna Valleys. Of this land, timber management is allowed on approximately 2.1 million acres. Remaining land is designated for other uses, including land sales, recreation, water resources, and fish and wildlife habitat. Over 3.1 million acres is protected in legislatively-designated state parks, refuges, and public use areas.

The establishment of the Susitna State Forest would ensure that some land would remain available for long-term forest management. It would allow the Division of Forestry to more actively manage lands and vegetation to promote a variety of forest ages, which in turn would maximize the sustainable supply of timber from the state timber base and provide for more diverse and healthy habitats for wildlife. In addition, active management would also help reduce wildfire risk.

The Division of Forestry would manage the state forest for a long-term supply of timber to local processors and retain land in state ownership for other multiple uses. An enhanced long-term timber supply would help support the forest products industry, provide fuel for sustainable biomass energy projects, and create new jobs. It would also benefit the recreational sector as the state intends to develop access to the new state forest and encourage a broad range of multiple uses. These multiple uses, including annual timber harvests, would provide important economic opportunities to local communities, businesses, and residents.

It is important to keep in mind that SB 159 would establish a new state forest from state lands presently designated for forest management. The Susitna State Forest would be managed consistent with the management intent under the current Susitna Matanuska and the Southeast Susitna Area Plans. Alaska's Forest Resources Practices Act would apply to management activities on the forest and is designed to protect both fish habitat and water quality.



If established, the Susitna State Forest would be the fourth state forest in Alaska. RDC supports SB 159 and believes the proposed state forest will be of much benefit to the local economy – creating and sustaining much needed jobs in the forest products industry while providing many other opportunities. We urge the committee to pass SB 159.

Sincerely,



Carl Portman  
Deputy Director

Cc: Senator Linda Menard  
Chris Maisch, State Forester

# ALASKA STATE LEGISLATURE

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## Senator Linda Menard Press Release

For Immediate Release: January 6th, 2012

### **Senator Menard Introduces Bill to Create Susitna State Forest** *Forest would provide opportunities for recreation and economic development*

WASILLA-Senator Linda Menard, R-Wasilla, is introducing a bill for the upcoming Session that would create the Susitna State Forest. The forest would include approximately 763,200 acres located on state land west of the Parks Highway.

“Creating the Susitna State Forest meets many important needs,” said Senator Menard. “It sets aside a large swath of public land that will continue to benefit Alaskans for decades to come, both economically and recreationally.”

Establishing the Susitna State Forest would help the Alaska Division of Forestry manage a long-term supply of timber to local processors while keeping the land in state ownership for multiple uses. Under Alaska law, the primary purpose of a state forest is to provide for the sustainable production and utilization of timber resources, while allowing other beneficial uses such as creating fish and wildlife habitat, maintaining a clean water supply, providing opportunities for recreation and tourism, and the development of minerals.

“This bill not only creates and sustains much needed jobs in one of Alaska’s critical industries, it also benefits all Alaskans,” said Senator Menard. “Whether you hunt, fish, hike, or partake in other outdoor recreational activities, this will provide a dedicated place for Alaskans to enjoy.”

The creation of the forest would also allow the Division of Forestry to improve roads and other infrastructure in the area.

If established, the Susitna State Forest would be the fourth state forest in Alaska.

For more information, please contact Michael Rovito in Senator Menard’s office at (907) 376-3370.

###

barrels. The unplugged wells also threaten to contaminate ground water. Three wells can no longer be found.

BLM claims it does not have any money to clean up its mess. Rep. Millett's resolution points out that BLM received more than nine billion dollars from oil and gas lease sales in NPR-A and Alaska's outer continental shelf.

Environmental groups and the news media wouldn't hesitate to pounce on a private oil and gas company for the same behavior. It is time to bring public pressure on the federal government and get the well sites cleaned up before any more environmental damage is done.

Four representatives have already signed on as co-sponsors of HJR 29 and it has been referred to the House Resources Committee.

Photos of the abandoned wells and a copy of HJR 29 are included with this news release. For more information, contact Rep. Millett at (907) 465-3879.

###

# Alaska Legislature

## Representative Charisse Millett

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*District 30*

For Immediate Release: January 19, 2012

## Federal Government Dodges Responsibility to Protect Arctic Ecosystem

*Resolution Demands BLM Clean Up Its Abandoned NPR-A Drill Sites*

(JUNEAU) – For more than 30 years the federal Bureau of Land Management has ignored its responsibility to clean up approximately 130 abandoned exploratory oil and gas wells drilled by the federal government in the National Petroleum Reserve - Alaska. Representative Charisse Millett, R-Anchorage, introduced House Joint Resolution 29 on the first day of the 2012 session to bring attention to the problem and encourage BLM to finally be accountable for this travesty.

“If a private company left this mess behind it would be slapped with fines in the billions of dollars and demonized by media outlets and environmental organizations,” said Representative Charisse Millett, R-Anchorage. “Because the state can’t fine the federal government we can’t force it to take action. Federal agencies like the BLM stonewall private sector oil and gas exploration in the name of protecting the environment - but ignore its own wells that pose an immediate threat to the arctic ecosystem. This is really a disgrace. It is outrageous that we allow our own government to pollute our state. The hypocrisy of these violations is blatantly obvious when responsible developers are constantly waylaid by environmental groups and the federal government claiming to want to protect Alaska but turning a blind eye to these flagrant violations.”

Known as legacy wells, the U.S. Geological Service and the U.S. Navy drilled about 137 wells in NPR-A between 1944 and 1981. The Alaska Oil and Gas Conservation Commission reports only seven have been properly plugged and cleaned up. The remaining sites are littered with scrap metal and wood, rotting buildings and rusting



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Bill Jeffress

Mike Jungreis

Frank Kelly

Thomas Krzewinski

Jim Laiti

John Lau

Tom Lovas

Andy Mack

Thomas Mack

John MacKinnon

Stephanie Madsen

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January 30, 2012

Chairman Doc Hastings  
Committee on Natural Resources  
1324 Longworth House Office Building  
Washington, D.C. 20515

Dear Chairman Hastings:

The Resource Development Council for Alaska, Inc. (RDC) is writing to express its support for HR 3407, which would open less than three percent of the Arctic National Wildlife Refuge (ANWR) to responsible oil and gas development.

RDC is an Alaskan business association comprised of individuals and companies from Alaska's oil and gas, mining, forest products, tourism, and fisheries industries. Our membership includes all of the Alaska Native Regional Corporations, local communities, organized labor, and industry support firms. RDC's purpose is to expand the state's economic base through the responsible development of our natural resources.

RDC is advocating for Alaska's and our nation's interests in urging Congress to open at least a small portion of the refuge to responsible oil and gas exploration and development, as was recommended by the Department of Interior over 20 years ago.

The 1002 area of ANWR was excluded from Wilderness designation in a compromise struck under the 1980 Alaska National Interest Lands Conservation Act (ANILCA). In exchange, Congress doubled the size of the refuge and designated eight million acres outside the 1002 area as Wilderness. In recognizing the 1002 area's enormous oil and gas potential, Congress mandated a study of its petroleum resources, as well as its wildlife and environmental values. In 1987, the Department of the Interior concluded oil development would have minimal impact on wildlife and recommended the 1002 area be opened. In 1995, Congress voted to open the area to exploration, but President Clinton vetoed the measure.

This is an interesting time for debate on this legislation to be occurring, given chronically high unemployment and critical structural problems within the U.S. economy, including staggering government debt and an alarming trade deficit, largely a result of imported oil. What we need is more economic opportunities and increased domestic oil and gas production. Opening a portion of the 1002 area to responsible oil and gas development would be a big step in the right direction, providing a huge and lasting stimulus to the economy and billions of dollars in new revenues to the federal government – all with virtually no expense to government.

Oil development in the 1002 area would provide a safe and secure source of oil for our nation **for decades**. It would create tens of thousands of jobs throughout the

country and refill the Trans-Alaska Pipeline System (TAPS), existing infrastructure that is currently operating at only one-third of its intended capacity.

The biggest threat to Alaska's economy is the sharp ongoing decline in TAPS throughput, which has fallen from 2.1 million barrels per day (bpd) in 1988 to a current average of approximately 600,000 bpd. Four years ago, more than 734,000 bpd were flowing through the pipeline. Both President Obama and Alaska Governor Sean Parnell have stated that increasing TAPS throughput is a national priority and in the nation's best interests.

How much of a difference could ANWR potentially make in stemming the North Slope production decline and increasing throughput in TAPS? The 1002 area of ANWR, which itself represents only eight percent of the refuge, contains approximately 10.4 billion barrels of oil. At peak production, it could supply the U.S. with up to 1.45 million barrels of oil per day, significantly reducing foreign imports and saving America tens of billions of dollar annually.

With advances in technology, it is possible to develop the 1002 area's energy reserves without significant disturbance to wildlife. In fact, wildlife populations have grown or remained stable in other areas of the North Slope where oil development is already occurring. One example at Prudhoe Bay shows the Central Arctic caribou herd population has grown from 5,000 animals in 1970 to more then 66,000 animals today.

Alaskans statewide strongly support exploration and development in the 1002 area of ANWR. In fact, polling has consistently shown that more than 70 percent of Alaskans support development of energy resources beneath the 1002 area. In addition, the Alaska Federation of Natives, the North Slope Borough, and the Arctic Slope Regional Corporation all support development. Local residents and the Inupiat people who actually live adjacent to the 1002 area also support development.

Section 1002 of ANILCA was created in the spirit of compromise by members of Congress. HR 3407 restores this compromise and follows through with the original intent of Congress when it passed the landmark Alaska lands legislation.

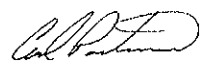
Additionally, HR 3407 is consistent with the intent of Congress with regard to statehood. Alaska became a state based on the congressional intent that through development of its natural resources it would be able to sustain its economy and not become a ward of the federal government. Early statehood bills failed, and ultimately it was the discovery of oil that convinced Congress Alaska could sustain itself as a state.

In conclusion, RDC strongly supports HR 3407. Opening a small portion of ANWR to responsible oil and gas development would create thousands of jobs, stimulate the economy, reduce America's dependence on foreign oil, and generate much-needed ongoing revenues to the federal government.

Thank you for the opportunity to provide comments on HR 3407. Alaskans very much appreciate your leadership on this issue and your recognition of the key role ANWR should play in any meaningful national energy policy.

Sincerely,

Resource Development Council, Inc.



Carl Portman  
Deputy Director



# RESOURCE DEVELOPMENT COUNCIL

Growing Alaska Through Responsible Resource Development

January 27, 2012

Mr. Horst Greczmiel  
Associate Director  
National Environmental Policy Act Oversight  
Council on Environmental Policy  
722 Jackson Place, N.W.  
Washington, D.C. 20503

Re: CEQ Draft Guidance -- Promoting Efficient NEPA Environmental Reviews

Dear Mr. Greczmiel:

The Resource Development Council (RDC) is writing to offer its comments regarding the Council on Environmental Quality's (CEQ) draft guidance, "Improving the Process for Preparing Efficient and Timely Environmental Reviews Under the National Environmental Policy Act (NEPA)."

RDC is a statewide, non-profit, membership-funded organization founded in 1975. The RDC membership is comprised of individuals and companies from Alaska's oil and gas, mining, timber, tourism, and fisheries industries, as well as Alaska Native corporations, local communities, organized labor, and industry support firms. RDC's purpose is to link these diverse interests together to encourage a strong, diversified private sector in Alaska and expand the state's economic base through the responsible development of our natural resources.

The NEPA process has very serious impacts on RDC members involved in permitting energy, mining, and other natural resource development projects on the vast federal land holdings in Alaska, and on state, Native corporation and other private lands where federal permits are required. Unfortunately, many of these projects – both onshore and offshore – have experienced extensive multi-year permitting delays, administrative appeals, and litigation from third parties, hampering the economy and holding back thousands of job opportunities for Alaskans and other citizens across the Lower 48 states.

In general, RDC agrees with the overall vision outlined by CEQ in its draft guidance. However, in our view, it does not reflect the reality of how the NEPA process often evolves through the actions of federal regulators. RDC has supported efforts to study whether the original intent of NEPA was being fulfilled and the economic impacts the law has had on the economy. Likewise, our association has supported efforts to improve and update NEPA to facilitate projects that will strengthen the economy, create jobs, and at the same time, protect the environment.

RDC is a member of the Western Business Roundtable and would like to take this opportunity to fully endorse the Roundtable's January 27, 2012 comments on the CEQ draft guidance. RDC agrees with the Roundtable in that CEQ's actions and efforts under the Obama administration have expanded federal authority away from regulatory efficiency, resulting in

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delays and complications, at a time when regulatory efficiency is needed to advance projects that would boost the American economy.

Both RDC and the Roundtable recognize that the original intent of NEPA was to have a reasonable process to evaluate how best to carry out human activities on lands requiring federal permits or other approvals, with appropriate consideration given to the effects those activities may have on the environment. Unfortunately, that intent has become distorted as third parties have increasingly used the statute to oppose projects that would help sustain and grow the economy. The law has been increasingly used to delay and obstruct, while investors have moved forward with projects overseas, creating jobs abroad and strengthening foreign economies. Meanwhile, the U.S. economy continues to stagnate with chronically high unemployment.

RDC agrees with the following recommendations for NEPA reform, as outlined in the Roundtable's comments of January 27:

- ***Implement mandatory timelines where federal agencies are held to reasonable deadlines and milestones.***
- ***Redefine major federal actions to include only new or continuing projects that would require substantial planning, time, resources or expenditures.*** A specific definition of "substantial" would afford greater certainty.
- ***Programmatic documentation should be used to decrease the need for environmental impact statements.***
- ***Identify a lead agency to coordinate reviews.*** All participating agencies should be subordinate to the lead agency and all agencies must be focused on the fact that NEPA is a process statute. The Environmental Protection Agency (EPA) has a history of treating NEPA as a proxy for a permitting regime and has sought to inject inappropriate considerations into the process.
- ***Prevent redundant NEPA analyses.*** Today, some projects and lands can be subjected to multiple tiers of NEPA review, each requiring years to complete. Please see specific recommendations in the Roundtable's most recent comments.
- ***Narrowly define "Reasonable Alternatives" by requiring complete economic impacts and technical feasibility analyses.*** Reasonable alternatives analyzed in NEPA documents should be limited to those options which are economically and technically feasible. Without adequate economic analyses, the public is denied the critical information required to reach a fair and balanced outcome. In addition, the "reasonable alternatives" analysis process should streamline the number of alternatives proposed by the agencies. Project opponents frequently misuse the NEPA process to delay and expand the scope of environmental analysis, with the ultimate objective of rendering a project uneconomic. One way of accomplishing such an outcome is to force federal agencies to consider so many alternatives that the process is delayed and projects costs skyrocket. NEPA reforms should ensure that proposed alternatives are reasonable and are focused on the actual purpose and needs of the project under review. This will help ensure that reasonable, technologically achievable, and economically feasible alternatives are considered.
- ***Require analyses to include "Statement of Effects" on domestic energy and minerals.*** Any NEPA reform must require that impacts on energy and mineral production are properly considered and are conveyed to the administration and the public for all alternatives under consideration.
- ***Limit the length of EIS documents.*** RDC agrees with the Roundtable that EIS page limits should be required to ensure crisp and clear analysis.
- ***Give weight to local comments.*** Issues and concerns raised by interests within a state should be given more weight than comments from outside groups and individuals who are not directly affected by a specific project or proposal. For example, comments by the State of Alaska, its residents, and other entities within the 49<sup>th</sup> state, should be given more



weight on energy projects on federal lands – both offshore and onshore – in the arctic, given oil and gas production is the lifeblood of the state’s economy.

- ***Allow state environmental review process to satisfy NEPA.*** CEQ should write regulations to allow state environmental reviews to satisfy NEPA requirements, when such reviews meet federal requirements.
- ***Evaluate EPA’s NEPA process role and eliminate in states having primacy for the Clean Air and Clean Water Acts.*** The need for EPA to have a role in the NEPA process should be examined in states with primacy under federal statutes, such as the Clean Air Act and the Clean Water Act. In primacy states, EPA’s NEPA review role is redundant and does not add any additional measure of environmental protection.

Thank you for the opportunity to comment on the CEQ draft guidance in promoting efficient NEPA environmental reviews.

Sincerely,

Resource Development Council, Inc.



Carl Portman  
Deputy Director

cc: Governor Sean Parnell  
Senator Lisa Murkowski  
Senator Mark Begich  
Congressman Don Young



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