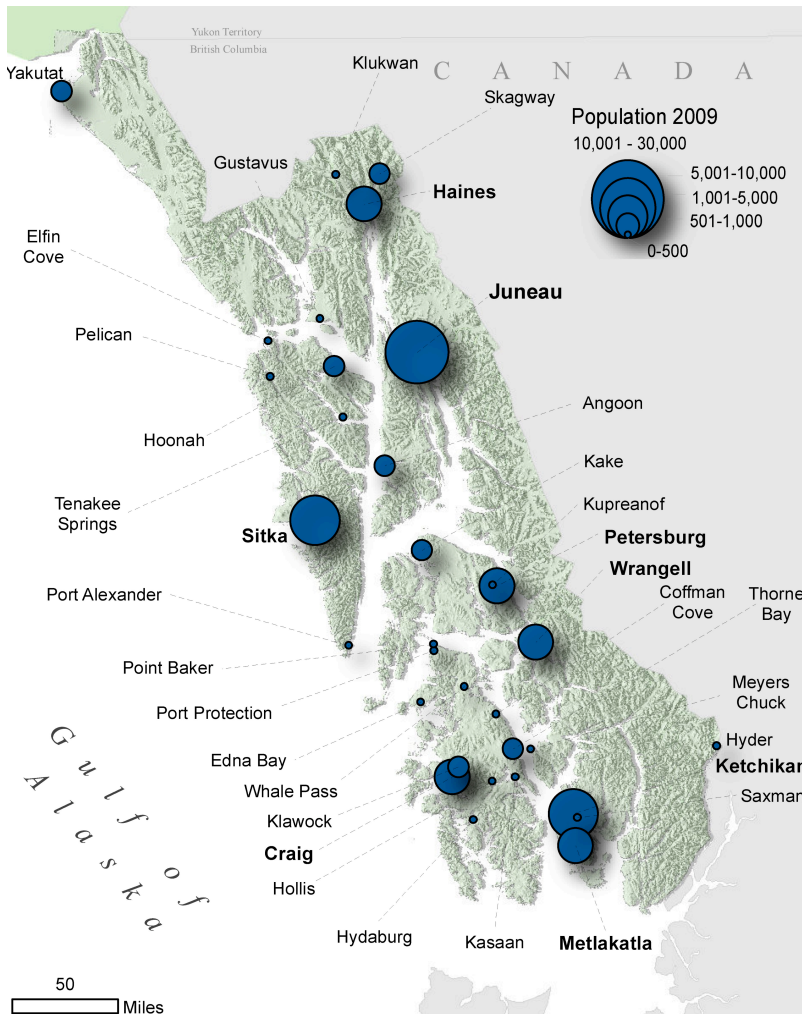


Southwest Alaska Economic Asset Map

Phase I of the Southwest Alaska Cluster Initiative



Prepared for:

**The USDA
Forest Service
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Prepared by:



The Juneau Economic Development Council

In Cooperation with

Southeast Conference, Sheinberg Associates, Alaska Map Co., Ted Lyman, & Brian Kelsey

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Introduction

In October 2010, the USDA Forest Service awarded the Juneau Economic Development Council (JEDC) a contract to complete an Economic Development Asset Map and a Strategic Plan for Southeast Alaska that focuses on actions to strengthen key industry sectors in our region, and includes two deliverables: (1) a Southeast Alaska Asset Map identifying the human, financial, institutional, and natural assets of Southeast Alaska, as well as strategic relationships among assets; and (2) an integrated plan for economic diversification to promote job creation for Southeast communities. For this work, JEDC has partnered with Southeast Conference, Sheinberg Associates, Alaska Map Company, and consultants Brian Kelsey and Ted Lyman, a collaboration that brings regional, national and world-renowned expertise to the project.

Today, many smaller communities in the Tongass are still struggling while the three largest cities have stabilized, partly due to population shifts from smaller villages to these larger communities. Most of the region's land and resources are within the Tongass National Forest or adjacent in local waterways; and, although not all change in the region is due to decisions regarding the Tongass and its resources, management of the forest plays a significant role in defining the economy of the region. Recognizing this, the USDA Forest Service organized listening sessions in Southeast Alaska in 2009 and is actively pursuing dialogue with Tongass interest groups, participating in the Tongass Futures Roundtable consortium, and partnering with the US Economic Development Administration to create a Tongass Transition Framework for Economic Diversification with an interagency project implementation team. In addition, the Forest Service is working to secure American Recovery and Reinvestment Act and other funding for dozens of projects in the Tongass that support sustainable economic activity, and has issued this contract to develop a Southeast Alaska Asset Map and Strategic Plan, which we refer to as the Southeast Cluster Initiative, to help focus US Department of Agriculture (USDA) programs and support for sustainable economic development throughout Southeast Alaska.

Phase I – Asset Mapping

According to the Council on Competitiveness, “Asset mapping is an important first step in understanding the resources that a community can leverage to support integrated workforce and economic development initiatives.”¹ In this Asset Mapping phase of this contract, JEDC identifies key regional assets, linkages, business attitudes, and the overall business climate. Assets, in this context, include the following main categories: human capital including workforce and educational institutions; research and development institutions or capacities; financial capital; the industrial and resource base; organizations that support and provide connections between entities; the legal and regulatory environment; physical infrastructure; and quality of life. Asset Mapping

¹ [Illuminate](#), Page 5. Council on Competitiveness

provides an understanding of the geographic organization of economic clusters of activity and infrastructure, and an understanding of labor market needs and resources in the region. Targeted stakeholder input is sought throughout this data collection and evaluation phase. As a result of the Asset Map, strategic economic clusters emerge as the focus of the second phase of the project, the development of a Southeast Alaska Regional Strategic Plan focusing on actions strengthening key industry sectors in our region.

The Southeast Alaska Economic Asset Map that is represented in this document follows closely the format and methodology presented by the Council on Competitiveness in the document, Illuminate, subtitled: "Asset Mapping Roadmap: A Guide to Assessing Regional Development Resources." In the time available for this work (90 days), we deliver Version 1 of the Asset Map. This document is meant to be a foundation piece for engaging stakeholders in a discussion of how to enhance prosperity in Southeast Alaska. We anticipate and hope that as stakeholders review the information in this Asset Map and share their insights/suggestions, this resource will improve over time. As noted by the Council on Competitiveness, the "true value of an asset-mapping project will be judged by how the output is utilized to advance regional efforts to build an innovation-based economy."² We look forward to the next phase of this initiative.

Phase II – Southeast Alaska Strategic Plan (Cluster Development)

The second phase of the project, running from January through April 2011, will focus on assembling Southeast Alaska's public and private industry leaders to create Cluster Working Groups for select established and emerging industry sectors identified in the asset mapping phase. JEDC will facilitate the development of a shared economic vision for each cluster. Each group will collaboratively develop an actionable regional roadmap for job creation and expansion for their industry. This plan will guide the USDA Forest Service and Rural Development in its programs to promote economic development for Southeast Alaska. The JEDC will provide intensive working group facilitation, including meeting support and ongoing follow-up, sharing of work and feedback among the different cluster working groups, frequent small-group or task-oriented meetings to consider research, and industry experts to develop nascent opportunities and help the clusters overcome barriers to growth. The JEDC believes that a Cluster Working Group approach to regional economic development will serve as a catalyst for private-public partnerships that create better communication and close working relationships.

² Ibid, Page 10.

Partner Profiles

Juneau Economic Development Council

The mission of the JEDC is to foster a healthy and sustainable economic climate in Juneau and the Southeast Alaska region. JEDC has a local presence since 1987, and a staff of economic development specialists with knowledge of regional economic development issues and with experience in participating and leading long-term planning efforts, both locally and state-wide.

Southeast Conference

Southeast Conference is a regional nonprofit corporation that advances the collective interest of the people, communities and businesses in Southeast Alaska. Members include municipalities, native corporations and village councils, regional and local businesses, civic organizations and individuals throughout the region. Its mission is to undertake and support activities that promote strong economies, healthy communities, and a quality environment for Southeast Alaska.

Sheinberg Associates

Sheinberg Associates is a community and strategic planning firm that has been providing these and facilitation services for 21 years in Southeast Alaska. Firm principal, Barbara Sheinberg, is a certified planner (AICP) with 27 years experience conducting a wide variety of planning and analysis efforts.

Alaska Map Company

Alaska Map Company is a Kenai Peninsula based Geographic Information System (GIS) consulting firm that has been a key contributor in Geospatial Mapping Projects throughout the State of Alaska for the past nine years. Gary Greenberg, owner and senior GIS Analyst, specializes in supporting small and remote Alaska communities with high quality and low cost GIS consulting.

Theodore R. Lyman

Mr. Lyman has more than 30 years of consulting experience, nearly all of it focused on assisting government and private sector leaders with policies and action initiatives aimed at enhancing economic development. His global experience has brought Mr. Lyman acclaim as one of the world's experts in the development and implementation of cluster-based strategies for enhancing regional economic competitiveness. Mr. Lyman was inaugurated as a Fellow in the World Academy of Arts and Sciences in recognition of his contributions to civil societies around the world.



Brian Kelsey

Brian Kelsey, consultant, was Director of Economic Development at the Capital Area Council of Governments in Austin, Texas, serving a region of 10 counties, 60 cities, and 1.8 million people, until October 2010. Previously, Mr. Kelsey was a research associate with the Council on Competitiveness in Washington, DC. Mr. Kelsey co-authored *Measuring Regional Innovation*, a guidebook on regional economic development funded by the Economic Development Administration.

Overview of the Southeast Alaska Economy

The region of Southeast Alaska stretches from Yakutat in the north to Metlakatla in the South. Southeast Alaska is made up of 23 incorporated and about 21 unincorporated communities & villages with a 2009 population of 69,338. Juneau, the largest community in the region, does not have road access to any other communities. In total only 4 of 44 Southeast Alaska communities are accessible from the rest of the State by road.

The Southeast Alaska region is an area of 22.9 million acres (including land and water) and is made up of a narrow strip of shore fronted by an archipelago of over 1,000 islands contributing to over 11,000 miles of coastline. The region covers a 500-mile long stretch of mainland and islands. The archipelago is 120 miles at its widest point. Most of the communities are located on various size islands that make up 40 percent of the region's total land area.

Southeast Alaska is now, and has historically been, a resource dependent economy. Major economic sectors that bring money into Southeast Alaska (basic industries) include commercial fishing, tourism, mining, and timber. Manufacturing is also considered a basic industry and is made up mostly of businesses processing fish and timber products.

While these industries once were responsible for the success of the region, some have not consistently performed well in recent years. Recent economic conditions have eroded markets for Southeast Alaska resources and products and slowed the flow of visitors who purchase goods and services in the region.

Moreover, there is also a growing concern about Alaska's economic future because of the decrease in the flow of oil, on which Alaska's revenue is 85%+ dependent. This represents a double threat to Southeast because the region has a high ratio of government employment. More than a third of the regions employees have government related employment, compared to a quarter of all Alaska workers, and 15% of all workers nationally. In Juneau, 42% of all employment is with the government.

Timber Industry

The decline of the timber industry has been well documented. In 1900 there were 12 large sawmills operating in Southeast Alaska. Today there is only one. The Viking Mill in Craig is operating, however timber purchased by the mill faces costly litigation and delay. In 1990, there were 3,450 direct sawmill and logging jobs in the region; however, by 2009 only 214 sawmill and logging jobs remained in Southeast.

Seafood Industry

The seafood industry (commercial fishing, fish processing and hatchery production) constitutes another important sector of the regional economy. In 2009, more than 10,000 people participated in the Southeast Alaska commercial fishery industry, including 4,674 Southeast residents (as crew or fishermen). In 2008 participants in the commercial fishing industry earned \$181.3 million. The processing sector includes smokeries and fresh fish buyers. In 2009, 178.7 million pounds of seafood were processed in Southeast by shore-based processors, with a wholesale value of \$374.3 million. However, the fishing industry has been struggling with market volatility and fluctuating prices. While Individual Fishing Quota's (IFQ) and Commercial Fisheries Entry Commission Permits (CFECs) have increased the value of the fisheries, costs associated with starting a business have increased dramatically.

Travel Industry

Tourism, as a whole, is a significant private-sector employer in Southeast Alaska. The number of cruise ship visitors to the region doubled between 1997 and 2007, when more than a million passengers visited the region. However, in response to the global recession tourism has declined in recent years. The number of cruise passengers visiting the region has decreased by 15% over the past two years, but is expected to increase again.

Mining Industry

Mining is an exceptional bright spot. With the 2010 opening of the Kensington Gold Mine in Juneau and the skyrocketing price of gold and silver, the Southeast mining industry has been booming. In 2009, there were 413 mining jobs in Southeast Alaska. With the opening of the Kensington Gold Mine in Juneau in 2010, the region's mines are expected to have 600 employees and a payroll of more than \$50 million annually by the end of 2011.

With 333 employees, the region's largest mine is the Hecla Greens Creek Mine on Admiralty Island that is the second largest silver producer in North America and the sixth largest in the world. Although recent trends have been positive for the region, history informs us that the value of precious metals can be volatile.

Government

The government sector has a major impact on the economy of the region. In 2009, government employment represented 13,295 annual average jobs, representing more than a third of all employment, and 45% of all wages.

Total Southeast Alaska Government Employment, 2009

	Annual average Employment 2009	% of Employees in Juneau by Sector	Total Payroll (in thousands)	Avg. Annual Wage
Private Sector	22,914	45%	\$795,357	\$34,711
Total Government	13,295	55%	\$642,082	\$48,294
Federal Government	1,745	48%	\$120,846	\$69,269
State Government	5,483	77%	\$268,867	\$49,039
Local Government*	6,068	37%	\$252,370	\$41,590
Total Employment	36,209	48%	\$1,437,440	\$39,698

Source: Alaska Department of Labor and Workforce Development, Research & Analysis.

Note* Local government includes tribal government.

However, State and Federal government employment has declined in recent years. Between 2003 and 2009, the region lost 219 federal jobs and 199 state jobs. Government investment in regional infrastructure has also slowed, and will continue to slow as the world economy struggles towards equilibrium. Expected Federal budget cuts will likely impact Federal Government employment, and a decline in Federal earmark spending will also impact both State and local government programs in the region.

Demographics

The decline of Southeast's key industries impacted greatly the overall demographics of the region. From 2000 to 2009, 8,304 more people moved away from Southeast Alaska than moved to the region. While the population of Juneau stayed flat, the regional population outside of Juneau plummeted 8.7 percent in just 10 years. The population of Southeast Alaska school children has likewise decreased. In 2009 Southeast Alaska had 2,400 fewer children enrolled in the public school system (preschool through 12th grade) than in 2000, a 17 percent decline regionally and up to a 58 percent decline in some districts.

Along with the decline in population, Southeast Alaska is aging rapidly. By 2020, a third of Southeast Alaskans will be over the age of 55, compared to just 12% in that age range in 1990. In complete contrast to the rest of the state, the Alaska Department of Labor has recently projected that the population of Southeast Alaska will continue to decline and age in the years to come.

Other Factors Impacting Regional Economic Performance

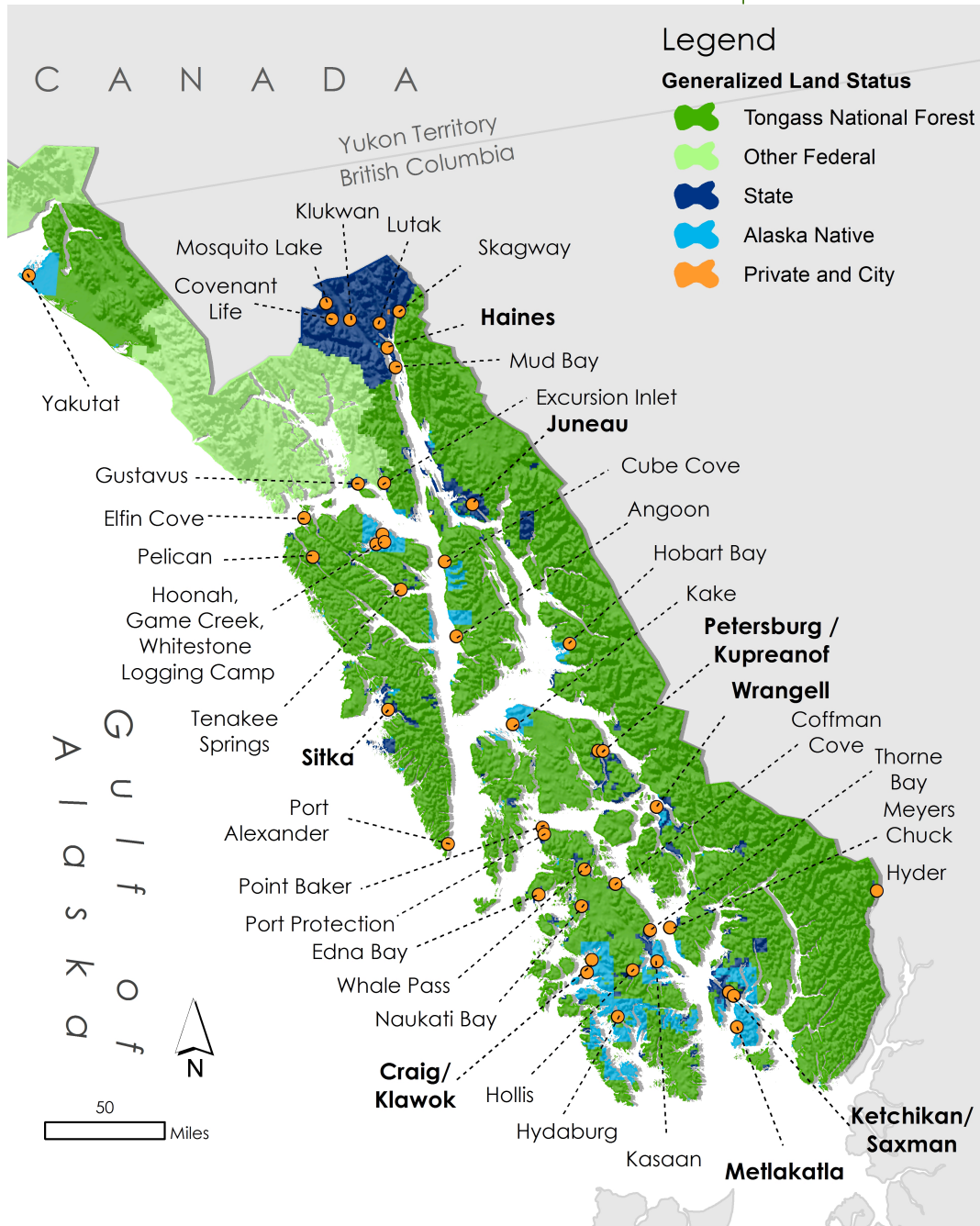
Southeast Alaska is rugged and remote, and the communities are mostly located along the shore, sandwiched between the mountains and the sea, and isolated from each other. Only four communities in Southeast Alaska have road connections to the world outside of the region. The small size and remoteness of the communities combined with the landscape limit the options for transportation, electric energy generation and transmission, and other basic infrastructures and services needed for economic development. The communities are dependent on airborne and seagoing transportation to move people, vehicles and goods, including basic needs such as groceries and petroleum products. The small populations and long distances between them tend to make all transportation options expensive. Many of the communities still rely on costly diesel generators for electric power, and telecommunications systems are slow in remote areas with a low capacity for data transmission.

While the region is blessed with abundant natural resources, the energy to process raw materials and the transportation required to get products to market are costly, so most value-added production occurs outside of the region (and generally outside of the state). In addition, the high costs of energy and transportation greatly impact the quality of life in our communities, limiting the amount and quality of affordable housing, health care, education, and other amenities.

Land Ownership

The lack of private lands and lands available for development also impedes the ability of the region to nurture the private sector. All but five percent of the region's land base is owned by the federal government. Land ownership in Southeast can be categorized as follows:

Southeast Alaska Land Ownership



Source: Alaska Department of Natural Resources and US Dept. of the Interior, Bureau of Land Management

- 94.6 percent federal
 - 80 percent is the Tongass National Forest (16,800,000)
 - 15 percent Glacier Bay National Park and Preserve (3,283,000 acres)
- 2.7 percent Native corporations (280,000 acres village/urban; 290,000 Sealaska)
- 2.4 percent State & Mental Health Trust (296,000 State, 196,000 MHT)¹
- Less than 1 percent = private and municipal land holdings

¹ This figure includes Mental Health Trust land and mineral rights

Improvement in the reliability and cost of transportation, communications, and electric energy generation; improved workforce development; and reduced opposition to responsible development of local resources can pave the way for increased economic development in Southeast Alaska.

Other Economic Sectors

Alaska Natives

Tribal governments and Native Corporations in the region also generate economic activity. In 2008, tribal governments employed an annual average of 887 workers in the region. Jobs with Native corporations and other Native organizations are more difficult to isolate, as they are categorized under several industries along with non-Native entities. These businesses and organizations work in the Hospitality and Leisure, Transportation, Manufacturing, and other industries in the region.

Of the 200 Native Village Corporations in the State of Alaska there are 12 in the Southeast region. Village Councils (Federally Recognized Tribes) are listed in each community's section.

Native Village Corporation & Community

- Cape Fox Corporation, Saxman
Goldbelt Inc., Juneau
- Haida Corporation, Hydaburg
- Huna Totem Corporation, Hoonah
- Kake Tribal Corporation, Kake
- Kavilco Inc., Kasaan
Klawock Heenya Corporation, Klawock
- Klukwan, Inc., Klukwan
- Kootznoowoo Inc., Angoon
- Shaan-Seet Inc., Craig
- Shee Atiká, Inc., Sitka
- Yak-tat Kwaan Inc., Yakutat

While the combined economic importance of these and other Alaska Native organizations in the region and their activities has not been fully calculated at the local level, the economic impacts of these organizations on the Southeast Alaska economy is clearly significant.

Retirement

While retirement is not generally considered an industry, retirees are economic actors who have an effect on the regional economy. Those who settle in Southeast Alaska spend their retirement income to live as any other worker would spend a paycheck. Most retirement income originates outside of the community. Retirees are a significant portion of the clientele of the health care and social services sectors. They also tend to contribute much to their communities through

volunteerism, and serve as an anchor for families who stay in the region to be near them. In 2009, 6,981 people age 65 and over lived in Southeast Alaska, making this group larger than both the State government and the local government sectors, which employed 5,339 and 6,433 people respectively in the region in that year. Senior citizens receive income from retirement benefits, Social Security, Medicare, investments and savings, private annuities and insurances, and other sources that they spend in Southeast Alaska.

Health Care

The health care and social services sector is one of the fastest growing in the State and the region. In 2009, 3,409 people were employed in the private sector in this industry, and more were employed in the government sector dealing with health and social services. Major health care employers in the region include Southeast Alaska Regional Health Consortium (SEARHC), Bartlett Regional Hospital, and Ketchikan General Hospital. Trained health care professionals are in high demand in the region and continued growth in the industry is expected.

Southeast Alaska by the Numbers 2008 to 2009

The following table provides a quick overview of key Southeast Alaska statistics and how those numbers changed from 2008 to 2009.

In 2009 Southeast Alaska total employment was down. Hardest hit was the private sector with a 3.9 percent decrease in annual average employment (jobs), and a corresponding 1.1 percent decrease in private sector payroll. Passenger arrivals were down. Employment in the mining and wood products industries were down. Southeast Alaska participation in the fishing industry was up, but the total ex-vessel value of the fishery (money paid to fishermen) was down by 18 percent. Unemployment was up. The rural (non Juneau) regional population was down by less than one percent. The median age was up.

On the bright side, regional school district enrollment was up, along with enrollment at UAS. Total government employment was up, and average wages and average household income were up.

Based on the first ten months of Alaska Department of Labor data, JEDC expects the region to lose 160 more jobs in 2010 as a whole. These losses will mostly be in tourism -- in the leisure, hospitality and transportation industries, along with retail. Gains will be seen in health care, construction and mining. So, while job gains are not predicted for 2010, we predict a fraction of the job losses seen in 2009.

Southeast Alaska By the Numbers

	2009	2008	% Change from 2008
SE Employment and Wages¹			
Total Employment	36,209	37,035	↓ -2.2%
Total Government Employment	13,295	13,199	↑ 0.7%
Total Private Sector Employment	22,914	23,836	↓ -3.9%
Total Payroll	\$1.437 billion	\$1.425 billion	↑ 0.8%
Total Private Sector Payroll	\$795.4 million	\$804.1 million	↓ -1.1%
Average Wage	\$39,698	\$38,463	↑ 3.2%
Median Household Income⁷	\$64,005	\$61,716	↑ 3.7%
Unemployment	8.4%	6.8%	↑ 1.6% pts
SE Demographics¹			
Population	69,338	69,163	↑ 0.3%
Non Juneau SE Population	38,677	38,758	↓ -0.2%
Median Age	39.3	39.1	↑ 0.5%
Gross Rent⁷	\$1,001	\$969	↑ 3.3%
Southeast Schools			
K-12 School District Enrollment²	11,438	11,421	↑ 0.1%
University of Alaska Southeast³ Enrollment (all campuses)	3,834	3,600	↑ 6.5%
SE Commercial Seafood Industry			
SE Pounds Landed (all commercial pounds)⁴	282.9 million	231.1 million	↑ 22%
Total Salmon	217.7 million	162.2 million	↑ 34%
Ex-Vessel Value⁴	\$234.1 million	\$284.0 million	↓ -18%
Fishermen and Crew (SE Residents)⁴	4,674	4,663	↑ 0.2%
SE Industry Employment¹			
Mining	413	432	↓ -4%
Logging and Wood Manufacturing	214	259	↓ -17%
Private Health Care	3,576	3,489	↑ 2.5%
Southeast Transportation			
Airline Passenger Arrivals⁵	574,114	627,492	↓ -8.5%
Air Freight Arrival⁵	30.5 million lbs	32.1 million lbs	↓ -5.0%
Cruise Passenger Arrivals⁶	1,018,700	1,032,300	↓ -1.3%

Sources: ¹ Alaska Department of Labor; ² Alaska Department of Education and Early Development; ³ University of Alaska; ⁴ Alaska Department of Fish and Game; ⁵ Bureau of Transportation Statistics; ⁶ McDowell Group and Cruise Line Agencies of Alaska; ⁷ American Community Survey (US Census)

Results from Business Climate Survey

To better understand the Southeast Alaska business climate, the JEDC conducted a Southeast Alaska Business Climate Survey. The survey focused on Southeast Alaska business owners and top managers but could be completed by anyone with interest in the survey (non-business leaders took a shorter version of the survey). The purpose of the survey was to better comprehend the barrier and benefits to owning and operating a business in Southeast Alaska; what are the different regional norms and attitudes, and which regional networks and institutions are most valuable to local businesses.

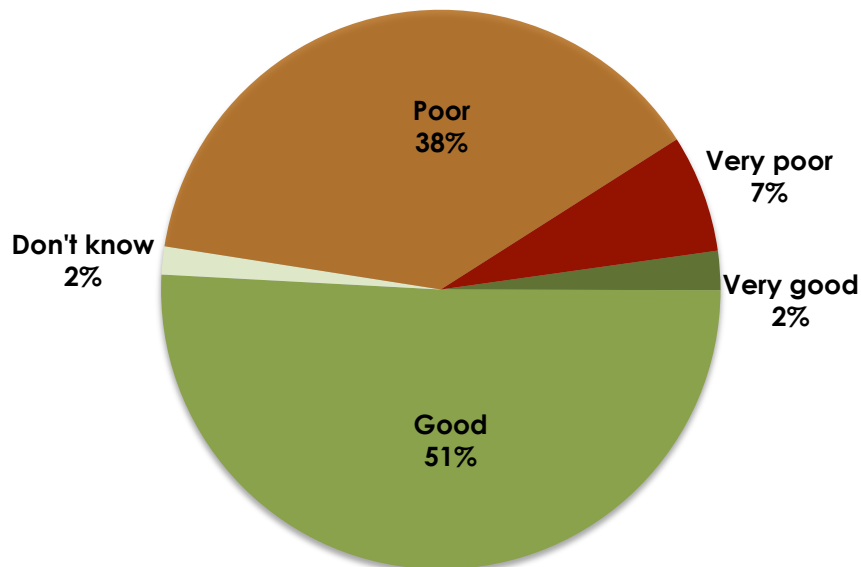
Along with demographic questions, business owners and operators were asked 62 questions regarding the regional business climate. A summary of some of the survey findings is included in this report, and a full write up of the survey results has been developed separately.

The survey was web-based, and business owners and operators across the region were invited to take the survey by organizations such as Southeast Conference, local chambers of commerce, and local economic development organizations. Paper copies of the survey were also sent out to areas that requested it. Surveying took place from November 2nd through December 1st. The survey was completed by 309 individuals, including 243 Southeast Alaska business owners and top managers. Business owners and operators from every community in Southeast Alaska responded to the survey.

Results Summary

When asked how they viewed the overall business climate of Southeast Alaska, 53% of respondents said the climate was good or very good, while 45% said poor or very poor (see following graph). Some industry sectors were more positive than others. Those in the arts and entertainment industry were much more likely to say that the business climate is good or very good (75%), as are those in the health industry (70%). On the other hand, those involved in forestry or government were much more likely to say that the business climate is poor or very poor (75%). Respondents from Juneau were also slightly more positive about the business climate, with 63% saying the climate is good or very good, and respondents in Wrangell were slightly more negative, with 67% saying the business climate is poor or very poor.

How do you view the overall business climate in Southeast Alaska?
N=309



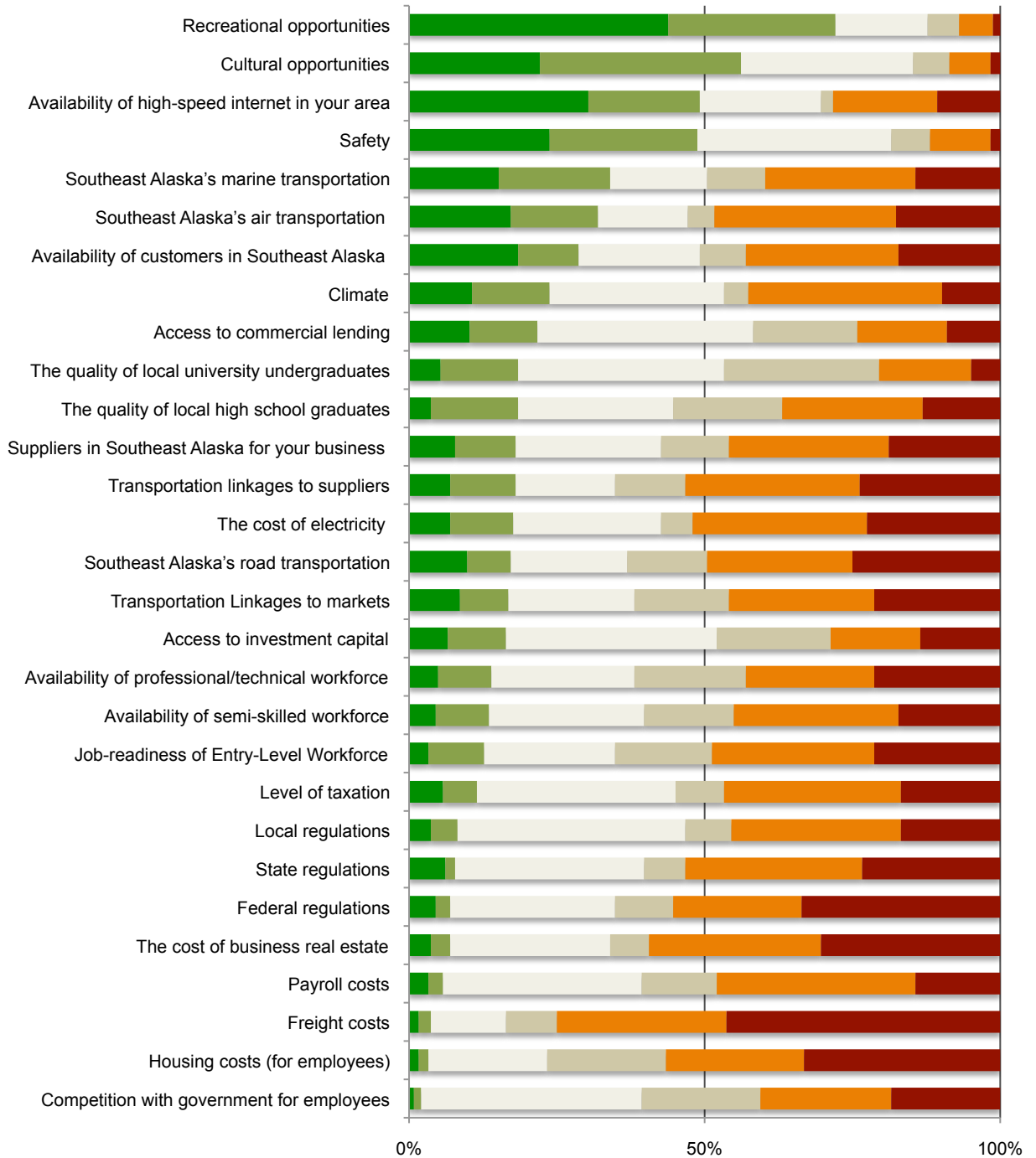
Source: "Southeast Alaska Business Climate Survey" December 2010, JEDC

We also asked business leaders (only) which regional elements acted as a benefit to operating their businesses, and which acted as barriers (please see the following three charts). The top two benefits to the region (based on questions asked) were Southeast Alaska's recreational opportunities—with 72% of business leaders saying that the regional recreation resources are an asset to their business—and cultural opportunities—with 56% of all business leaders responding that the region's cultural assets are a net benefit.

Elements which business leaders were most likely to call barriers included freight costs, with 75% of all business leaders surveyed calling freight costs a moderate or significant barrier; the cost of real estate—both in terms of business real estate, and the high cost of housing for employees. However, it should be noted that when the region was analyzed for non-Juneau respondents only, concerns regarding the cost of real estate fell from the top barriers ranking, with the cost of electricity being the second major business barrier—61% of those outside Juneau called the cost of electricity a moderate or significant barrier, compared to 43% of Juneau business leaders.

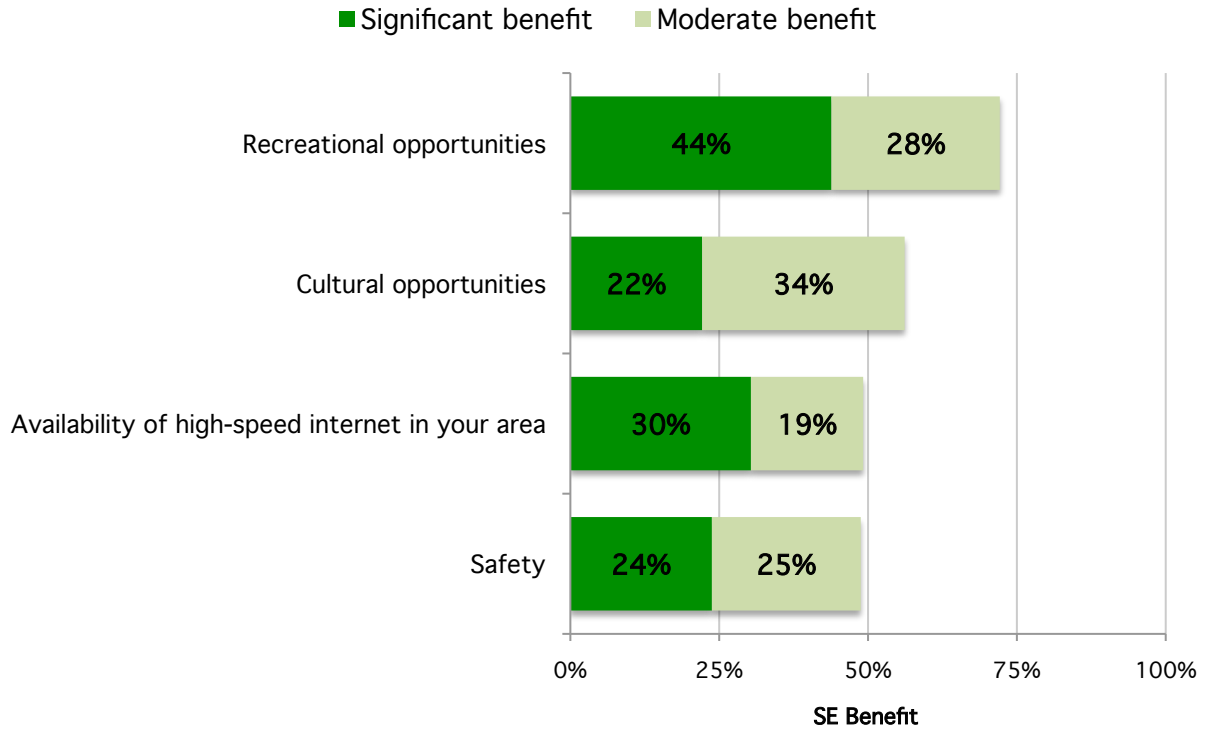
How significant are each of the elements listed below to operating your business in Southeast Alaska? N=243

■ Significant benefit ■ Moderate benefit ■ Not a barrier or benefit ■ Don't Know or NA ■ Moderate barrier ■ Significant barrier



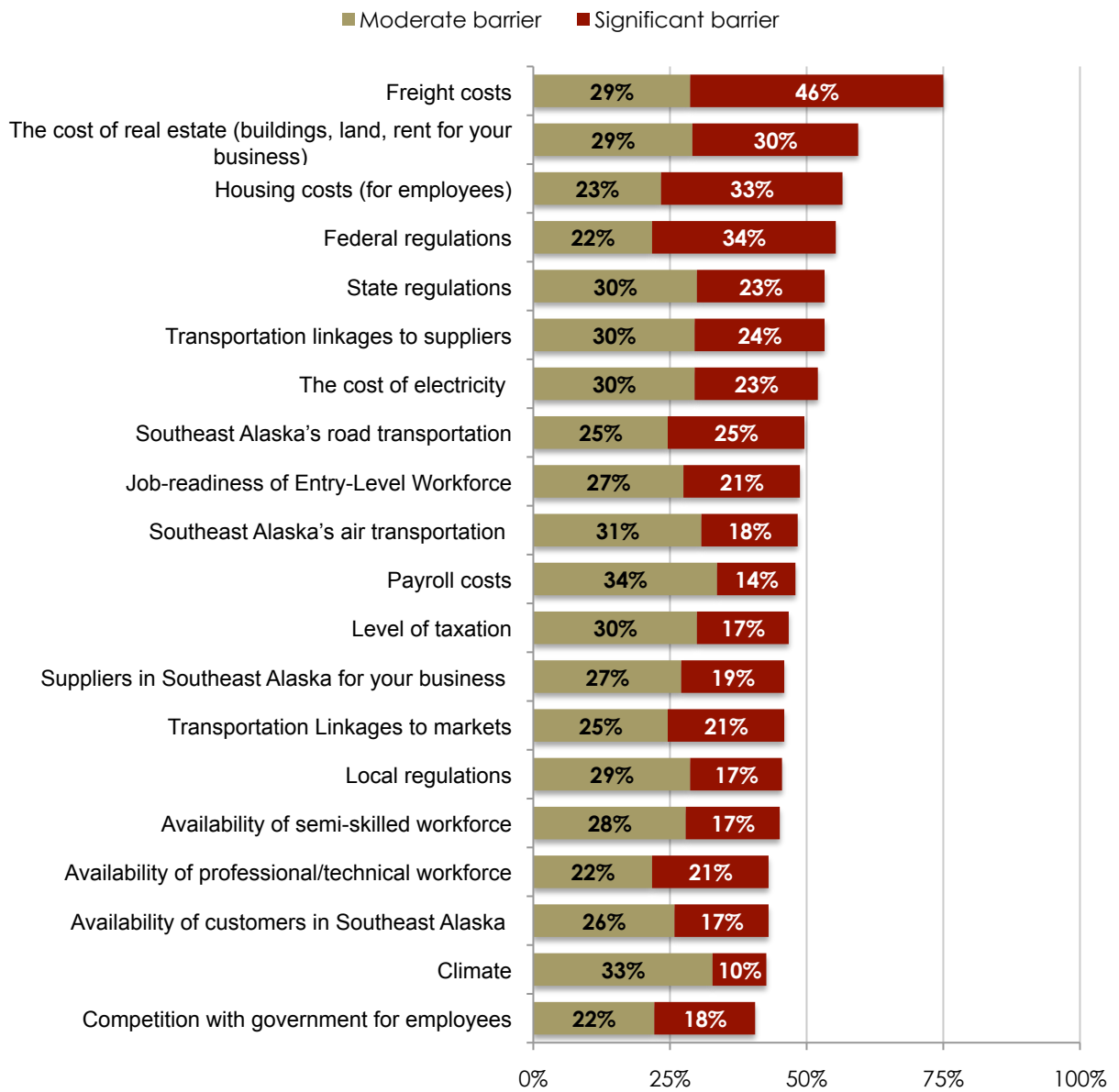
The following two charts are a subset of the chart above. Here you can more easily see how the regional business community ranked the major benefits and barriers.

How significant are each of the elements listed below to operating your business in Southeast Alaska? Top Benefits N=243



Source: "Southeast Alaska Business Climate Survey" December 2010, JEDC

How significant are each of the elements listed below to operating your business in Southeast Alaska? Top 20 Barriers N=243

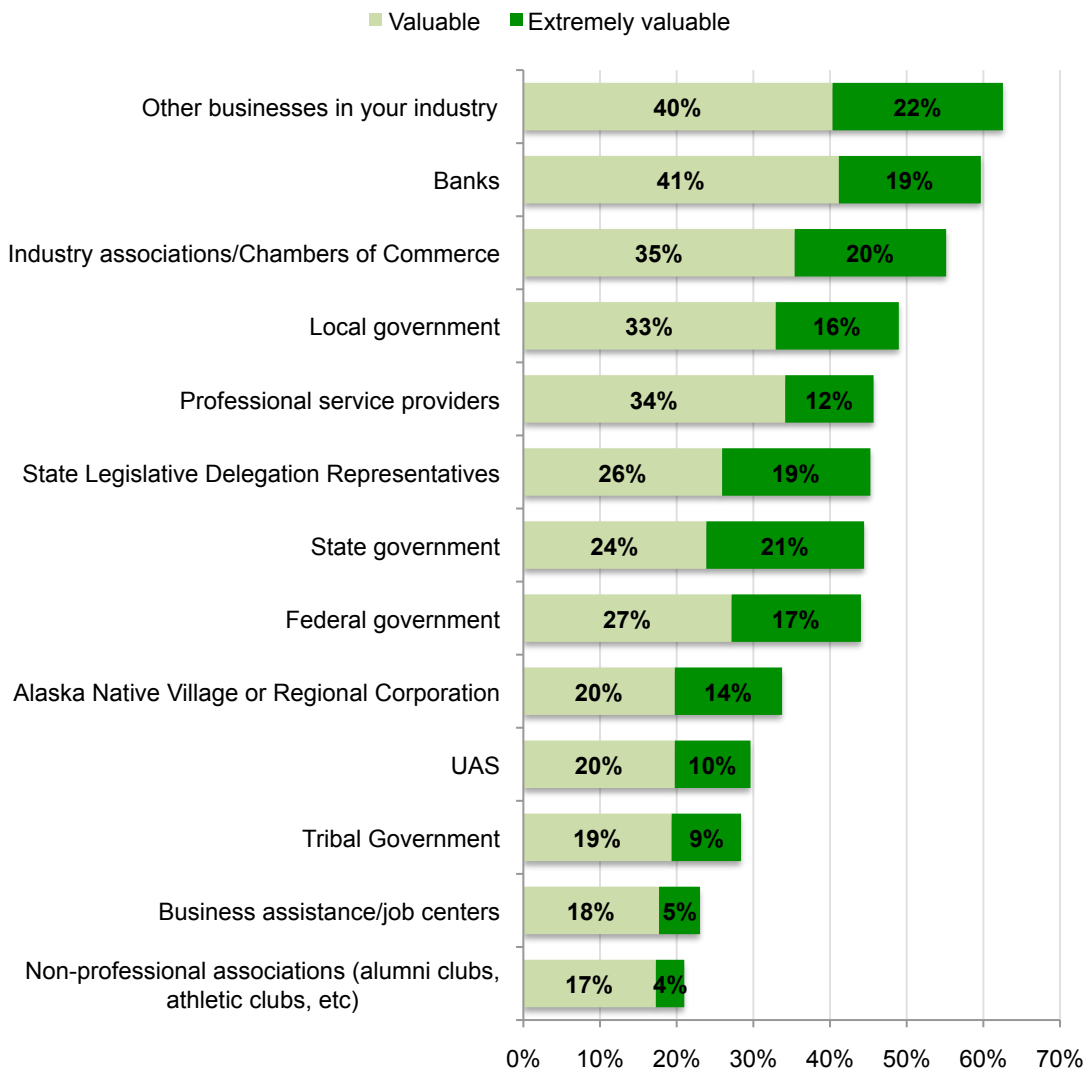


Source: "Southeast Alaska Business Climate Survey" December 2010, JEDC

We also asked business leaders (only) about how valuable their interactions with other organizations are to their businesses. Possible answers included: Not at all valuable, Somewhat valuable, Valuable, Extremely Valuable, Not Applicable, and Don't Know.

Business leaders said other businesses in their industry provide the most value to them, 63% of business leaders feel that other businesses in their industry are valuable or extremely valuable. Banks and industry associations such as Chambers of Commerce also were rated highly.

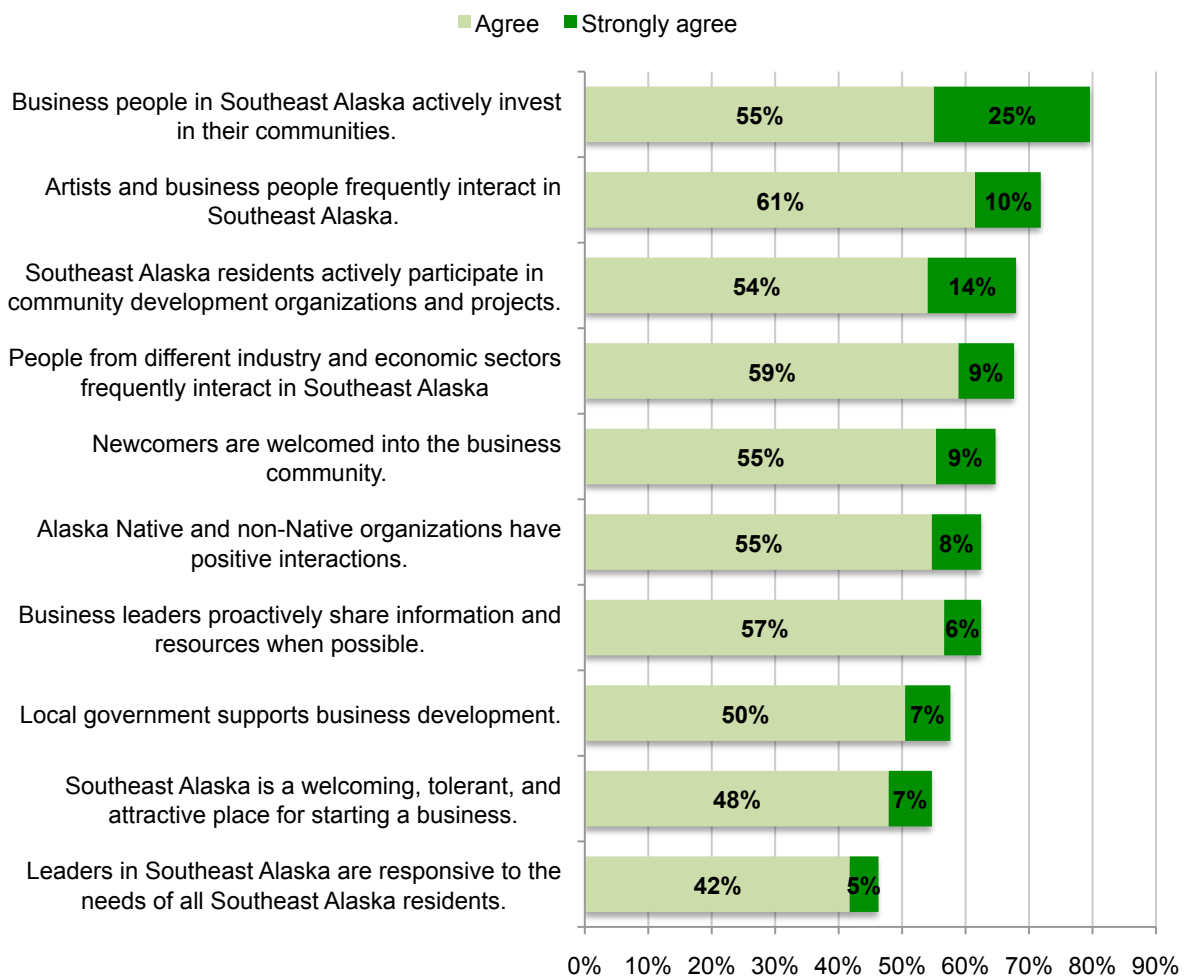
Please rate how valuable interaction with each of the following Southeast Alaska institutions is to your business. N=243



Source: "Southeast Alaska Business Climate Survey" December 2010, JEDC

We were also interested in learning about the dynamics of the business and civic environment in Southeast Alaska, and asked all respondents to rate how strongly they agree or disagree with several statements. Generally, respondents were most likely to agree with the statement: "Business people in Southeast Alaska actively invest in their communities," with 80% of respondents agreed or strongly agreed. Respondents were most likely to disagree with the statement: "Leaders in Southeast Alaska are responsive to the needs of all Southeast Alaska residents," 54% of respondents *disagreed* with this statement.

Please rate your level of agreement with each of the following business and civic environment statements

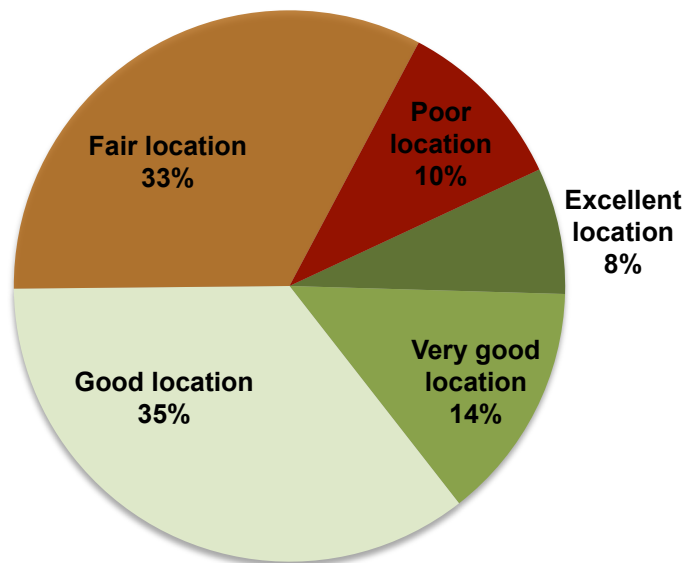


Source: "Southeast Alaska Business Climate Survey" December 2010, JEDC

Finally, we asked business leaders (only) how they would rate Southeast Alaska as a place for their specific business to succeed. Overall, 22% of respondents said that Southeast Alaska is a very good or excellent place for their business to succeed, while 43% called Southeast Alaska a fair or poor

location in terms of the success of their business. Industries that were most positive about the region included the seafood, mining, and tourism industries. One-third of these respondents in each of those groups called Southeast Alaska a very good or excellent location for their businesses to succeed. Just 5% of those in trade and 10% of those in finance said that Southeast Alaska is a good or excellent place for business.

Considering all the factors presented so far, how would you currently rate your region overall as a place for your business to succeed?
N=243



Source: "Southeast Alaska Business Climate Survey" December 2010, JEDC

The full Business Climate Survey report will include the demographics of all respondents. The list below shows where the businesses of business leader respondents are located.

Please identify the community in which your business is located

Total Answering	242	Craig	19	Skagway	7	Klukwan	4
Juneau	125	Hoonah	11	Hollis	6	Tenakee Springs	4
Ketchikan	35	Coffman Cove	9	Metlakatla	6	Edna Bay	3
Sitka	35	Gustavus	9	Pelican	6	Elfin Cove	3
Wrangell	31	Kake	9	Whale Pass	6	Hyder	2
Haines	29	Thorne Bay	9	Yakutat	6	Port Alexander	2
Petersburg	29	Hydaburg	7	Angoon	5	Port Protection	2
Klawock	21	Naukatli Bay	7	Kasaan	5	Other	7

Source: "Southeast Alaska Business Climate Survey" December 2010, JEDC

Note: Respondents were asked to check all that apply.

Human Capital

Employment and Demographics

Until the mid-1990's, the population of Southeast Alaska had enjoyed nearly a century of growth that intensified after Alaska statehood in 1959. The Southeast Alaska workforce expanded in the areas of mining, government, fishing and timber. In 1990, there were 3,450 direct sawmill and logging jobs in the region, but the industry began to decline. In the 1990's, significant timber mill closures in Ketchikan, Sitka, and Wrangell eliminated the major private sector source of year round employment in those communities and substantially impacted other communities that depended on the timber industry. By 2002, only 450 sawmill and logging jobs remained in Southeast.

From 2000 to 2009, 8,304 more people moved away from Southeast Alaska than moved to the region. While the population of Juneau stayed flat, the regional population outside of Juneau plummeted 8.7 percent in just 10 years. All across the region population levels are declining, and as they decline, they are aging. By 2020, a third of Southeast Alaskans will be over the age of 55, compared to just 12% in that age range in 1990. The Alaska Department of Labor has recently projected that the population of Southeast Alaska will continue to decline and continue to age in complete contrast to the rest of the state as we move forward.

Yet despite the challenges there are areas that are projected to grow and many opportunities for entrepreneurship.

Southeast Alaska Employment and Wages

In 2009 the number of total jobs in Southeast Alaska shrank by two percent (825 annual average jobs) to 36,209, eliminating gains made in 2008. More than three-quarters (77 percent) of this loss was in Juneau alone, and the loss in regional construction employment was confined entirely to Juneau. Outside of Juneau, regional construction employment actually grew by one half of one percent. If Juneau's payroll losses are set aside, total non-Juneau regional payroll actually increased by \$15 million, or 2.2 percent. (The table below includes Juneau).

Total Southeast Alaska Employment by Industry, 2008-2009

	Annual average Employment 2009	Annual average Employment 2008	Change in Employment 2008-2009	% of Employees in Juneau by Sector	Total Payroll (in thousands)	Avg. Annual Wage
Private Sector	22,914	23,836	-4%	45%	\$795,357	\$34,711
Natural Resource & Mining	744	770	-3%	61%	\$53,285	\$71,651
Construction	1,436	1,569	-8%	52%	\$87,106	\$60,648
Manufacturing	1,869	1,818	3%	15%	\$64,429	\$34,477
Trade, Transportation, & Utilities	7,219	7,781	-7%	46%	\$223,694	\$30,987
Information	561	571	-2%	49%	\$23,819	\$42,453
Financial Activities	1,319	1,358	-3%	46%	\$56,812	\$43,088
Professional Business Services	1,325	1,333	-1%	64%	\$52,784	\$39,827
Education & Health Services	3,666	3,585	2%	46%	\$140,560	\$38,342
Leisure & Hospitality	3,558	3,840	-7%	40%	\$64,873	\$18,234
Other Services	1,212	1,210	0%	50%	\$27,857	\$22,977
Total Government	13,295	13,199	1%	55%	\$642,082	\$48,294
Federal Government	1,745	1,786	-2%	48%	\$120,846	\$69,269
State Government	5,483	5,447	1%	77%	\$268,867	\$49,039
Local Government	6,068	5,966	2%	37%	\$252,370	\$41,590
Total Employment	36,209	37,035	-2%	48%	\$1,437,440	\$39,698

Source: Alaska Department of Labor and Workforce Development, Research & Analysis

Areas in which losses were felt in the **non-Juneau** Southeast region included the following:

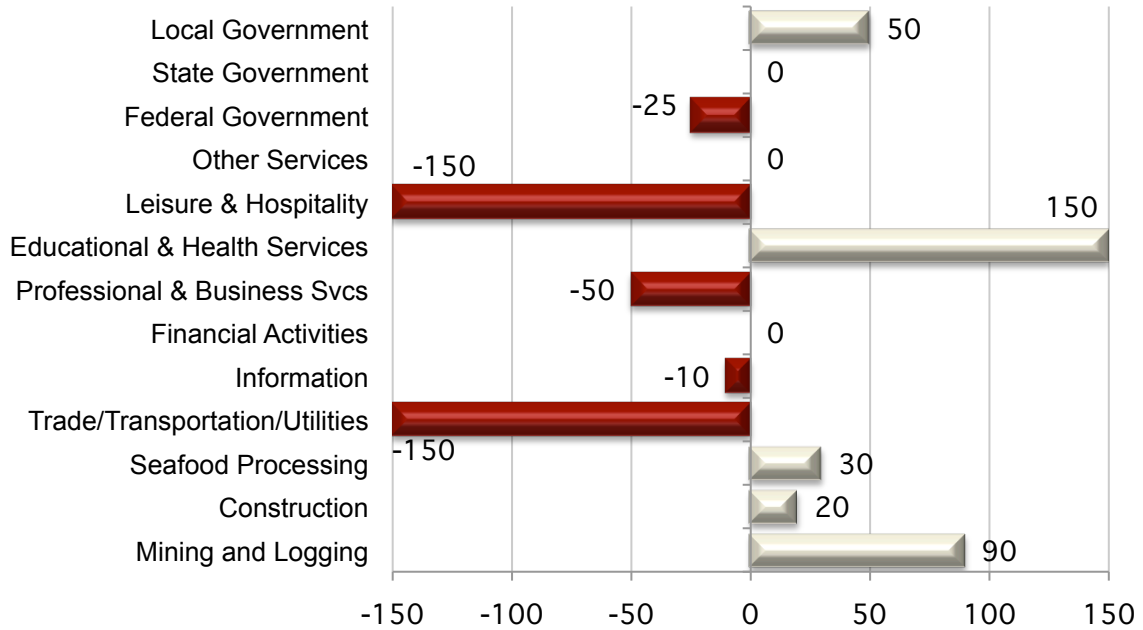
- Retail trade, down 118 jobs (average annual employment);
- Leisure and hospitality, down 102 jobs;
- Accommodation, down 80 jobs;
- Real estate, down 59 jobs;
- Scenic and sightseeing transportation, down 51 jobs; and
- Federal employment, which had 36 fewer jobs.

At the same time 77 local government jobs were added, along with 60 seafood product preparation and packaging annual average jobs, 56 general merchandise store jobs, and 48 health care jobs.

Based on the first ten months of Alaska Department of Labor data, JEDC expects the region to lose 160 more jobs in 2010 as a whole. These losses will mostly be in tourism -- in the leisure, hospitality

and transportation industries, along with retail. Gains will be seen in health care, construction and mining. So, while we are not predicting job gains in 2010, we are predicting a fraction of the job losses seen in 2009.

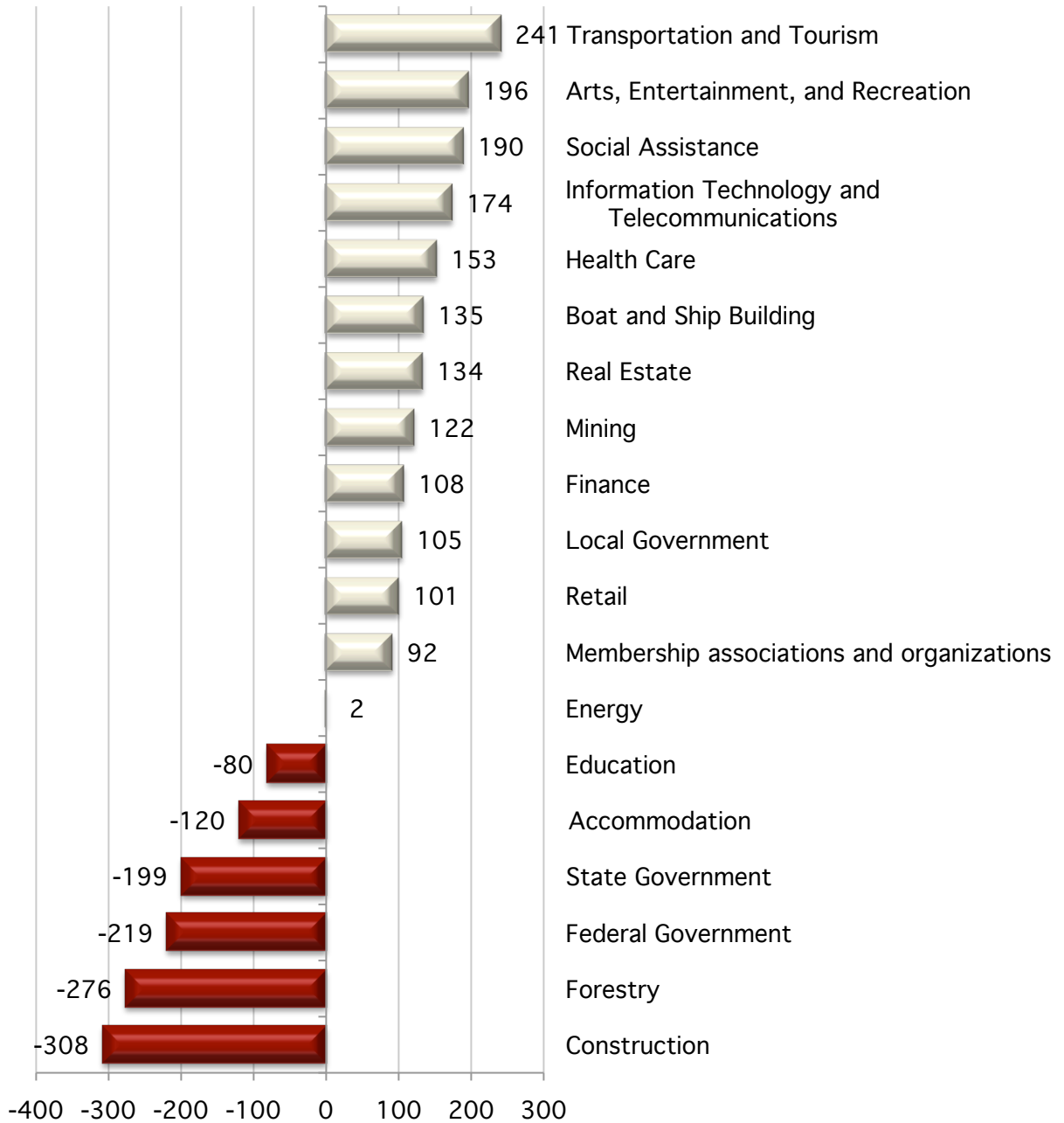
Southeast Alaska Economy Projected Change in Annual Average Employment 2009-2010



Source: Alaska Department of Labor and Workforce Development, Research & Analysis and JEDC analysis.

The following chart shows change in employment levels from 2003 to 2009 in the region

Change in Southeast Alaska Annual Average Employment 2003-2009



Source: Alaska Department of Labor and Workforce Development, Research & Analysis

Southeast Alaskans are much more likely to work for the government relative to state or national rates. Regionally, one-third of employees work for the government, compared to just 15% nationally. Southeast Alaskans are also more likely to be self-employed. In 2009, 7.1% of Southeast Alaskans worked for themselves, compared to 6.4% nationally. This is because of the high participation in the fishing industry regionally.

Class Of Worker

	Southeast Alaska 2009 Estimate	Southeast 2009 Estimate	Alaska 2009 Estimate	US 2009 Estimate
Civilian employed population 16 years and over	37,096	37,096	333,464	140,602,470
Private wage and salary workers	22,174	59.8%	68.2%	78.6%
Government workers	12,248	33.0%	24.5%	14.8%
Self-employed in own not incorporated business workers	2,623	7.1%	7.0%	6.4%

Source: 2009 American Community Survey, U.S. Census Bureau

Compared to the state or nation, Southeast Alaska had a significantly higher proportion of those over the age of 16 in the labor force. According to the American Community Survey, in 2009, 75% of those over the age of 16 in Southeast Alaska were working, compared to 71% in Alaska and 65% nationally. Moreover, the percentage of women in the workforce is also significantly higher. In 2009, 71% of all Southeast women participated in the workforce, compared to just 60% nationally.

Employment Status

	Southeast Alaska 2009 Estimate	Southeast 2009 %	Alaska 2009 %	US 2009 %
Population 16 years and over	54,168	54,168	536,007	241,002,178
In labor force	40,425	74.6%	71.4%	65.3%
Civilian labor force	39,806	73.5%	68.7%	64.7%
Employed	37,096	68.5%	62.2%	58.3%
Unemployed	2,710	5.0%	6.5%	6.4%
Armed Forces	619	1.1%	2.7%	0.5%
Not in labor force	13,743	25.4%	28.6%	34.7%
Civilian labor force	39,806	39,806	368,338	156,044,453
Percent Unemployed	6.8%	6.8%	9.5%	9.9%
Females 16 years and over	26,648	26,648	259,309	123,417,091
In labor force	18,857	70.8%	66.7%	59.8%
Own children under 6 years	5,817	5,817	61,489	24,308,646
All parents in family in labor force	4,070	70.0%	57.8%	64.4%
Own children 6 to 17 years	8,882	8,882	113,145	46,642,970
All parents in family in labor force	6,569	74.0%	69.0%	71.7%

Source: 2009 American Community Survey, U.S. Census Bureau

Income

The following table presents jobs and average annual wages of Southeast Alaska residents by Borough and Census Area for 2008 and 2009. Overall, the region gained 3.1% in average annual wages paid to residents. Wages earned by Southeast Alaska residents gained over statewide inflation because the cost of living increase over the same time period (as measured by the Anchorage Consumer Price Index) was only 1.2%. Areas that gained jobs were the Municipality of Skagway (+5.1%), the City and Borough of Yakutat (+2.5%), and the Prince of Wales-Outer Ketchikan Census Area (+0.1%). The Hoonah-Angoon Census Area had the largest percentage job loss (-4.7%), followed by the City and Borough of Wrangell (-3.7%), and the Ketchikan Gateway Borough (-2.0%).

Jobs and Average Annual Wages for Southeast Alaska residents By Borough and Census Area, 2008 and 2009

Borough or Census Area	2008 Jobs	2008 Average Annual Wage	2009 Jobs	2009 Average Annual Wage	Change in jobs	Percent Change in Jobs	Percent Change in Annual Wage
Haines Borough	999	\$25,396	981	\$26,218	-18	-1.8%	3.2%
City and Borough of Juneau	15,601	\$35,977	15,342	\$37,016	-259	-1.7%	2.9%
Ketchikan Gateway Borough	6,239	\$32,896	6,115	\$33,985	-124	-2.0%	3.3%
Prince of Wales-Outer Ketchikan	2,377	\$24,411	2,379	\$25,981	2	0.1%	6.4%
City and Borough of Sitka	3,842	\$30,533	3,740	\$31,475	-102	-2.7%	3.1%
Municipality of Skagway	431	\$30,683	453	\$30,046	22	5.1%	-2.1%
Hoonah-Angoon	936	\$19,764	892	\$18,799	-44	-4.7%	-4.9%
Petersburg Census Area	1,535	\$24,641	1,511	\$25,768	-24	-1.6%	4.6%
City and Borough of Wrangell	897	\$26,506	864	\$27,933	-33	-3.7%	5.4%
City and Borough of Yakutat	319	\$21,958	327	\$23,020	8	2.5%	4.8%
TOTAL	33,176	\$32,178	32,604	\$33,184	-572	-1.7%	3.1%

Source: Alaska Department of Labor and Workforce Development, Research & Analysis, 2009. Note: Does not include self-employed persons such as sole proprietors and commercial fishers.

Generally, Southeast Alaskan income is lower than statewide averages, but significantly higher than national averages. In 2009, the median household income was \$64,005, compared to \$66,953 statewide, and \$50,221 nationally.

Income And Benefits (In 2009 Inflation-Adjusted Dollars)

	Southeast 2009 Estimate	Alaska 2009 Estimate	US 2009 Estimate
Median household income (dollars)	\$64,005	\$66,953	\$50,221
Mean household income (dollars)	78,033	81,471	68,914
Mean retirement income (dollars)	24,894	25,825	21,383
Median family income (dollars)	79,604	79,934	61,082
Mean family income (dollars)	91,520	92,333	80,155
Per capita income (dollars)	32,645	29,504	26,409
Median earnings for workers (dollars)	34,677	30,878	28,365
Median earnings for male full-time, year-round workers (dollars)	57,048	51,019	45,485
Median earnings for female full-time, year-round workers (dollars)	39,886	39,017	35,549

Source: 2009 American Community Survey, U.S. Census Bureau

Regionally, Skagway has the highest per capita personal income, followed by Haines and Ketchikan.

Per Capita Personal Income, 2000-2008

Borough or Census Area	2008	2007	2000	Change 2007-08	Change 2000-08
Juneau City and Borough	\$48,435	\$46,011	\$35,767	5%	35%
Ketchikan Gateway Borough	\$52,030	\$48,380	\$35,338	8%	47%
Sitka City and Borough	\$41,872	\$39,472	\$29,716	6%	41%
Haines Borough	\$52,887	\$49,084	\$33,223	8%	59%
Hoonah-Angoon Census Area	\$38,066	NA	NA	NA	NA
Skagway Borough	\$62,685	NA	NA	NA	NA
Wrangell-Petersburg Census Area	\$41,514	\$39,276	\$28,441	6%	46%
Skagway-Hoonah-Angoon Census Area	NA	\$42,797	\$30,473	NA	NA
Prince of Wales-Outer Ketchikan Census Area	\$28,359	\$25,496	\$21,589	11%	31%
Yakutat City and Borough	\$44,168	\$39,865	\$28,841	11%	53%
Anchorage Municipality	\$49,805	\$47,051	\$34,389	6%	45%
Alaska state total	\$43,922	\$41,081	\$30,531	7%	44%

Source: Regional Economic Information System, Bureau of Economic Analysis, US Department of Commerce, June 2010
<http://www.bea.gov/regional/reis/drill.cfm>

Per capita personal income is the total personal income of an area divided by population. Employment income represents approximately 70 percent of per capita income. Another source of income is "transfer payments" that include the PFD, Medicare and public assistance medical payments, government retirement income, social security, food stamps, and unemployment insurance payments. Juneau residents also receive income from dividends (other than the PFD), interest, and rent.

Top Employers

The employers with the highest number of workers in Southeast Alaska include:

- State of Alaska (except University of Alaska);
- Juneau School District;
- Southeast Alaska Regional Health Consortium (SEARHC);
- City and Borough of Juneau;
- University of Alaska;
- Bartlett Regional Hospital;
- Ketchikan Gateway Borough School District;
- City of Ketchikan;
- Wal-Mart Associates, Inc.. and
- Peace Health – Ketchikan General Hospital;

The chart below contains Southeast Alaska's top private employers.



Southeast Alaska's Top 10 Private Employers, 2009

2009	2008	Employer	Average Number of Employees (Range)
1	1	SEARHC (Southeast Alaska Regional Health Consortium)	750 - 999
2	2	Ketchikan General Hospital	250 - 499
3	3	Wal-Mart Associates Inc.	250 - 499
4	4	Hecla Greens Creek Mining Company	250 - 499
5	5	Alaska Airlines Inc.	250 - 499
6	8	Reach Inc.	100 - 249
7	7	Trident Seafood Corporation	100 - 249
8	9	Safeway Inc.	100 - 249
9	6	Fred Meyer Stores Inc.	100 - 249
10	10	Central Council Tlingit & Haida	100 - 249

Source: Alaska Department of Labor and Workforce Development, Research & Analysis

Non-residency

The following table shows what percentage of the workforce were non-resident workers in 2008 for each Southeast Alaska borough and Census area. Some of these workers are residents of other communities in Alaska, but the majority is from outside the State. Much of the non-resident workers are in Southeast Alaska during the summer season to work in the fish processing and tourism industries. Non-resident workers had 75.8% of the jobs in the Southeast Alaska fish processing industry in 2008.

Percent of Nonresident Workers in Southeast Alaska in 2008 In State and Local Government, and Private Industry

Borough or Census Area	State Government	Local Government	Private Industry
Haines Borough	6.8%	14.7%	50.6%
Juneau Borough	11.6%	11.7%	31.5%
Ketchikan Gateway Borough	28.8%	20.3%	39.1%
Prince of Wales-Outer Ketchikan	15.0%	17.5%	44.9%
Sitka Borough	18.3%	14.6%	39.0%
Skagway-Hoonah-Angoon	8.6%	19.5%	62.7%
Wrangell-Petersburg	2.5%	10.7%	49.0%
Yakutat Borough	7.1%	20.0%	49.2%
Southeast Alaska Region	14.2%	15.2%	39.1%

Source: Alaska Department of Labor and Workforce Development, Research & Analysis, Nonresidents Working in Alaska, 2008. Note: For this count, nonresident workers include both workers from other Alaska locations, and workers from outside the state.

Unemployment

Southeast Alaska unemployment rates are one area that demonstrates the lesser impact of the national recession on the region. However, Southeast Alaska communities experience dramatic changes in seasonal unemployment rates, while the US as a whole does not.

Southeast Alaska Unemployment Rates 2000 and 2009

		2000	2009	Change 2000-2009
Juneau Borough	Labor Force	18,004	18,458	3%
	Employment	17,188	17,333	1%
	Unemployment	816	1,125	38%
	Unemployment Rate	4.5	6.1	1.60
Ketchikan Gateway Borough	Labor Force	8,279	8,377	1%
	Employment	7,774	7,767	0%
	Unemployment	505	610	21%
	Unemployment Rate	6.1	7.3	1.20
Sitka Borough	Labor Force	4,449	4,626	4%
	Employment	4,241	4,320	2%
	Unemployment	208	306	47%
	Unemployment Rate	4.7	6.6	1.90
Haines Borough	Labor Force	1,394	1,398	0%
	Employment	1,284	1,266	-1%
	Unemployment	110	132	20%
	Unemployment Rate	7.9	9.4	1.50
Prince of Wales-Outer Ketchikan CA	Labor Force	2,655	2,406	-9%
	Employment	2,287	2,018	-12%
	Unemployment	368	388	5%
	Unemployment Rate	13.9	16.1	2.20
Skagway-Hoonah-Angoon CA	Labor Force	1,824	1,831	0%
	Employment	1,648	1,555	-6%
	Unemployment	176	276	57%
	Unemployment Rate	9.6	15.1	5.50
Wrangell-Petersburg Census Area	Labor Force	3,068	2,849	-7%
	Employment	2,778	2,549	-8%
	Unemployment	290	300	3%
	Unemployment Rate	9.5	10.5	1.00
Yakutat Borough	Labor Force	370	321	-13%
	Employment	345	285	-17%
	Unemployment	25	36	44%
	Unemployment Rate	6.8	11.2	4.40
Southeast Economic Region	Labor Force	40,043	40,266	1%
	Employment	37,545	37,093	-1%
	Unemployment	2,498	3,173	27%
	Unemployment Rate	6.2	7.9	1.70

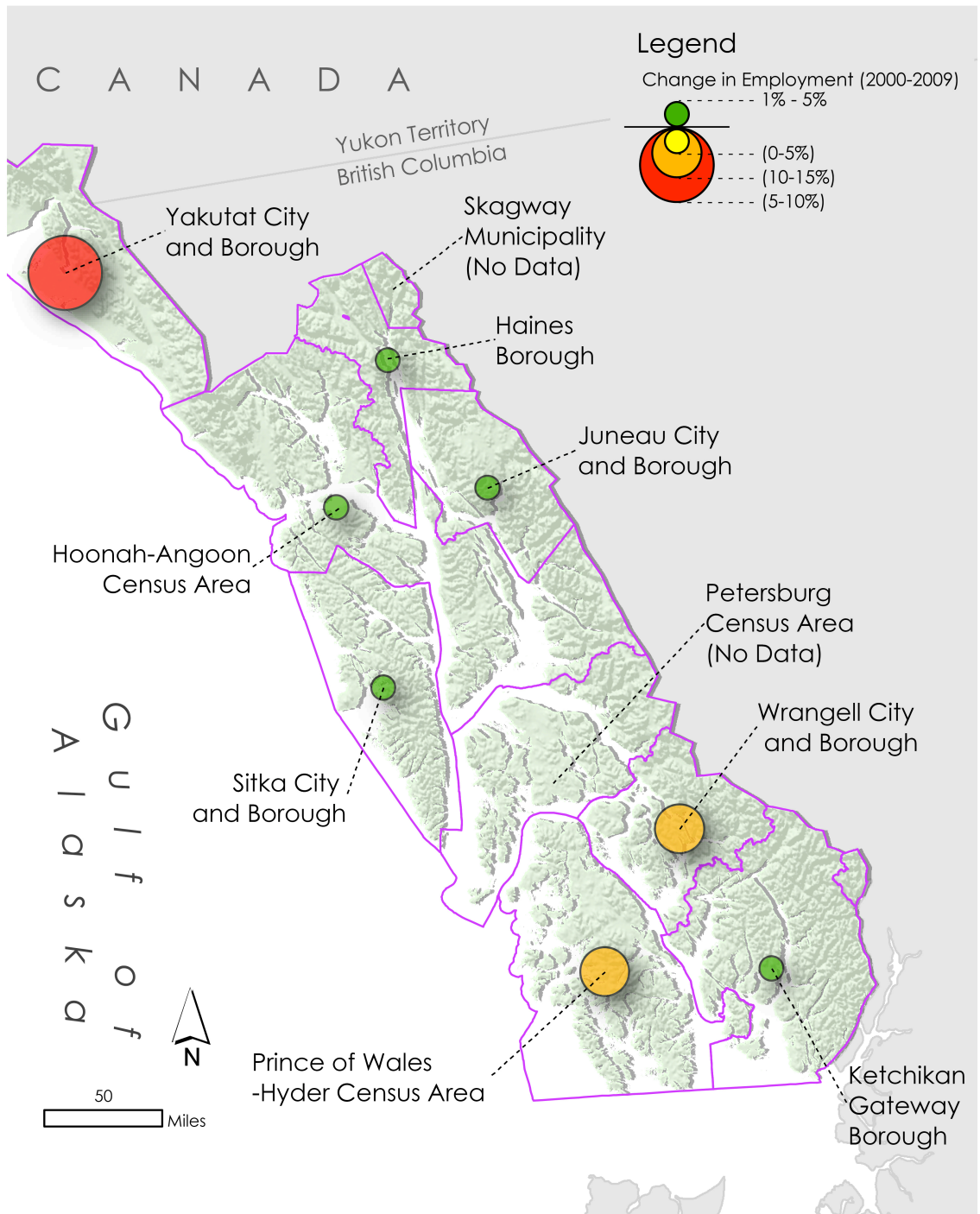
Source: Alaska Department of Labor and Workforce Development, Research & Analysis

Southeast Alaska Unemployment 2010

		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Juneau Borough	Labor Force	18,280	18,137	18,208	18,524	18,078	18,305	18,529	18,309	18,253	18,013
	Employment	16,958	16,814	16,935	17,418	17,035	17,271	17,581	17,331	17,278	16,969
	Unemployment Rate	7.2	7.3	7.0	6.0	5.8	5.6	5.1	5.3	5.3	5.8
Ketchikan Gateway Borough	Labor Force	7,535	7,511	7,608	8,114	8,298	9,074	9,712	9,882	8,905	7,988
	Employment	6,728	6,712	6,819	7,430	7,700	8,488	9,196	9,359	8,373	7,391
	Unemployment Rate	10.7	10.6	10.4	8.4	7.2	6.5	5.3	5.3	6.0	7.5
Sitka Borough	Labor Force	4,330	4,382	4,462	4,541	4,748	4,800	5,139	5,358	4,814	4,492
	Employment	3,961	4,020	4,125	4,260	4,456	4,506	4,870	5,085	4,550	4,214
	Unemployment Rate	8.5	8.3	7.6	6.2	6.1	6.1	5.2	5.1	5.5	6.2
Haines Borough	Labor Force	1,073	1,121	1,144	1,209	1,440	1,539	2,044	2,053	1,848	1,403
	Employment	917	959	982	1,075	1,327	1,436	1,957	1,966	1,759	1,290
	Unemployment Rate	14.5	14.5	14.2	11.1	7.8	6.7	4.3	4.2	4.8	8.1
Prince of Wales-Outer Ketchikan CA	Labor Force	2,346	2,357	2,379	2,245	2,342	2,439	2,539	2,514	2,349	2,367
	Employment	1,871	1,884	1,925	1,885	2,011	2,106	2,215	2,191	2,038	2,058
	Unemployment Rate	20.2	20.1	19.1	16.0	14.1	13.7	12.8	12.8	13.2	13.1
Skagway	Labor Force	556	531	511	527	715	790	821	824	738	603
	Employment	388	369	377	431	697	769	804	803	709	480
	Unemployment Rate	30.2	30.5	26.2	18.2	2.5	2.7	2.1	2.5	3.9	20.4
Hoonah-Angoon CA	Labor Force	882	868	862	918	1,364	1,470	1,514	1,509	1,347	951
	Employment	662	631	645	737	1,192	1,315	1,373	1,373	1,212	820
	Unemployment Rate	24.9	27.3	25.2	19.7	12.6	10.5	9.3	9.0	10.0	13.8
Wrangell-Petersburg Census Area	Labor Force	2,575	2,749	2,717	2,693	2,871	2,969	3,393	3,535	2,977	2,765
	Employment	2,174	2,349	2,355	2,405	2,604	2,708	3,164	3,302	2,747	2,513
	Unemployment Rate	15.6	14.6	13.3	10.7	9.3	8.8	6.7	6.6	7.7	9.1
Yakutat Borough	Labor Force	288	276	277	323	322	339	330	354	344	298
	Employment	241	231	236	287	292	310	304	328	321	273
	Unemployment	47	45	41	36	30	29	26	26	23	25
	Unemployment Rate	16.3	16.3	14.8	11.1	9.3	8.6	7.9	7.3	6.7	8.4
Southeast Region	Labor Force	37,865	37,932	38,168	39,094	40,178	41,725	44,021	44,338	41,575	38,880
	Employment	33,900	33,969	34,399	35,928	37,314	38,909	41,464	41,738	38,987	36,008
	Unemployment	3,965	3,963	3,769	3,166	2,864	2,816	2,557	2,600	2,588	2,872
	Unemployment Rate	10.5	10.4	9.9	8.1	7.1	6.7	5.8	5.9	6.2	7.4

Source: Alaska Department of Labor and Workforce Development, Research & Analysis

Change in Southeast Alaska Labor Force, 2000 to 2009



Source: Alaska Department of Labor. Note: Some boroughs have changed or been created since 2000.

Top Jobs

For an occupation to have the Top Job tag, it must have a percent of growth greater than that for all occupations as a whole, be projected to grow by at least 75 jobs over the ten-year period 2008-2018, and must rank in the top two wage quartiles; or be among the top 50 occupations with the most projected openings and rank in the top two wage quartiles. Occupations lacking wage data were not eligible. The following table shows those occupations in Southeast that have the Top Job tag and are categorized by level or type of training required.

Southeast Alaska's Top Jobs 2008 to 2018¹

	Employment			Openings 2008-2018			Wage Quartile ²
	2008	2018	Pct Chg	Growth	Replacement	Total	
Bachelor's degree or above							
Kindergarten and Elementary School Teachers, Except Special Education** ³	2,962	3,280	10.7%	318	466	784	\$\$\$\$
General and Operations Managers	3,968	4,314	8.7%	346	715	1,061	\$\$\$\$
Associate degree or vocational training							
Registered Nurses**	5,032	6,400	27.2%	1,368	1,143	2,511	\$\$\$\$
Work experience in a related occupation							
Executive Secretaries and Administrative Assistants	3,953	4,360	10.3%	407	761	1,168	\$\$\$
Long-term on-the-job training							
Carpenters**	3,239	3,600	11.1%	361	519	880	\$\$\$
Moderate-term on-the-job training							
Construction Laborers**	5,245	5,920	12.9%	675	730	1,405	\$\$\$
Maintenance and Repair Workers, General	3,431	3,720	8.4%	289	655	944	\$\$\$

¹ To rank as a "Top Job", the occupation must: 1) rank in the top two wage quartiles; AND 2) have projected growth of at least 75 jobs and greater percentage growth than all occupations combined, OR be among one the 50 occupations with the most projected openings (of those with wages in the top two quartiles).

² Earnings: \$\$\$ = \$19.50 - \$29.98 hourly (\$40,570 - \$62,330 annually), \$\$\$\$ = More than \$29.98 hourly (\$62,330 annually). Based on May 2009 OES estimates for Alaska.

³ Combines two standard occupations: Kindergarten Teachers (25-1212) and Elementary School Teachers (25-2011)

**Denotes occupations projected to grow by at least 75 jobs with percentage growth greater than percentage growth for all occupations; and among the top 50 occupations (in the top two wage quartiles) projected to have the most job openings throughout the forecast period.

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

The top job, by number of employees, in Southeast Alaska is retail salesperson. Other jobs in the top five are cashiers, construction workers, office clerks, and bookkeepers. The top 50 jobs are listed below:

Top 50 Jobs in Southeast Alaska

Rank	Title	Number Employed	% Aged 50 or older
1	Retail Salespersons	1,224	26%
2	Cashiers	879	18%
3	Construction Laborers	705	24%
4	Office Clerks, General	673	29%
5	Bookkeeping, Accounting, and Auditing Clerks	667	33%
6	Meat, Poultry, and Fish Cutters and Trimmers	567	30%
7	Teacher Assistants	537	33%
8	Office and Administrative Support Workers, All Other	507	28%
9	Janitors and Cleaners, Except Maids and Housekeeping Cleaners	498	43%
10	Executive Secretaries and Administrative Assistants	484	37%
11	Combined Food Preparation and Serving Workers, Including Fast Food	479	12%
12	Laborers and Freight, Stock, and Material Movers, Hand	421	23%
13	Maintenance and Repair Workers, General	412	42%
14	General and Operations Managers	407	44%
15	Registered Nurses	396	53%
16	Waiters and Waitresses	386	12%
17	Elementary School Teachers, Except Special Education	378	39%
18	Nursing Aides, Orderlies, and Attendants	357	31%
19	Carpenters	350	21%
20	Teachers and Instructors, All Other	340	39%
21	Tour Guides and Escorts	332	24%
22	Maids and Housekeeping Cleaners	327	32%
23	Receptionists and Information Clerks	301	27%
24	Stock Clerks and Order Fillers	299	20%
25	Sales and Related Workers, All Other	298	26%
26	Operating Engineers and Other Construction Equipment Operators	288	42%
27	Accountants and Auditors	277	39%
28	Administrative Services Managers	263	49%
29	Secretaries, Except Legal, Medical, and Executive	259	40%
30	Transportation Attendants, Except Flight Attendants and Baggage Porters	244	41%
31	Customer Service Representatives	242	19%
32	Secondary School Teachers, Except Special and Vocational Education	241	37%
33	Bartenders	240	26%
34	Reservation and Transportation Ticket Agents and Travel Clerks	230	27%
35	Personal and Home Care Aides	228	37%
36	Truck Drivers, Heavy and Tractor-Trailer	227	34%
37	First-Line Supervisors/Managers of Retail Sales Workers	225	34%
38	Sailors and Marine Oilers	223	41%
39	First-Line Supervisors/Managers of Office and Administrative Support Workers	220	40%
40	Managers, All Other	220	50%
41	Cargo and Freight Agents	209	26%
42	Tellers	184	19%
43	Transportation Workers, All Other	182	19%
44	Captains, Mates, and Pilots of Water Vessels	181	41%
45	Food Preparation Workers	179	27%
46	Medical and Health Services Managers	178	48%
47	Billing and Posting Clerks and Machine Operators	174	35%
48	Police and Sheriff's Patrol Officers	172	13%
49	Chief Executives	168	63%
50	Computer Programmers	159	40%

Source: Alaska Department of Labor and Workforce Development, Research & Analysis

The following table shows how many business licenses are held in each regional community.

Total Southeast Alaska Business Licenses November 2010

Juneau	3425
Ketchikan	2042
Sitka	1265
Petersburg	516
Haines	398
Wrangell	290
Craig	267
Skagway	247
Ward Cove	220
Auke Bay	216
Douglas	209
Gustavus	130
Hoonah	103
Thorne Bay	99
Klawock	88
Coffman Cove	56
Elfin Cove	40
Kake	33
Pelican	29
Tenakee Springs	24
Metlakatla	22
Angoon	21
Hyder	21
Hydaburg	16
Port Alexander	16
Edna Bay	13
Kasaan	13
Naukatli Bay	11
Whale Pass	8
Point Baker	6
Meyers Chuck	5
Klukwan	1
Grand Total	9851

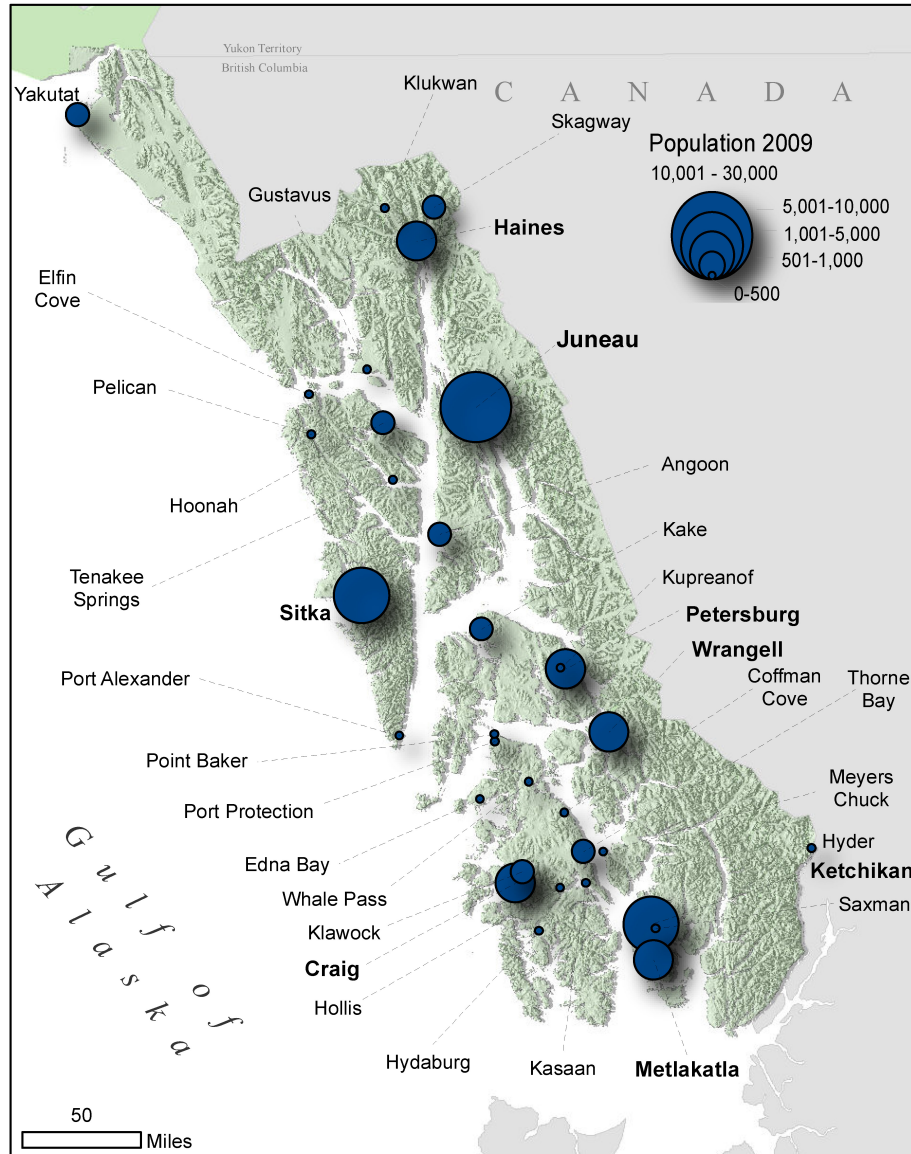
Source: Alaska Division of Corporations, Business, and Professional Licensing

Southeast Alaska Population

The 2009 population of Southeast Alaska is 69,338 with the largest concentrations of population in Juneau, Ketchikan, and Sitka, which together comprise 75 percent of the regional population.

Population by Community

Population of Southeast Alaska 2009



Source: Alaska Department of Labor and Workforce Development, Research & Analysis

There are 34 communities in Southeast Alaska with a population of more than one, and 22 with a population more than 100. Of those 22 communities, 18 lost a portion of their population between

2000 and 2009, including six that lost between 20 and 30 percent of local residents: Yakutat, Kake, Angoon, Thorne Bay, Coffman Cove, and Pelican.

Southeast Alaska Community Population Change, 2000-2009

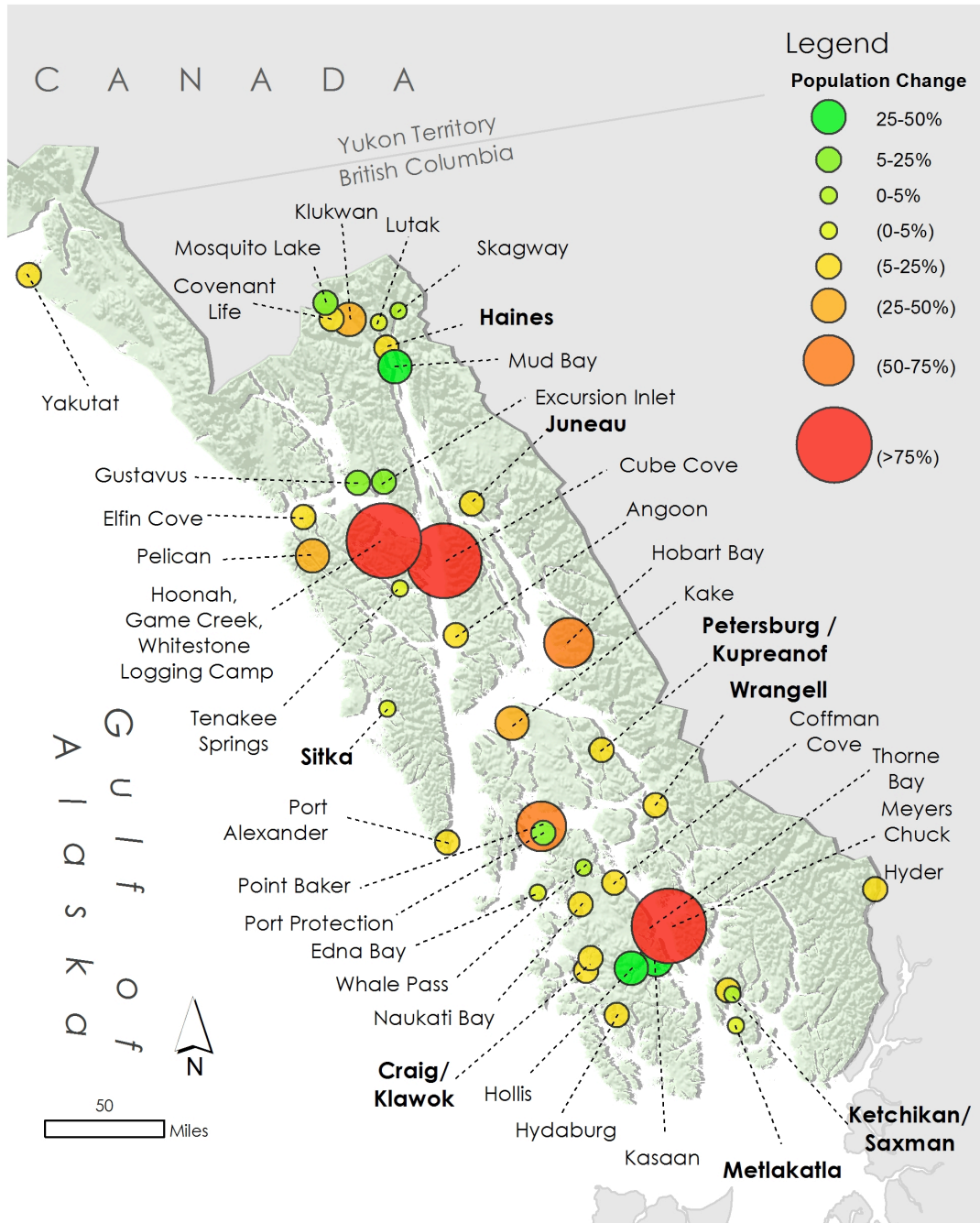
Southeast Alaska Community	2009	2008	2000	Change 2000-09	Change 2008-09
Juneau City and Borough	30,661	30,405	30,711	0%	1%
Ketchikan Gateway Borough	12,984	12,980	14,059	-8%	0%
Sitka City and Borough	8,627	8,641	8,835	-2%	0%
Petersburg City	2,973	3,010	3,224	-8%	-1%
Haines City and Borough (includes Covenant Life, Mosquito Lake, Mud Bay, Lutak, and Excursion Inlet)	2,286	2,322	2,392	-4%	-2%
Wrangell City and Borough	2,058	2,109	2451	-16%	-2%
Craig (AK Native Village Statistical Area)	1,400	1,413	1,725	-19%	-1%
Metlakatla Indian Community	1,385	1,370	1,447	-4%	1%
Skagway Municipality	865	846	862	0%	2%
Klawock City	782	781	854	-8%	0%
Hoonah City	764	819	860	-11%	-7%
Yakutat City and Borough	628	592	808	-22%	6%
Kake City	497	519	710	-30%	-4%
Gustavus City	451	446	429	5%	1%
Angoon City	442	429	572	-23%	3%
Thorne Bay City	424	439	557	-24%	-3%
Hydaburg City	340	341	382	-11%	0%
Hollis CDP	193	179	139	39%	8%
Coffman Cove City	152	141	199	-24%	8%
Pelican City	122	112	163	-25%	9%
Naukatli Bay CDP	118	123	135	-13%	-4%
Tenakee Springs City	104	99	104	0%	5%
Hyder CDP	87	94	97	-10%	-7%
Klukwan CDP (Chilkat)	72	72	139	-48%	0%
Port Protection CDP	72	66	63	14%	9%
Port Alexander City	61	51	81	-25%	20%
Whale Pass CDP	60	48	58	3%	25%
Kasaan City	56	54	39	44%	4%
Edna Bay CDP	49	40	49	0%	23%
Elfin Cove CDP	25	22	32	-22%	14%
Kupreanof City	24	27	23	4%	-11%
Game Creek CDP	16	18	35	-54%	-11%
Point Baker CDP	11	15	35	-69%	-27%
Whitestone Log. Camp CDP	9	11	116	-92%	-18%

Source: ADOL, Research and Analysis Section and the US Census Bureau. 2009 populations greater than one.

Note: CDPs (census-designated places) are populated areas that resemble incorporated places, but lack separate municipal government.

The following map shows the percent change in population by community, 2000 to 2009.

Change in Southeast Alaska Population, 2000 to 2009



Source: Alaska Department of Labor and Workforce Development, Research & Analysis

Southeast Alaska's Population Decline

Southeast continues to have the largest overall population declines in Alaska. The region as a whole had experienced slow population growth until about 1997, although some communities had been losing population before that time. Much of the population loss in the region (especially in the Prince of Wales-Outer Ketchikan and Wrangell-Petersburg Census Areas) since 2000 is due to decline in the timber harvest and manufacturing industries. According to a 2004 Alaska Trends article, Neil Gilbersen sites jobs losses in the fishing industry as a secondary reason for regional population losses. There has also been a reduction in state and federal jobs. Declines in these industries and stagnation in others has resulted in slower job growth in the region. In addition, reductions in State and Federal funds available to communities and high fuel prices have curtailed municipal services offered and increased cost of living in small communities, resulting in out-migration. Out-migration from smaller communities may have contributed to in-migration to the larger communities in the region where jobs are more available, such as Ketchikan, Sitka and, especially, Juneau.

From 2000 to 2009, 8,304 more people moved away from Southeast Alaska than moved to the region and the regional population outside of Juneau lost 8.7 percent. During the same time, the population of Alaska grew by 10 percent.

In 2009, the non-Juneau Southeast region was 8.7 percent below its 2000 population level, while Juneau is less than one percent below its 2000 population. In this way, the region lags behind state and national trends. Between 2000 and 2009, the population of Alaska increased by 65,383 (10 percent), while the population of Juneau decreased by 50 and the population of the region decreased by 3,744.

Juneau and Regional Population Overview

Population	2009	2008	2000	Change 2008-2009	Change 2000-2009
Southeast Alaska	69,338	69,163	73,082	0.3%	-5.1%
Non Juneau Southeast Alaska	38,677	38,758	42,371	-0.2%	-8.7%
Alaska	692,314	681,977	626,931	1.5%	10.4%
United States	307,006,550	304,059,724	282,216,952	1.0%	8.8%

Source: Alaska Department of Labor and Workforce Development, Research & Analysis

Migration

The following table shows population changes in Southeast Alaska's boroughs and Census Areas between 2000 and 2009. A look at the elements of population change shows that there has been positive natural growth in the region of 4,560. In other words, there were 4,560 more births in Southeast Alaska between 2000 and 2009 than deaths. However, migration statistics shows a declining population trend. Between 2000 and 2009 there were 8,304 more people who moved away from the region than moved to Southeast Alaska, and every community had a negative net migration.

The population of Southeast Alaska is extremely mobile, resulting in a high influx and outflux of residents. According to the state demographer, between 5,600 to 5,900 permanent Southeast Alaska residents move away from Southeast Alaska annually, to be replaced by 5,600 to 5,900 incoming residents. The US Census estimates that 10% of Southeast Alaska residents lived in a different community just one year ago. In this way, Southeast Alaskans have a higher migration rate than Alaskans as a whole (9%) and significantly higher than the US (6%).

Southeast Alaska Population Trends by Borough or Census Area

Borough or Census Area	2000 Census	2009 Estimate	Change 2000-2009	Natural Increase (Births - Deaths) 2000-2009*	Net Migration (In-Out) 2000-2009*
Haines Borough	2,392	2,286	-4.43%	36	-142
Juneau City and Borough	30,711	30,661	-0.16%	2,349	-2,399
Ketchikan Gateway Borough	14,059	12,984	-7.64%	861	-1,936
Prince of Wales-Outer Ketchikan CA	6,157	5,392	-12.42%	367	-1,132
Sitka City and Borough	8,835	8,627	-2.35%	606	-814
Skagway-Hoonah-Angoon CA **	3,436	2,908	-15.37%	133	-661
Wrangell-Petersburg CA**	6,684	5,852	-12.45%	172	-1,004
Yakutat City and Borough	808	628	-22.28%	36	-216
Southeast Alaska Total	73,082	69,338	-5.12%	4,560	-8,304

Source: Alaska Department of Labor and Workforce Development, Research & Analysis

*Natural Increase and Net Migration were calculated between 04/01/2000 (U.S. Census count) and 06/30/2009 (AKDOLWD estimate). **Between 2000 and 2008, Skagway and Wrangell formed boroughs. To be able to report changes consistently, 2009 population counts were reported in the former Census Areas.

Change in Southeast Alaska Population by Age

Migration is one mechanism that changes the demographic of our region, aging is another. While the number of older Alaskans is increasing at a rate more than four times the national average, Southeast Alaska has aged at a faster pace than the state or nation. Southeast Alaska's shifting demographics mean that Southeast's senior population is becoming more significant by the year. The proportion of those 55 and older in Southeast increased from 12 percent in 1990 to 24 percent in 2009. By 2020 those 55 and older are expected to make up nearly a third (32 percent) of the local population.

Southeast Alaska is aging at a much faster rate than the state or nation. By 2020, a third of the region will be 55 or older.

Southeast Residents 55 and Older: by Percent of Population 1990, 2009, 2020 (est.)

Area	1990	2009	2020
Total 55+ %	12%	24%	32%

Source: ADOL, Research and Analysis Section and the US Census Bureau.

Some age groups are growing faster than others. From 2000 to 2009, the number of Southeast Alaskans between the ages of 55 to 69 increased by a staggering 60 percent. During the same period, the number of Southeast Alaskans between the ages of 30 and 34 decreased by 27 percent.

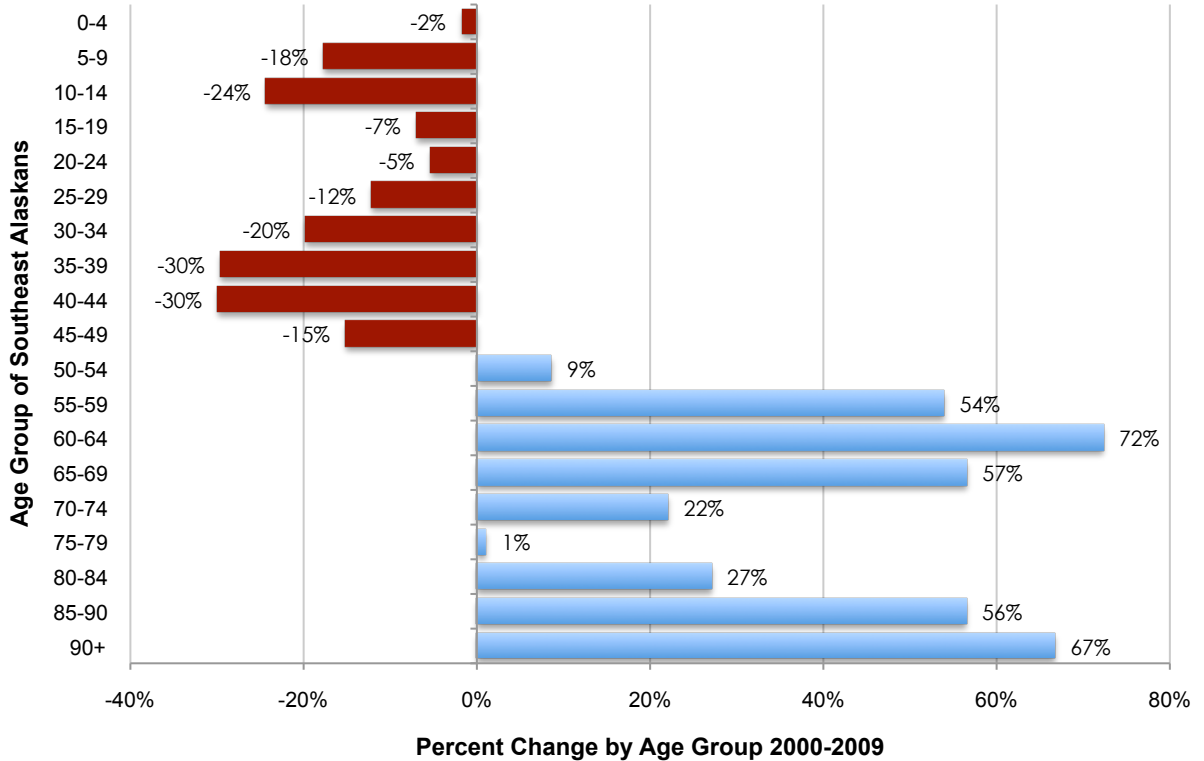
Change in Southeast Alaska Population by Age, 2000-2009

Age Group	2000	2009	Percent Change 2000-2009
0-14	16,683	14,094	-16%
15-29	13,580	12,488	-8%
30-44	18,731	13,692	-27%
45-54	12,637	12,081	-4%
55-69	7,876	12,624	+60%
70+	3,575	4,359	+22%
Median	35.8	39.3	+3.5 years

Source: Alaska Department of Labor and Workforce Development, Research & Analysis

The chart below depicts the aging of Southeast by age group in five-year increments between 2000 and 2009. The number of Southeast Alaskans in every age group under 49 has decreased in size during this time period, while every age group above the age of 50 has increased.

Change in Southeast Alaska Population by Age, 2000-2009



Source: Alaska Department of Labor and Workforce Development, Research & Analysis

In 2009 the median age in Southeast Alaska was 39.3, a leap in median age of 3.5 years from 2000 when the median age was 35.8. The Southeast regional population was the oldest in the state. Some areas of the region are notably older, such as Haines, with a median age of 46.4 and Wrangell at 45.2. The state and national median ages were both lower than the region, 33.5 and 36.7 respectively.

Median Age, 2009, 2019 (est.)

Area	Median Age 2009	Projected Median Age 2019
Southeast Alaska	39.3	39.6
Juneau	38.0	38.1
Haines	46.4	49.7
Ketchikan	39.0	38.9
Prince of Wales/Outer Ketchikan	39.3	39.8
Sitka	39.3	40.2
Skagway-Hoonah-Angoon	43.5	45.0
Wrangell-Petersburg	42.2	43.3
Yakutat	38.4	40.2
Alaska	33.5	32.5

Source: ADOL, US Census

Population Projections

The Alaska Department of Labor and Workforce Development (AKDOLWD) recently released population projections for Alaska from 2009 to 2034. The following table presents those projections for Southeast Alaska by Borough and Census Area.

From 2009 to 2019, the total population of Alaska is expected to grow by 25 percent. The only regional population in the state expected to decline over the projection period is Southeast Alaska. Southeast's projected loss is nearly 3,000 people (a 4 percent decline). By 2023, Southeast Alaska is expected to be down 9,866 people from 2009 levels (a 14 percent drop). Southeast Alaska is home to the three areas expected to have the most dramatic population losses in the state, including the Haines Borough, the Wrangell-Petersburg and Prince of Wales census areas.

The only region in Alaska expected to lose population in the future is Southeast Alaska.

Population Projections for Southeast Alaska, 2009 to 2034

	2009	2014	2019	2024	2029	2034	Projected Pop Change 2009-2019	Projected Pop Change 2009-2034
Haines Borough	2,286	2,133	1,974	1,802	1,619	1,422	-14%	-38%
Juneau City and Borough	30,661	30,884	31,051	31,040	30,710	30,191	1%	-2%
Ketchikan Gateway Borough	12,984	12,464	11,934	11,339	10,633	9,878	-8%	-24%
Prince of Wales-Outer Ketchikan	5,392	5,052	4,721	4,368	3,966	3,566	-12%	-34%
Sitka City and Borough	8,627	8,578	8,505	8,400	8,215	8,000	-1%	-7%
Skagway-Hoonah-Angoon	2,908	2,785	2,642	2,483	2,297	2,100	-9%	-28%
Wrangell-Petersburg	5,852	5,445	5,070	4,701	4,276	3,828	-13%	-35%
Yakutat City and Borough	628	607	583	559	528	487	-7%	-22%
Southeast Region Total	69,338	67,948	66,480	64,692	62,244	59,472	-4%	-14%

Source: Alaska Department of Labor and Workforce Development, Research & Analysis

Southeast Alaska's negative growth rate was calculated based on historic population loss, relatively low birth rates, and a high median age. According to the Alaska Department of Labor, the future of Southeast Alaska is uncertain because of its "dependence on future social and economic developments". For Southeast Alaska to grow in the future, a sharp rise in net-migration would be required. In this way, the population projections are a bit like the ghost of Southeast Alaska to come. If industry expansion does not occur, and Southeast Alaskans continue to age in place without attracting a significant number of new residents, the region can expect continued population declines. The region must be innovated and attract new industries and opportunities.

Population History

Past trends show that Southeast Alaska has historically been a high growth region, and could be again. Between 1970 and 2000, for example, most of the communities of the region grew rapidly. The largest community of the region, Juneau, grew by 127 percent during this period. The communities of Craig, Gustavus, Klawock, Port Alexander, and Yakutat each grew by 100 to 570 percent. The decline of the timber industry was an extreme loss to the region, but past trends indicate that a turn around is possible.

Historic Population Levels

Community	1970	1980	1990	2000	2009	Population Change 1970-2000
Angoon	400	465	638	572	442	43%
Craig	272	527	1,260	1,397	1,400	414%
Edna Bay	112	6	86	49	49	-56%
Elfin Cove	49	28	57	32	25	-35%
Gustavus	64	98	258	429	451	570%
Haines Borough	1,504	1,680	2,117	2,392	2,286	59%
Hoonah	748	680	795	860	764	15%
Hydaburg	214	298	384	382	340	79%
Hyder	49	77	99	97	87	98%
Juneau	13,556	19,528	26,751	30,711	30,661	127%
Kake	448	555	700	710	497	58%
Kasaan	30	25	54	39	56	30%
Ketchikan Gateway Borough	10,041	11,316	13,828	14,070	12,984	40%
Klawock	213	318	722	854	782	301%
Klukwan	103	135	129	139	72	35%
Kupreanof	36	47	23	23	24	-36%
Metlakatla	1,245	1,333	1,464	1,375	1,385	10%
Pelican	133	180	222	163	122	23%
Petersburg	2,042	2,821	3,207	3,224	2,973	58%
Point Baker	80	90	39	35	11	-56%
Port Alexander	36	86	119	81	61	125%
Sitka	6,109	7,803	8,588	8,835	8,627	45%
Skagway	675	814	692	862	865	28%
Tenakee Springs	86	138	94	104	104	21%
Thorne Bay	443	377	569	557	424	26%
Yakutat	190	449	534	808	628	325%

Source: Alaska Department of Labor and Workforce Development, Research & Analysis

Southeast Alaska Dependency Ratios

According to the Alaska Department of Labor, dependency ratios show how large a burden of support is placed on the working age population by the young and the old. In 2009, every 100 Southeast Alaskans of working age supported 38.1 children under 18 years of age and 15.5 persons over 65 and a total dependency of 53.6. In 2009, every 100 persons of working age in the United States as a whole supported 38.6 children and 20.5 persons over 65 for a total dependency of 59.1.

Thus, working Southeast Alaskans have a lower dependency burden than the average American, or the average Alaskan because of the lower burden of elders nationally and the lower burden of youth statewide. It is important to note that the dependency burden for White Alaskans is far less than that for Alaska Natives. Every 100 Alaska Native persons of working age must support 69.3 additional persons compared to 51.8 for Whites. This added burden is made worse by the higher unemployment, lower labor force participation and lower incomes of many Alaska Natives.

Southeast Alaska Dependency Ratios, 2000-2009

	Southeast 2009	Alaska 2009	US 2009
Aged Dependency (65+/18-64)	15.5	11.9	20.5
Youth Dependency (<18/18-64)	38.1	45.4	38.6
Total Dependency Ratio	53.6	57.2	59.1

Source: Alaska Department of Labor and Workforce Development, Research & Analysis

Southeast Alaska Dependency Ratios, 2000-2009

	Aged Dependency (65+/18-64)		Youth Dependency (<18/18-64)	
	2009	2000	2009	2000
Southeast	15.5	11.1	38.1	43.1
Haines Borough	21.7	16.4	31.0	40.1
Ketchikan Gateway Borough	16.4	12.3	39.6	44.0
Sitka Borough	17.3	13.1	37.5	42.1
Hoonah-Angoon Census Area	20.0	10.8	34.4	45.0
Yakutat Census Area	14.3	8.0	40.7	42.2
Petersburg Census Area	18.5	13.5	40.1	49.1
Juneau Borough	12.6	9.1	37.7	41.2
Prince Of Wales- Outer Ketchikan Census Area	16.3	9.0	43.3	49.1
Skagway-Hoonah-Angoon Census Area	18.0	11.1	31.4	40.6
Skagway Municipality	13.8	11.9	25.0	28.9
Wrangell-Petersburg Census Area	21.6	15.6	39.5	48.8
Wrangell City And Borough	27.6	19.1	38.5	47.5

Source: Alaska Department of Labor and Workforce Development, Research & Analysis

Education and Workforce Readiness

In this section we will explore workforce readiness, the quality of public kindergarten through 12th grade education, and the University of Alaska Southeast.

As part of the Southeast Alaska Business Climate 2010 Survey, business owners and operators were asked about several aspects of workforce readiness. Specific elements were identified as benefits or barriers to operating a business in Southeast Alaska. In each workforce area (quality of high school and university graduates, availability of semi-skilled and professional labor, and the job readiness of entry-level workforce) business owners were more likely to say that the quality or job readiness of the workforce was a barrier rather than a benefit. Of the workforce elements, business owners were least likely to say that the quality of local university undergraduates presented a barrier to their business (21% said it was a barrier, 19% said it was a benefit, 35% said it was neither).

Southeast Alaska business leaders are not satisfied with the level of workforce readiness for entry-level workers, with half of the region's employers calling their level of readiness a barrier.

Approximately half of respondents (49%) considered the job readiness of entry-level workforce to be a problem.

How Significant are each of the Workforce Elements Listed Below to Operating Your Business in Southeast Alaska?

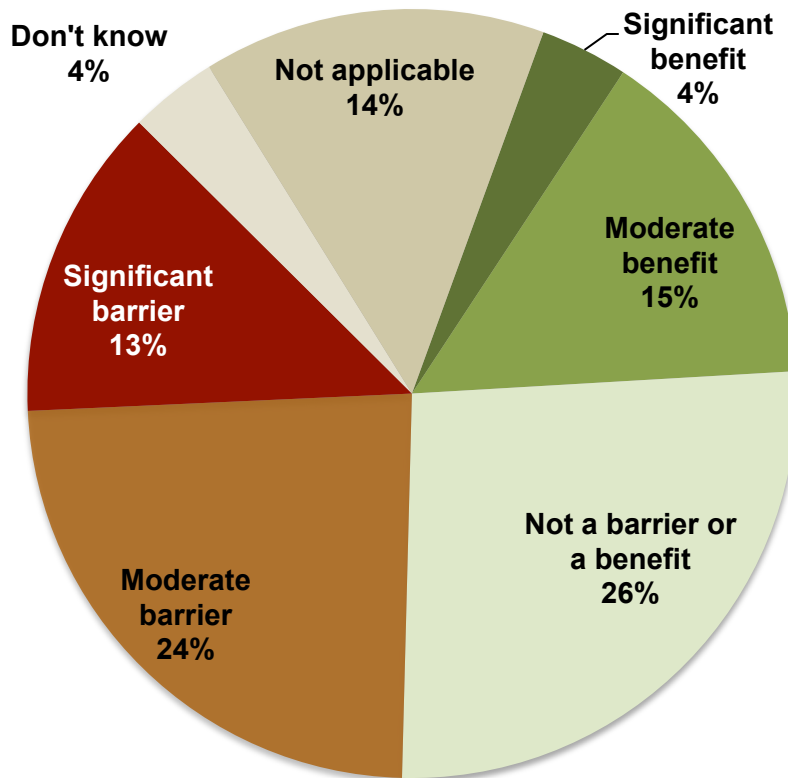
	The quality of local high school graduates	The quality of local university undergraduates	Job-readiness of entry-level workforce	Availability of semi-skilled workforce	Availability of professional & technical workforce
Net benefit	19%	19%	13%	14%	14%
Significant benefit	4%	5%	3%	5%	5%
Moderate benefit	15%	13%	9%	9%	9%
Net barrier	37%	21%	49%	45%	43%
Moderate barrier	24%	16%	28%	28%	22%
Significant barrier	13%	5%	21%	17%	21%
Not a barrier or a benefit	26%	35%	22%	26%	24%
Don't know	4%	6%	4%	2%	3%
Not applicable	14%	20%	12%	13%	16%

Source: "Southeast Alaska Business Climate Survey" December 2010, JEDC

Quality of K-12 education:

More than a third (37%) of business owners and business leaders consider the quality of Southeast Alaska high school graduates to be an impediment to business operations, while 19% said that the quality of regional high school graduates was a benefit.

How significant is the quality of local high school graduates to operating your business in Southeast Alaska?



Source: "Southeast Alaska Business Climate Survey" December 2010, JEDC

Some in depth analysis is presented below:

- Business owners in Wrangell were the least likely to say that graduate quality constituted a barrier (29%), while Sitka respondents were the most likely to have concerns regarding high school quality (57%).
- Generally, the more employees a business has, the more likely it is that the owner/manager found high school graduate quality to be an issue. 26% of owners/managers of smaller companies (1-3 employees) found the quality of regional high

school education to be a barrier, versus 50% of those leading larger companies (25 or more employees).

- Industry sectors where more than half of the respondents considered the quality of high school education to be a barrier included forestry, mining, construction, and the financial sectors.

Math, Science and Reading Test Scores

JEDC did an analysis of Standards-Based Assessment (SBA) test scores by Southeast Alaska community. JEDC averaged scores administered to 4th, 8th, and 10th grade students – as those are

The schools in the region with the highest test scores can be found in Skagway, Wrangell and Haines.

the years that test science proficiency – so that one average score per community could be compared to the rest of the region and the state. The resulting data show that the highest performing students on the SBA exams come from

the communities of Skagway, Wrangell and Haines. Overall, the Wrangell school district scored the best on math and reading, while Haines scores the best on science. Half of the school districts in the region performed better than the state-wide average.

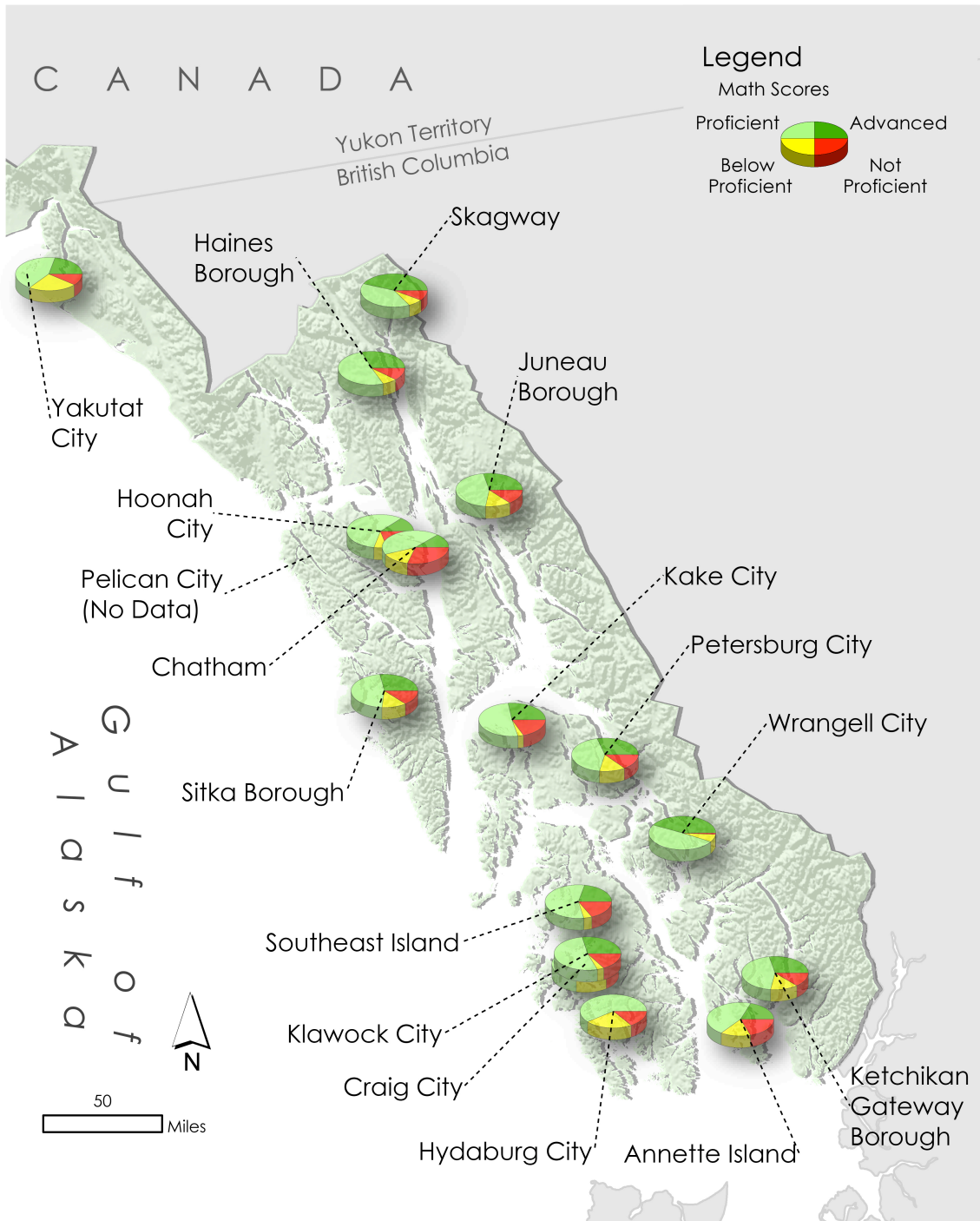
Average 4th, 8th, & 10th grade SBA scores by School District, 2009

School District	Average of Advanced Scores			Combined Proficient & Advanced		
	Math	Reading	Science	Math	Reading	Science
Skagway	45%	51%	41%	85%	89%	78%
Wrangell	44%	47%	35%	93%	95%	73%
Haines	32%	42%	43%	83%	92%	78%
Sitka	28%	38%	27%	73%	85%	60%
Juneau	29%	35%	29%	73%	83%	62%
Klawock	29%	27%	23%	82%	91%	54%
Ketchikan	29%	34%	22%	72%	85%	59%
Petersburg	30%	37%	23%	71%	88%	50%
Southeast Island	21%	32%	27%	79%	81%	58%
Craig	21%	41%	22%	69%	90%	55%
Yakutat	21%	18%	19%	63%	87%	46%
Kake	28%	28%	0%	79%	79%	38%
Annette Island	18%	27%	16%	63%	78%	42%
Hoonah	11%	13%	9%	71%	87%	48%
Chatham	11%	17%	9%	55%	68%	36%
Hydaburg	0%	0%	0%	58%	80%	13%
Southeast	25%	31%	22%	73%	85%	53%
Statewide	26%	31%	23%	69%	81%	55%

Source: State of Alaska Department of Education and Early Development



Average 4th, 8th, and 10th Grade SBA Math Scores by Southeast Alaska School District, 2009



Source: State of Alaska Department of Education and Early Development

Declining Enrollment

As previously discussed, in 2009 the Southeast Alaska population was significantly below its 2000 population levels. One area in which the effect of this change is very evident is in the decreasing population of Southeast Alaska school children.

In 2009 Southeast Alaska had 2,400 fewer children enrolled in the public school system (preschool through 12th grade) than in 2000, a regional decrease of 17 percent.

From 2000 to 2009, every Southeast Alaska school district saw enrollment declines between 12 and 58 percent.

This decline is due to the aging demographics of the region, state and nation, along with the regional decline of the timber industry. In 1990, 3,400 workers were directly employed in the timber industry in Southeast Alaska, whereas today there are 214. Losing so much of this major industry in the region has directly impacted the population.

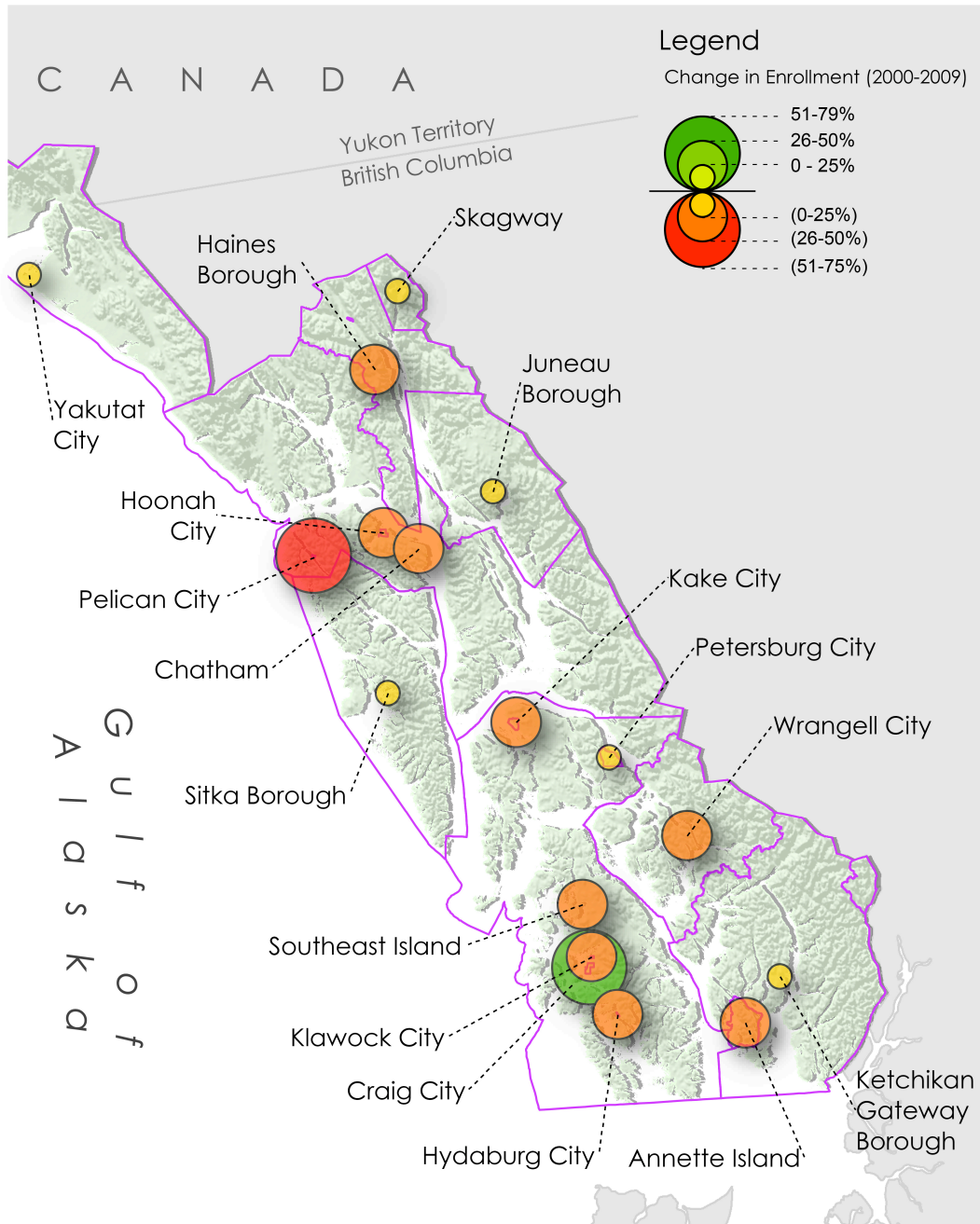
Change in School Enrollment Southeast Alaska, 2000 to 2009

District Name	Total Schools 2009	PK to 12th Enrollment 2000	PK to 12th Enrollment 2009	Change In Enrollment 2000 to 2009
Annette Island School District	3	374	273	-27%
Chatham School District	5	248	157	-37%
Craig City School District	5	420	736	75%
Haines Borough School District	4	425	312	-27%
Hoonah City School District	2	236	126	-47%
Hydaburg City School District	1	108	69	-36%
Juneau Borough School District	14	5,699	5,036	-12%
Kake City School District	1	166	96	-42%
Ketchikan Gateway Borough School District	10	2,643	2,164	-18%
Klawock City School District	1	203	125	-38%
Pelican City School District	1	36	15	-58%
Petersburg City School District	3	701	526	-25%
Sitka School District	6	1,746	1,335	-24%
Skagway City School District	1	133	100	-25%
Southeast Island School District	11	298	173	-42%
Wrangell Public School District	3	505	325	-36%
Yakutat School District	1	159	124	-22%

Source: State of Alaska Department of Education and Early Development

While the Craig City School District appears to have more students enrolled, this increase is due to a new statewide correspondence program added in that time, and does not represent an increase in the Craig or Southeast Alaska student populations.

Change in Preschool through 12th Grade Enrollment in Southeast Alaska by School District, 2000-2009



Source: State of Alaska Department of Education and Early Development



Graduation and Dropout Rates

In 2009, 858 students graduated from Southeast Alaska high schools. The three school districts with the highest graduation rates include Wrangell, Annette Island, and Mt. Edgecumbe. The highest number of high school graduates came from Juneau, with 348. On average, the Southeast Alaska dropout rates are lower in Southeast Alaska than Alaska as a whole (3.8% in Southeast versus 5.2% statewide) and the high school graduation rates are higher (73% in Southeast versus 68% statewide).

Diplomas, High School Graduation and Dropout Rates, 2009

District Name	High School Graduates Regular Diplomas	High School Dropout Rate 2009	High School Graduation Rate 2009
Annette Island School District	24	0.0%	96.0%
Chatham School District	9	5.4%	75.0%
Craig City School District	19	6.6%	57.6%
Haines Borough School District	20	2.6%	87.0%
Hoonah City School District	5	4.6%	35.7%
Hydaburg City School District	4	8.8%	80.0%
Juneau Borough School District	348	4.3%	76.5%
Kake City School District	4	6.8%	57.1%
Ketchikan Gateway Borough School District	155	6.0%	62.8%
Klawock City School District	12	1.5%	85.7%
Mt. Edgecumbe	89	0.0%	93.7%
Pelican City School District	0	0.0%	0.0%
Petersburg City School District	47	0.8%	88.7%
Sitka School District	91	3.4%	78.4%
Skagway City School District	5	5.7%	83.3%
Southeast Island School District	11	6.9%	73.3%
Wrangell Public School District	31	2.3%	91.2%
Yakutat School District	8	0.0%	88.9%
Alaska Average	8,008	5.2%	67.6%
Southeast Average	858	3.8%	72.8%

Source: State of Alaska Department of Education and Early Development

Southeast Alaska higher education:

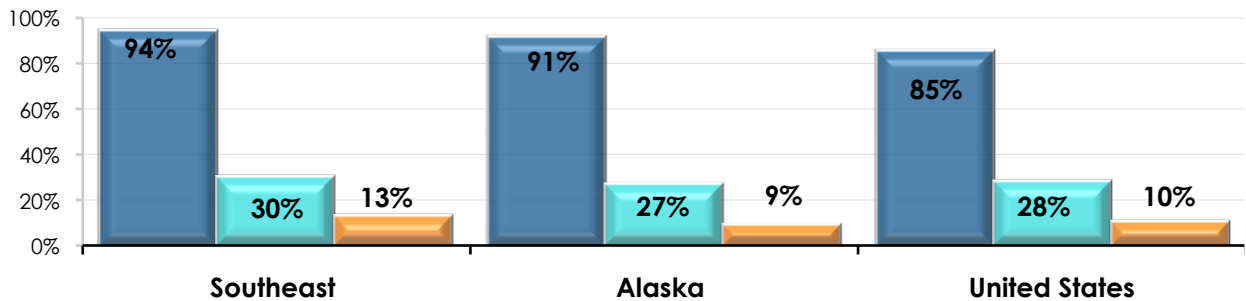
Educational Attainment

Juneau and Southeast Alaska residents have a higher level of average educational attainment than the state and national populations. In 2009, 94 percent of Southeast residents over the age of 25 had at least a high school degree, 30% had a Bachelor's degree or higher, and 13 percent had a graduate degree. The percent Southeast residents who are high school graduates is 9 percentage points higher than the US average of 85 percent. Overall, 94 percent of Southeast Alaska residents have at least a high school degree (or equivalent).

Educational Attainment by Percent 2009, Age 25+

	Southeast Alaska 2009 Estimate	Southeast 2009 Estimate	Alaska 2009 Estimate	US 2009 Estimate
Population 25 years and over	47,744	47,744	431,178	201,952,383
Less than 9th grade	375	1%	3%	6%
9th to 12th grade, no diploma	2,436	5%	6%	9%
High school graduate (includes equivalency)	13,191	28%	28%	29%
Some college, no degree	13,215	28%	30%	21%
Associate's degree	4,318	9%	8%	8%
Bachelor's degree	8,133	17%	18%	18%
Graduate or professional degree	6,076	13%	9%	10%
Percent high school graduate or higher	94%	94%	91%	85%
Percent bachelor's degree or higher	30%	30%	27%	28%

■ High School Degree or Higher ■ Bachelor's Degree or Higher ■ Graduate Degree or Higher



Source: 2009 American Community Survey, U.S. Census Bureau

University of Alaska Southeast

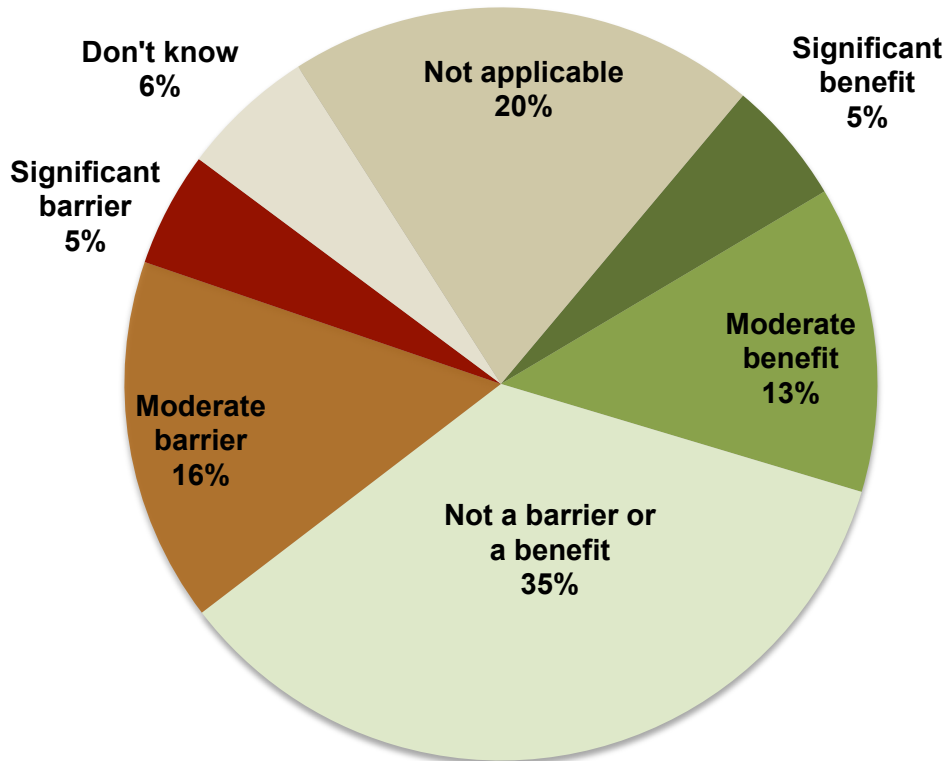
There are three regional university centers in the UA system: UA Anchorage, UA Fairbanks and UA Southeast. The University of Alaska Southeast (UAS) serves students from campuses in Juneau, Sitka and Ketchikan, and from outreach locations throughout Southeast Alaska. UAS offers a variety of degree programs available through traditional enrollment and distance delivery. They include certificate, associate and baccalaureate degrees, as well as master's degrees in the areas of administration and education.

The Juneau Campus is a residential institution located in Juneau. Academic units include the School of Education, School of Management, School of Arts & Sciences and School of Career Education. The Ketchikan and Sitka campuses offer certificate and associate degree programs along with a variety of continuing education programs. The Sitka Campus also offers distance-delivered courses across Alaska and to students in other states. UA Corporate Programs provide workforce development opportunities to industry, including courses offered by the Mining and Petroleum Training Service division.

Quality of UAS

According to the JEDC Southeast Alaska Business Climate Survey, three-fifths (61%) of business owners and business leaders do not consider the quality of University of Alaska undergraduates as either a barrier or benefit to their business.

How significant is the quality of local University Undergraduates to operating your business in Southeast Alaska?



Source: "Southeast Alaska Business Climate Survey" December 2010, JEDC

Some more analysis regarding the survey is presented below:

- By Area: Business leaders in the Hoonah-Angoon census area were most likely to say that the quality of UAS graduates is a benefit to their businesses (31%), while respondents from Haines, Skagway, and the Petersburg census area were most likely to say it was a barrier.
- By Industry: Respondents in health care and education services were much more likely to say that the quality of UAS graduates are a benefit to them (40%). Those least likely to call UAS graduates a benefit included those in the finance (5%) and trade (10%) sectors.

University of Alaska Southeast Summary

	FY06	FY07	FY08	FY09	FY10	FY10 Targets	Change FY06-FY10
First-Time, Full-Time Undergraduate Retention UAS	66%	58%	52%	54%	58%	55%	-8.5%
Recent High School Graduates Attending UAS	109	113	92	137	161	140	48%
Student Credit Hours Attempted (Thousands) UAS	52	49	47	49	54	49	4%
High Demand Job Graduates UAS	198	205	259	236	287	272	45%
Research Expenditures (Million \$) UAS	0.8	1.2	2.1	1.5	1.1	1.5	38%
University Generated Revenue (Million \$) UAS	20	19	20	19	20	21	0%

Source: University of Alaska, "UA in Review, 2010"

Degrees Awarded

In FY09, the University of Alaska Southeast awarded 309 degrees, including 88 bachelor's degrees and 98 master's degrees. Of the degrees awarded, 280 were awarded in Juneau and 29 were awarded in Ketchikan and Sitka. UAS degrees represented nine percent of all University of Alaska degrees awarded in FY2009, and 44 percent of all licenses.

Degrees, Certificates and Endorsements Awarded by Academic Organization FY09

	Juneau	Ketchikan	Sitka	UA Southeast	UA System	UAS as a % of UA
Occupational Endorsement Certificate	3		2	5	80	6%
Certificate (1 yr)	2		2	4	38	11%
Certificate (2 yr)	7		3	10	159	6%
Associate (AAS)	12	4	5	21	630	3%
Associate (AA)	17	11	2	30	298	10%
Bachelor's	88			88	1,527	6%
Licensure	53			53	121	44%
Master's	98			98	537	18%
Doctorate					37	0%
Total	280	15	14	309	3,427	9%

Source: University of Alaska, "UA in Review, 2010"

The number of degrees awarded in FY09 was down from FY08.

Degrees, Certificates and Endorsements Awarded by the University of Alaska Southeast

	FY05	FY06	FY07	FY08	FY09
Occupational Endorsement Certificate			2	28	5
Certificate (1 yr)	8	5	3	26	4
Certificate (2 yr)	16	17	13	26	10
Associate (AAS)	28	34	35	35	21
Associate (AA)	36	34	48	30	30
Bachelor's	94	119	108	93	88
Post-Master's Certificates					53
Master's	72	89	88	116	98
Total	254	298	297	354	309

Source: University of Alaska, "UA in Review, 2010"

Student Retention

In FY10, UAS had a retention rate of 57.5 percent. This was a 7 percent increase from the FY09 performance level of 53.7 percent, but well below the total University of Alaska system retention of 68%. In FY09, UAS commissioned the McDowell Group to conduct a survey of former non-graduating students to ascertain the reasons why students chose to leave UAS. The survey results determined that there were two primary reasons why students leave: 1) courses are not offered in a consistent enough manner to allow students to graduate within set time frames, and 2) students feel disconnected from one-another and want a stronger sense of community. Lower retention might also be due to the fact that UAS students are older than UAF and UAA student, UAS students tend to be older than the UA students by four to five years.

UAS Headcount by Age, Fall 2009

	Under 20	20-24	25-29	30-39	40-49	Over50	Total	% under 25	Average Age	Median Age
Juneau	461	502	433	525	425	463	2,811	34%	34	30
Ketchikan	65	149	100	128	59	49	550	39%	31	28
Sitka	141	191	141	226	116	127	942	35%	33	30
UA Southeast	617	694	580	777	552	612	3,834	34%	34	30
UA System	6,888	9,412	5,005	5,100	3,658	3,621	33,710	48%	30	25
UAS as a % of UA	9%	7%	12%	15%	15%	17%	11%			

Source: University of Alaska, "UA in Review, 2010"



UAS is pursuing a number of strategies to increase its retention rate including ensuring course availability for students, hiring an Activities Coordinator who will plan and coordinate student events that encourage student engagement and promote satisfaction, and continued emphasis on recruitment and retention of high achieving Alaska high school students. In FY2010, 161 recent Alaska high school graduates attended UAS, representing a 24-student increase from FY09.

High Demand Job Area (HDJA) UAS Programs

UAS can help the region to develop a workforce with the skills to serve the professional needs of the region, and develop a workforce that plans to live and work in Southeast Alaska. UAS is working on and tracking both of objectives.

UAS is actively working to turn out more workforce ready graduates from its three Southeast Alaska campuses to fill vacancies around the region. One way to do this is to increase the number of High-Demand Job Areas (HDJA) graduates. HDJA are determined by the Alaska Department of Labor. HDJA programs available at the UAS include: nursing, allied health, behavioral health, engineering, welding, computer networking, construction management and technology, information technology, business, accounting, logistics, and many others aligned with the Department of Labor and Workforce Development workforce projections. According to the UAS, demand continues to be particularly strong for teachers, business/management professionals, and health occupations professionals. An area experiencing continued growth is the mining field; especially with the recent opening of the Kensington Mine located near Juneau.

In FY10, the University of Alaska Southeast awarded 287 degrees in high-demand job area programs, which was a 21 percent increase from FY09, exceeding the target set for FY10 of 272 awards. The current UAS target for FY2011 is 300 HDJD degrees.

High Demand Job Area Degrees, Certificates and Occupational Endorsements Awarded by UAS, FY2006-FY2010

Fiscal Year	YTD Total
FY 2010	287
FY 2009	237
FY 2008	259
FY 2007	206
FY 2006	198

Most of UAS¹ degrees are in high demand jobs fields. They include programs in Teacher Education, Accounting, Business, Information Systems, Health Occupations, Marine Biology, Biology, Environmental Science, Marine Transportation, Mining, and Vocational Occupations.

The UAS is also focusing within HDJA on teacher education and training. In FY10, the University of Alaska Southeast awarded 155 degrees, certificates, and occupational endorsements in teacher education, a near 10 percent increase from FY09, above the target level set for FY10 of 145 awards.

In addition to an increased number of degrees awarded in high demand jobs areas HDJA enrollment has also increased recently at UAS. From fall 2005 to 2009, enrollment in HDJA has increased by 19%. Enrollment in teacher education rose 48% to 398 students in fall 2009.

High Demand Job Area Programs: Enrollment at UAS Fall 2005-2009

	2005	2006	2007	2008	2009	Change 2005- 2009	UAS as a % of UA
UA Southeast							
Teacher Education	269	299	288	351	398	48%	23%
Business Finance and Management	347	345	335	361	371	7%	12%
Health	132	122	132	135	165	25%	4%
Natural Resources	118	118	121	91	124	5%	7%
Information Technology	65	55	42	34	39	-40%	6%
Transportation	15	14	14	20	32	113%	5%
Construction	11	8	5	6	8	-27%	4%
Engineering and Related			-	2	1	NA	0%
Protective Services	2	1	-	-	-	NA	NA
Total	959	962	937	1,000	1,138	19%	8%

Source: University of Alaska, "UA in Review, 2010"

UAS Mine Training Center¹

Another workforce benefit of the University of Alaska Southeast is the UAS Mine Training Center. The UAS School of Career Education is collaborating with the UA Mining and Petroleum Training Services (MAPTS), UA Corporate Programs and the state's underground mining companies to provide training to meet the workforce needs of this growing industry. UAS-MAPTS' regional partners include: Coeur Alaska, Greens Creek Mining Company and the Alaska Department of Labor (DOL). Currently, the Mine Training Center focuses on three different types of training: Entry

¹ UAS-MAPTS Mine Training Center, UAS School of Career Education



Level New Miner Training, Mine Safety and Health Administration (MSHA) Training and Progression training for the mining workforce.

Entry-Level Mine Laborer Training: Since 2009, the training center has held 2 five-week, Entry-Level underground Mine Laborer training courses. These courses are a combination of classroom work and hands on training in a local historic underground mine. Students learn everything from mining terms and the importance of good safety and environmental practices to how to hang utilities and run a jackleg drill. Twenty- six students have completed the course with most getting jobs at either the Kensington or Greens Creek Mine. These classes will continue to be offered in the future depending on industry need.

Regularly-scheduled monthly MSHA training at the UAS/MAPTS Mine Training Center: Since fall 2007, Mine Safety and Health Administration (MSHA) Parts 48 A and B, federally-mandated training has been held at the Mine Training Center every month on a regularly scheduled basis. Individuals completing the training receive a "5000-23" certificate from MAPTS. Anyone working at a mine site is required to have a current 5000-23 certificate. The regular schedule and availability of training has been well received as it enables companies to refer new hires for certification and plan for company training needs in advance. It also enables contractors to get their employees eligible to work on projects at mine sites. Over 44 businesses from all over Alaska, the US, and Canada (and a film crew from England) have sent employees to the UAS/MAPTS Mine Training Center for MSHA certification. From July 2009 through December of 2010, 762 people attended MSHA training at the UAS/MAPTS Mine Training Center.

Progression training for incumbent mining workforce: The UAS/MAPTS Mine Training Center provides "short course" progression training for the mining workforce through the UAS School of Career Education's Diesel Department. These classes are offered on an "as needed" basis around the mines shift schedule. Classes have included DC Electric, Welding, Preventative Maintenance for Mine Machinery, AutoCAD and Air-Conditioning and Refrigeration.

The UAS/MAPTS Mine Training Center currently has plans to enhance and expand training with the acquisition of a state of the art training simulator. The simulator will be used to teach new employees how to run dangerous, expensive mining equipment in a safe, controlled environment.

University of Alaska Graduates: Where do they live?

In addition to tracking the number of graduates in HDJA, the University of Alaska and the Alaska Department of Labor work together to track the number of UA graduates from Southeast Alaska that are continuing to live and work in Southeast Alaska

Of the Southeast residents who graduate from the University of Alaska, 60 percent stay in or return to Southeast Alaska to live.

post graduation. Of the 2,664 students and who graduated from the University of Alaska between 2000 and 2010, and who were originally from Southeast, 60 percent are living in Southeast Alaska. An additional 565 UA graduates who were not originally from Southeast Alaska are currently living in the region. Approximately half of that group likely originated from outside Alaska.

University of Alaska Graduates, 2000 to 2010, Residency at Enrollment and Residency 2010

Residence Region at Enrollment	Total UA Grads Living in Southeast Alaska 2010	Total UA Grads Living All Places
Out of State or Unknown	289	6,270
MatSu Region	14	2,641
Fairbanks Region	55	5,361
Northern Region	13	516
Rural Interior Region	13	732
Southwest Region	16	1,123
Anchorage Region	104	11,556
Gulf Coast Region	61	3,085
Southeast Region	1,594	2,664
Total UA	2,159	33,948

Source: Alaska Department of Labor in collaboration with the University of Alaska

Many of the University of Alaska graduates (from 2000 to 2010, all campuses) who are currently living in Southeast Alaska had non-specialized general program or liberal arts degrees. Those with specialized education who are living in the region are most likely to have degrees in education, business, nursing, technology, and science. In the past 10 years, the University of Alaska has turned out graduates who have chosen to live in Southeast Alaska including 425 with education related degrees, 319 with business administration or related degrees, 172 with technology related degrees, 128 with nursing or health related degrees, and 131 with degrees in hard sciences, such as biology or fisheries. The below table presents the number of University of Alaska graduates (from 2000 to 2010) currently living in Southeast Alaska by specific degree area.

University of Alaska Graduates 2000 to 2010 Living in the Southeast Region by Degree Area, 2010 (Filter: More than 5 degrees in area)

Degree Area	UA Grads 2000-2010 Living in the Southeast Region	UA Grads 2000-2010 From Southeast Living in Southeast	Total UA Grads
Total	1,874	1,594	33,948
Education (general)	266	207	1,287
General Program	242	240	3,516
Business Administration	232	231	1,249
Liberal Arts	140	130	323
Nursing	61	58	609
Social Science	42	29	67
Biology	41	26	165
Social Work	35	29	656
Educational Leadership	30	23	336
Elementary Education	29	22	789
Early Childhood Education	27	29	191
Fisheries	26	13	149
Computer Info Office Systems	25	22	127
Accounting Technician	25	25	122
English	24	13	685
Health Information Mgt	24	23	94
Accounting	23	15	899
Nursing Science	22	14	1,153
Public Administration	22	21	208
Marine Biology	17	6	77
Rural Human Services	15	14	242
Construction Technology	15	15	26
Limited Radiography	14	12	26
Biological Sciences	13	6	825
Paralegal Studies	13	12	229
Information Systems	13	12	18
Mathematics	12	9	228
Principal	11	9	93
Human Service Technology	11	10	92
Environmental Science	11	5	36
Psychology	10	7	1,022
Small Business Mgmt	10	10	44
Ed Cert - Elementary Education	10	8	38
Outdoor Skills & Leadership	10	1	30
Human Services	9	5	945
History	9	5	578
Art	9	4	374
Ed Cert - Special Education	9	6	40
Power Technology	9	9	25
Carving	9	9	14
Justice	8	8	576
Community Wellness Advocate	8	8	12
Civil Engineering	7	7	486
Radiologic Technology	7	7	168
Rural Development	7	7	154
Secondary Education	7	5	151
Special Education	7	6	123
Electrical Engineering	6	4	173
Law Enforcement	6	5	77

Source: Alaska Department of Labor in collaboration with the University of Alaska

Human Capital Strength/Constraints

Key strengths/opportunities

Southeast Alaska was once thriving, and can be again. The regional workforce is more highly educated than the state or nation, with 13% of those over the age of 25 having a master's or PhD. Public schools in Skagway, Wrangell and Haines have students with high test scores in the areas of math, science and reading. Southeast Alaska has a university system that focuses on turning out graduates in high demand job areas. Moreover, 60 percent of Southeast residents who graduate from the University of Alaska, stay in or return to Southeast Alaska to live.

Comparing Southeast Alaska's industry projected growth rate to the National Growth Rate, industries that highlight opportunity are health care, construction, advanced business services-just to name three. The State of Alaska projects that between 2008 and 2018 the jobs that show the greatest potential for growth are also within these industries. The seafood industry in Alaska is mature, but in the specialized area of mariculture there is the potential for extreme growth in the future. Infrastructure development in the area of renewable energy will also continue to add jobs to the region. An industry in Southeast that has yet to be fully realized is boat and ship building, and by extension, metal fabrication. With business of various sizes and capabilities spread throughout Southeast, boat and ship building sits on the edge of creating a healthy job boost for the region.

Key constraints/obstacles

Decreasing regional population and flat Juneau population.

An aging population. By 2020, a third of Southeast Alaskans will be over the age of 55, compared to just 12% in that age range in 1990. The Alaska Department of Labor has recently projected that the population of Southeast Alaska will continue to decline and continue to age in complete contrast to the rest of the state as we move forward.

The high cost of housing or lack of available housing affects employment in many areas of Southeast. The ACCRA Cost of Living Index reflects cost differentials for professional and executive households in the top income quintile. According to the index housing is 73 percent more expensive in Juneau than the standard US city.

Juneau Economic Development Council's 2010 Business Climate Survey indicated that many employers feel that those seeking entry-level positions may not be fully prepared to enter the workforce. Of the businesses surveyed 48 percent indicated that a barrier to doing business is the job-readiness of the entry-level workforce. Even the availability of semi-skilled workforce is proving to be a barrier for businesses in the region.

Businesses need a young vibrant workforce to thrive. As much of the workforce in Southeast Alaska is starting to think about retirement, finding entry-level workforce employees becomes increasingly difficult, especially qualified ones. According to a recent Southeast Alaska Business Climate Survey, Southeast Alaska business leaders are not satisfied with the level of workforce readiness for entry-level workers, with half of the region's employers that responded calling their level of readiness a barrier. Nor are they happy with the job readiness of the region's high school graduates, with nearly two out of five labeling the quality of Southeast Alaska's high school graduates as a barrier to operating business.

Physical Infrastructure

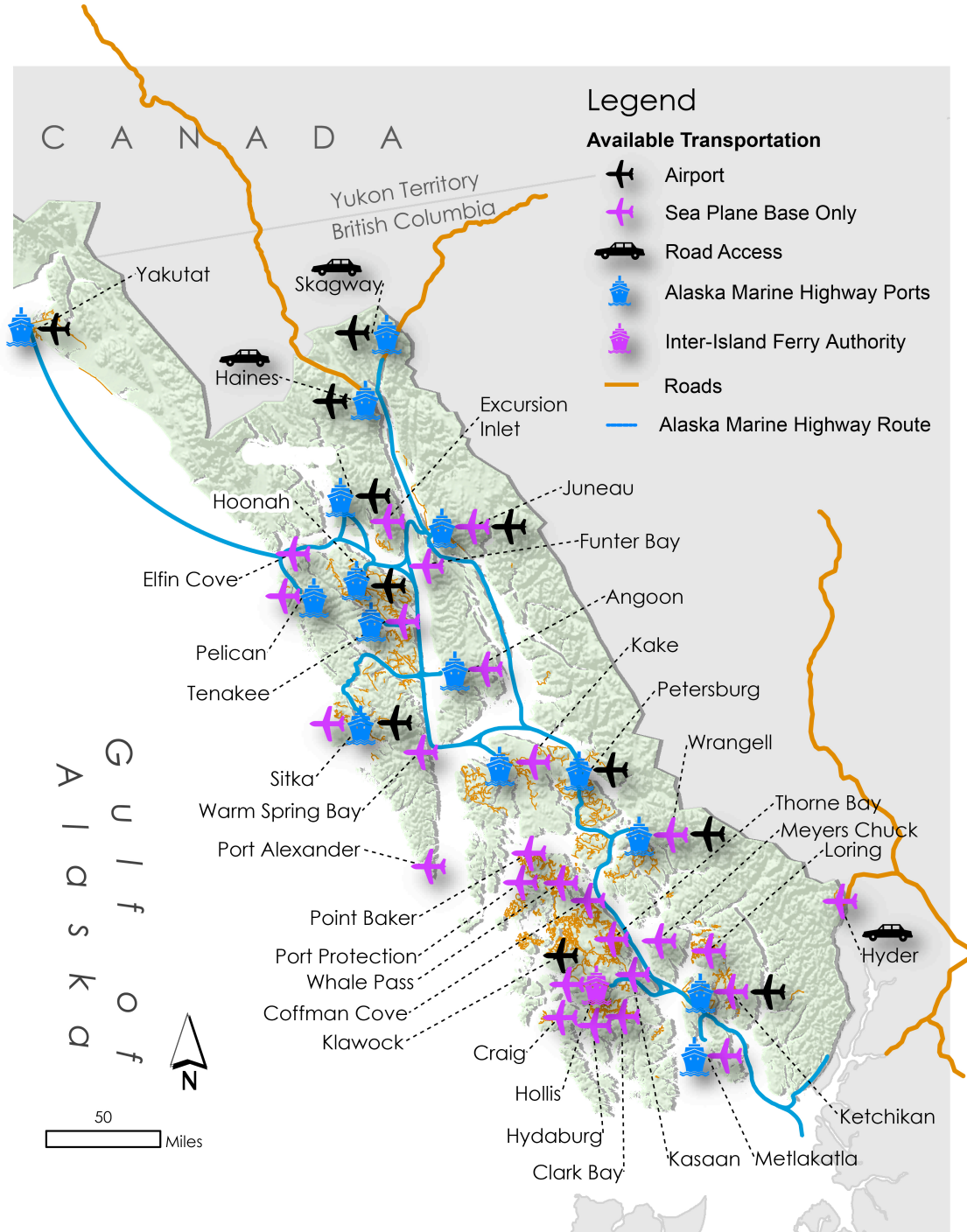
This section provides an overview of Southeast Alaska's physical infrastructure. Included in this inventory are transportation, including road, air and ferry transportation links, marine facilities, water, sewer and solid waste utilities, communications, and real estate.

Transportation

Juneau, Sitka, and Ketchikan are regional centers for retail as well as medical, business, transportation, and other services. With the exception of the communities on Prince of Wales Island, most Southeast Alaska communities do not have road connections to each other. Residents rely on air and ferry (the Alaska Marine Highway System and the Inter-Island Ferry Authority) service to move between communities. Visitors also rely on these transportation options, but they can (and do) take advantage of another option, the cruise industry, to travel to and within the region. Goods and vehicles rely on air, ferry, and barge to transit between communities.

Inter-community travel also contributes to the regional economy. The larger communities in the region reap economic benefits from residents of surrounding communities who travel to the regional hubs for recreation, shopping, to obtain medical services, or to connect to transportation out of the region. These resident travelers rent hotel rooms and cars, eat at restaurants, and buy goods and services not available in their home communities. They often have a greater economic effect on the region's larger communities than out-of-region visitors because they make repeat visits and large purchases of goods and services.

Southeast Alaska's Roads, Airports, and Ferry Routes, 2010



Source: Alaska Department of Transportation, Alaska Department of Natural Resources, Atlas Canada, Federal Aviation Administration, The Nature Conservancy, US Census Bureau, Geography Division, Geographic Products Branch

The following table shows selected Southeast Alaska communities by population and transportation facility.

Southeast Alaska Communities by Population Size and Transportation Facilities

Southeast Alaska Community	2009 Population Estimate	Airport	Seaplane Base	Ferry Service	Barge Service	Road Connection
Juneau	30,661	Yes	Yes	Yes	Yes	No
Ketchikan	12,984	Yes	Yes	Yes	Yes	No
Sitka	8,627	Yes	Yes	Yes	Yes	No
Petersburg	2,973	Yes	Yes	Yes	Yes	No
Haines	2,286	Yes	Yes	Yes	Yes	Canada
Wrangell	1,892	Yes	Yes	Yes	Yes	No
Craig	1,400	No	Yes	IFA	Yes	Island-wide
Metlakatla	1,330	Yes	Yes	Yes	Yes	No
Skagway	865	Yes	Yes	Yes	Yes	Canada
Hoonah	764	Yes	Yes	Yes	Summer	No
Klawock	782	Yes	No	IFA	Yes	Island-wide
Yakutat	608	Yes	Yes	Flag Stop	Summer	No
Kake	497	Yes	Yes	Yes	Yes	No
Gustavus	451	Yes	No	Charter	Summer	No
Thorne Bay	424	No	Yes	IFA	Yes	Island-wide
Angoon	442	No	Yes	Yes	Summer	No
Saxman	434	No	No	No	No	Ketchikan
Hydaburg	340	No	Yes	IFA	No	Island-wide
Hollis	193	No	Yes	IFA	No	Island-wide
Coffman Cove	152	No	Yes	IFA	No	Island-wide
Naukati	118	No	Yes	IFA	No	Island-wide
Pelican	122	No	Yes	Summer	Summer	No
Klukwan	72	No	No	No	No	Haines
Tenakee Springs	104	No	Yes	Yes	Summer	No
Hyder	87	No	Yes	No	No	Canada
Port Protection	72	No	Yes	No	No	No
Port Alexander	61	No	Yes	No	Charter	No
Kasaan	56	No	Yes	No	No	No
Whale Pass	60	No	Yes	IFA	No	Island-wide
Elfin Cove	25	No	Yes	No	Charter	No

Source: Southeast Conference, AKDOLWD, 2009 and Southeast Strategies, 2007. Note 1: IFA is the Inter-Island Ferry Authority, which is located on Prince of Wales Island and has year round ferry service from Hollis to Ketchikan, and summer ferry service from Coffman Cove to Petersburg and Wrangell. Most communities on Prince of Wales Island are connected by road to one of those ferry terminals. Note 2: Haines population includes the population of Klukwan, since it is only a short distance away on the road system, and uses the same facilities.

The following sections provide detailed information about the road, air, ferry, and barge linkages vital to the flow of people and commerce into, within and out of Southeast Alaska.

Road Links

Southeast Alaska is connected to the continental road system at only three locations as follows:

- Hyder links to the Cassiar Highway via a 40-mile paved access road.
- Haines links to the Alaska Highway (in Canada) via the 146-mile Haines Highway.
- Skagway links to the Alaska Highway (in Canada) via the 99-mile South Klondike Highway.

With the exception of the communities on Prince of Wales Island, most Southeast Alaska communities do not have road connections to any other communities. Of the over 1,500 miles of road system on Prince of Wales Island, approximately 125 miles of it is paved connecting 6 of the 8 communities.

Air Links

Air service in Southeast Alaska includes jet service coming into the region from Seattle and Anchorage, and service between the major communities (Juneau, Ketchikan, Sitka, Petersburg, Wrangell, and seasonally – Gustavus). Air cargo and air courier services are also available. Smaller air carriers in 4 to 12 seat wheel or float planes provide service within the region and to Prince Rupert, British Columbia to the south. Scheduled air service is available to most communities, and charter service is also available. Currently, two companies provide medical evacuation service via jet aircraft in the region. The U.S. Coast Guard has an air station in Sitka and provides medical evacuations via helicopter when necessary, as well as search and rescue services.

Southeast Alaska has several types and sizes of airports, and virtually every community has an air facility of some kind. Many are airport runways, but some are seaplane bases. Following are the larger airports as classified by the Alaska Department of Transportation and Public Facilities' 2008 Alaska Aviation System Plan Update.

Jet Serviced Airports by Classification

Regional Center Airports	Juneau, Sitka, Ketchikan
District Airports	Petersburg, Wrangell
Transport Airports	Yakutat Gustavus (jet service seasonally) Klawock (jet capable, not currently jet serviced)

The following table lists community airports by ownership, infrastructure condition & upgrade plans.

Community Airports

Community	Airport Owner	Runway Length (ft)	Runway Width (ft)	Runway Condition	2009 Passenger Boardings	Daily Jet Service	Plans	Seaplane Base Owner
Angoon							DOT&PF currently planning new airport. EIS underway.	ADOT&PF
Coffman Cove						ADOT&PF		
Craig						ADOT&PF		
Edna Bay								
Elfin Cove						ADOT&PF		
Gustavus	ADOT&PF	6721	150	asphalt/grooved, in good condition	8,822	Summer		
Haines	ADOT&PF	4000	100	asphalt, in good condition	7,099			Haines Borough
Hollis								ADOT&PF
Hoonah	ADOT&PF	2,997	75	asphalt, in good condition	7,651		DOT&PF expanding apron space and extending runway in 2011.	ADOT&PF
Hydaburg								ADOT&PF
Hyder								ADOT&PF
Juneau	City & Borough of Juneau	8457	150	asphalt/grooved, in good condition	337,038	Year round	Runway safety area expansion and terminal expansion underway. Completion early 2011.	City and Borough of Juneau
Kake	ADOT&PF	4000	100	asphalt, in good condition				City of Kake
Kasaan								ADOT&PF
Ketchikan	ADOT&PF	7500	150	asphalt/grooved, in good condition	96,996	Year round		ADOT&PF
Klawock	ADOT&PF	5000	100	asphalt/grooved, in good condition				ADOT&PF
Metlakatla								ADOT&PF
Pelican								City of Pelican
Petersburg	ADOT&PF	7500	150	asphalt/grooved, in good condition	17,988	Year round	DOT&PF completing runway safety area expansion and runway overlay. Completion early 2011.	ADOT&PF

Community	Airport Owner	Runway Length (ft)	Runway Width (ft)	Runway Condition	2009 Passenger Boardings	Daily Jet Service	Plans	Seaplane Base Owner
Point Baker								ADOT&PF
Port Alexander								ADOT&PF
Port Protection								ADOT&PF
Saxman								
Sitka	ADOT&PF	6500	150	asphalt/grooved, in good condition	62,498	Year round	Safety area expansion planned for 2011.	City and Borough of Sitka
Skagway	ADOT&PF	3500	75	asphalt, in good condition	6,468			ADOT&PF
Tenakee Springs								ADOT&PF
Thorne Bay								ADOT&PF
Whale Pass								ADOT&PF
Wrangell	ADOT&PF	5999	150	asphalt/grooved, in good condition	10,790	Year round		City and Borough of Wrangell
Yakutat	ADOT&PF	7745	150	asphalt/grooved, in good condition	12,158	Year round		ADOT&PF

Sources: ADOT&PF, Federal Aviation Administration, Alaska Airlines

In the table below showing air travel statistics, passenger arrival counts include locals traveling for a variety of reasons, business travelers, and tourists. Air freight is measured in pounds. Passenger arrivals for 2009 (excluding most charter flight data) in Southeast Alaska communities consisted of the following:

Air Passenger and Freight Statistics by Southeast Alaska Community, 2009

Destination City	Pounds of Arriving Air Freight 2009	Number of Arriving Passengers 2009*
Angoon	76,309	1,675
Coffman Cove	12,298	206
Craig	189,426	5,233
Elfin Cove	34,549	397
Excursion Inlet	4,047	14
Gustavus	178,938	3,800
Haines	254,929	7,609
Hollis	65,226	3,806
Hoonah	168,658	6,526
Hydaburg	30,850	59
Hyder	8,019	133
Juneau	16,524,338	331,670
Kake	51,183	1,181
Ketchikan	11,223,660	222,504
Metlakatla	113,923	3,379
Naukiti	4,181	108
Pelican	90,760	644
Petersburg	1,292,471	39,025
Port Alexander	-	189
Port Protection	8,644	120
Sitka	6,370,578	104,680
Skagway	250,451	6,532
Thorne Bay	60,469	3,183
Whale Pass	4,154	154
Wrangell	2,157,862	36,013
Yakutat	2,735,135	23,204

Source: Bureau of Transportation Statistics.
http://www.transtats.bts.gov/DL_SelectFields.asp?Table_ID=259&DB_Short_Name=Air%20Carriers
 The data does not include most charter flights, and is direct link only.
 *Note: The data includes all arriving passengers, even if they did not deplane.

Ferry Links

The Alaska Marine Highway System provides year-round, public ferry service to the region. The system has seven conventional-speed and two high-speed vessels that are used in Southeast Alaska. The mainline system connects major Southeast Alaska communities together, and to road systems in British Columbia via Prince Rupert, Skagway and Haines, to Washington via Bellingham, and to South-central Alaska via Whittier and Homer. These ferries take passengers, vehicles and freight, and often have staterooms, restaurants and lounges on board. The following table shows running times and distances for mainline routes.

Mainline Routes and Running Times

From	To	Running Time	Miles Nautical/Statute
Bellingham	Ketchikan	38 hours	595 / 676
Prince Rupert	Ketchikan	6 hours	91 / 103
Ketchikan	Wrangell	6 hours	89 / 101
Wrangell	Petersburg	3 hours	41 / 47
Petersburg	Juneau	8 hours	123 / 140
Petersburg	Sitka	10 hours	156 / 177
Sitka	Juneau/Auke Bay	8 hours, 45 min.	132 / 150
Juneau/Auke Bay	Haines	4 hours, 30 min.	68 / 77
Haines	Skagway	1 hour	13 / 15

Source: Alaska Marine Highway System. Does not include fast ferry time, approx. ½ the time.

Feeder routes connect smaller communities to a regional hub and to each other. Ferries used for feeder service travel at conventional speed and take passengers, vehicles and freight. These ships generally do not have staterooms. The following table shows running times and distances for feeder routes.

Feeder Routes and Running Times

From	To	Running Time	Miles Nautical/Statute
Petersburg	Kake	4 hours	65 / 74
Kake	Sitka	8 hours	115 / 131
Angoon	Hoonah	4 hours	63 / 72
Angoon	Tenakee	2 hrs, 30 min.	35 / 40
Tenakee	Hoonah	3 hrs, 15 min.	49 / 56
Hoonah	Juneau	3 hrs, 15 min.	48 / 55
Juneau	Pelican	6 hrs, 30 min.	91 / 103

Source: Alaska Marine Highway System.

Five hours is the average running time for transit between communities by ferry, and scheduled arrivals and departures in most communities require an overnight or a several day stay.

The Alaska Marine Highway System will sometimes dedicate a vessel to a particular route, especially during the summer months. These shuttle ferries can be either conventional-speed or high-speed vessels. Currently, a dedicated vessel provides year-round service between Ketchikan and Metlakatla.

In addition, the Inter-Island Ferry Authority provides year-round passenger, vehicle and cargo service on a conventional speed ferry between Hollis on Prince of Wales Island, and Ketchikan. In the summer of 2006, another Inter-Island Ferry Authority vessel began providing summer passenger, vehicle and cargo service between Coffman Cove on Prince of Wales Island, Wrangell, and Petersburg. However, at the end of the 2008 summer season they had to cease offering extended service due to rising operational costs. Private companies in the region (such as Allen Marine) provide charter ferry service for passengers and cargo.

Between 2000 and 2009, total Southeast Alaska passenger traffic declined, with passenger disembarkations in Haines, Ketchikan, Petersburg and Skagway each down by more than 18 percent in this period. Communities that experienced significant passenger increases between 2000 and 2009 included Kake, Metlakatla, Pelican, Tenakee, and Yakutat. AMHS terminated service to the community of Hollis (not listed) in 2003 when the Inter-Island Ferry Authority took over that ferry link.

Southeast Alaska AMHS Passenger Traffic, 2000 to 2009

Disembarking Passenger Traffic	2000	2008	2009	Change 2000-2009
Angoon	4,273	4,584	4,655	9%
Haines	38,779	34,214	30,944	-20%
Hoonah	6,132	7,055	5,847	-5%
Juneau	75,463	82,957	73,189	-3%
Kake	1,932	2,814	2,536	31%
Ketchikan	47,813	35,506	32,296	-32%
Metlakatla	7,006	16,419	15,667	124%
Pelican	573	959	885	54%
Petersburg	11,020	9,887	8,984	-18%
Sitka	13,593	18,047	15,151	11%
Skagway	34,850	24,297	23,307	-33%
Tenakee	1,251	1,694	2,040	63%
Wrangell	7,475	7,673	6,979	-7%
Yakutat	66	162	161	144%

Source: Alaska Marine Highway System.

Vehicle traffic gains and losses followed the same pattern as passenger traffic during this period.

Southeast Alaska AMHS Vehicle Traffic, 2000 to 2009

Disembarking Vehicle Traffic	2000	2008	2009	Change 2000-2009
Angoon	666	948	852	28%
Haines	13,613	12,567	11,658	-14%
Hoonah	1,678	2,207	1,886	12%
Juneau	19,096	23,023	21,523	13%
Kake	520	590	481	-8%
Ketchikan	12,728	11,564	11,076	-13%
Metlakatla	1,797	5,620	5,436	203%
Pelican	58	97	74	28%
Petersburg	2,493	2,501	2,502	0%
Sitka	3,588	4,990	4,483	25%
Skagway	9,390	7,310	7,371	-22%
Tenakee	45	48	41	-9%
Wrangell	1,757	1,894	1,797	2%
Yakutat	44	70	129	193%

Source: Alaska Marine Highway System.

Barge Links

Three major barge lines serve Southeast Alaska from Seattle, delivering freight, vehicles, and equipment. One line serves the communities of Ketchikan, Wrangell, Petersburg, Sitka, and Juneau weekly, and some smaller communities less frequently (in some cases, seasonally). A second line serves Ketchikan, Petersburg, Sitka, and Juneau twice weekly; Wrangell, Craig, Klawock, Thorne Bay, Haines and Skagway weekly; and Angoon, Pelican, Hoonah, Gustavus and Yakutat seasonally. A third line serves Sitka every two weeks, and then continues on to Alaska destinations north and west. Following are the approximate transit times between Seattle and several Southeast Alaska ports.

Barge Transit Times to Southeast Ports

Port	Transit Time From Seattle
Ketchikan	4 Days
Metlakatla	6 Days
Prince of Wales Island	5 Days
Wrangell	5 Days
Petersburg	5 Days
Sitka	5 Days
Juneau	5 Days

Source: Southeast Conference

Regional Ship Repair Facilities¹

Southeast Alaska has several boat haul-out and repair facilities. They include:

Ketchikan –

- 50-ton lift
- 200-ton marine railway
- Dry dock for ships up to 10,000 tons
- Full shipbuilding and repair services

Wrangell –

- 5+ acre Marine Service Center
- 150-ton travel lift, installed in 2006 that can handle boats 120 feet long & 28 feet wide
- Boat building and repair services
- 40-ton hydraulic trailer was installed in 2008.
- 130-ton marine railway

Craig –

- Hydraulic Trailer – 50 ft./60-ton maximum
- Storage yard
- Diesel mechanic repair services

Petersburg –

- Floating dry dock for vessels up to 45 ft.
- 300-ton marine railway with multiple cradles
- Boat building and repair services

Sitka –

- 80-ton lift
- Full shipbuilding and repair services

Juneau –

- 15-ton lift
- 35-ton lift
- Boat building and repair services

Hoonah –

- Hydraulic Trailer – 40 ft./20-ton maximum
- Developing a bulkhead and uplands work yard with a 150-ton lift.

Haines –

- Small storage yard
- Plans to develop an uplands work yard with a 70 to 100-ton lift.

Skagway –

- Hydraulic Trailer – 40 ft./20-ton maximum
- Storage yard
- Mechanic/electronic repair services

¹ Source: Southeast Conference

Water, Sewer, Solid Waste

Most, but not all, businesses need utilities, including electricity, heat, water, sewer, and solid waste service. Most places in Southeast Alaska have ready access to drinking water and either municipal or some type of onsite solid waste and gray water disposal system. For most businesses, garbage is either disposed of in a municipal landfill or burned onsite.

Utilities Provider by Southeast Alaska Community

Community	Water	Sewer	Landfill
Angoon	City; School	City	City
Coffman Cove	City	City	City Incinerator/Bale Fill; Thorne Bay
Covenant Life	Community	Individuals	Haines
Craig	City	City	Klawock
Cube Cove	Private	Private	Atikon Forest Products
Edna Bay	Individuals; School	Individuals	Not available
Elfin Cove	Individuals; Private	Individuals	Not available
Game Creek	Individuals	Individuals	Hoonah
Gustavus	Individuals; US Park Service	Individuals	City
Haines Borough	n/a	n/a	n/a
Hobart Bay	Private	Private	Private
Hollis	Individuals; School	Individuals	Klawock
Hoonah	City	City	City
Hydaburg	City	City	City; Haida Corp.
Hyder	Individuals	Individuals	Not available
Juneau	City & Borough	City & Borough	Private/Waste Mgmt. Co.
Kake	City	City	City
Kasaan	City	Individuals; City	Thorne Bay
Ketchikan	City; Borough	City; Borough	City; Private
Klawock	City	City	City
Klukwan	Village Council	Village Council	Village Council
Kupreanof	Individuals	Individuals	Not available
Lutak	Individuals	Individuals	Haines
Metlakatla	Community	Community	Metlakatla Indian Community
Meyers Chuck	Individuals; Private	Individuals	Not available
Mosquito Lake	Individuals	Individuals	Haines
Mud Bay	n/a	n/a	Haines
Naukati Bay	Individuals; Private	Individuals; Community	Not available
Pelican	Kake Tribal Corp	City	City
Petersburg	City	City	City; Public Works
Point Baker	Individuals	Individuals	Not available
Port Alexander	City; Individuals	Individuals	Not available
Port Protection	Community Assoc.	Individuals	Not available
Saxman	City	City	Ketchikan
Sitka	City & Borough	City & Borough	City & Borough
Skagway	Borough	Borough	Borough (Incinerator Operator)
Tenakee Springs	Individuals	Individuals	Not available
Thom's Place	n/a	n/a	Wrangell
Thorne Bay	City	City	City
Whale Pass	Individuals	Individuals	Not available
Whitstone	Private	Private	Hoonah, Church of Living World
Wrangell	City	City	City & Borough of Wrangell
Yakutat	City & Borough	City & Borough	Borough; Icy Bay

Solid Waste

Over the last decade in Southeast Alaska, incinerators have closed and landfills have reached capacity. Rather than develop new local landfills, several communities in the region have instead chosen to ship municipal solid waste by barge to super landfills in Washington State. In 2006, the communities of Craig, Klawock, Ketchikan, Petersburg, Sitka, and Wrangell shipped 24,300 tons of garbage to the lower-48 at a cost of \$2.3 million. Waste in Juneau is land-filled locally. These seven communities create 150 tons of garbage per day.

In 1995 Ketchikan's main landfill reached capacity and closed, and the community began to ship its waste to eastern Washington.² After Sitka's incinerator was shut down in 1998, that community also began shipping its waste to Washington, a trip of 1,100 miles. In 2004 Juneau's waste incinerators ceased operations and the City began depositing 30,000 tons of garbage annually into its ever-growing landfill. Juneau's landfill is currently 30 feet high and is permitted to grow to 120 feet.

According to a 1999 study by the Solid Waste Association of North America: "The economic and environmental benefits of shipping waste out to a well maintained and operated regional facility probably apply to most Southeast Alaska communities. Most communities in Southeast Alaska have non-compliant dumps with associated environmental problems." The trend in the rest of the United States has been to close local landfills and open larger, multiple-community, regional solid waste treatment facilities. (Washington State, for example, has 21 permitted landfills compared to nearly 250 in Alaska.)

Small communities in Alaska often lack sufficient economic resources to properly manage waste. Many Southeast Alaska communities have open pit dumps that do not comply with State waste regulations. Waste materials sometimes contain toxic chemicals that are harmful to human health and the environment. Even Juneau, a larger community with more resources, operates a landfill situated on wetlands with no liner.

Washington State has strict recycling laws and closely monitors what is allowed into state landfills. According to Richard Smith, author of the Southeast Conference waste report, officials in Washington State have been exempting Alaska waste from needing to comply. He believes that this exemption will not last long-term, and that the cost of sorting all waste prior to disposal will make lower-48 landfills less financially interesting. The landfill in Eastern Washington where

² Ketchikan currently operates an inert class 3 landfill that takes construction waste and an incinerator that takes animal carcasses and other specialty items. The landfill and incinerator do not accept household or business waste.

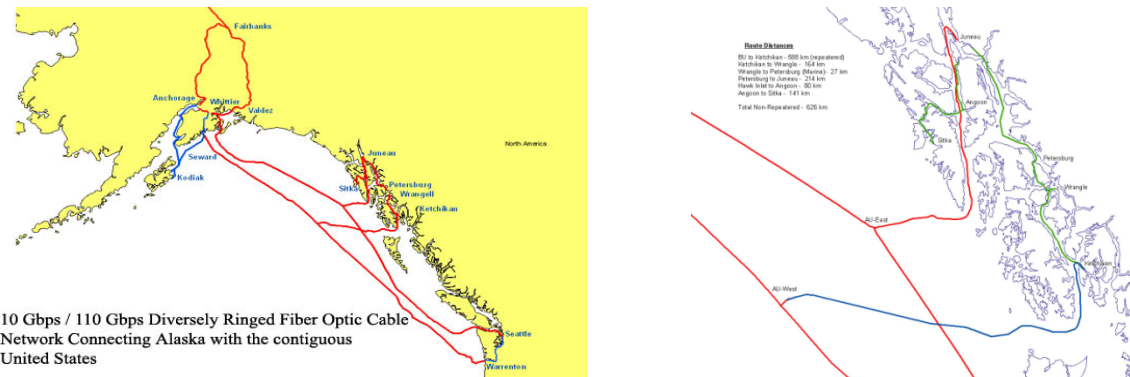
Ketchikan and Sitka currently ship their waste charges \$24 per ton. (For comparison, the Juneau landfill charges \$120 per ton.)

Because our region is located in a coastal rainforest, permitting and land development have the potential of being a lengthy and expensive process. According to Steve Haavig of Carson Dorn, a Juneau based environmental and engineering firm, and former DEC employee "Southeast is not good country for a sanitary landfill." The soils are poor, and the site prep would be very, very expensive."

Communications

Internet access, in some form, is available in all communities in Southeast Alaska. Overall, the availability of high speed internet was listed as the third most significant benefit to operating a business in Southeast Alaska in the 2010 Southeast Alaska Business Climate Survey.

Since 2008, GCI's Alaska United fiber optic cable connects Anchorage, Fairbanks, Ketchikan, Sitka, Petersburg, Wrangell, Angoon, and Juneau to Seattle by way of a SONET ring. It brought significant telecommunication capacity (Internet, video, voice and data) to Southeast Alaska, and it provides for alternative routing if any part of the system should go down.



Source: <http://www.alaskaunited.com/>

Broadband internet is available in Haines, Skagway, Angoon, Juneau, Sitka, Petersburg, Wrangell, Thorne Bay, Klawock, Kasaan, Craig and Hydaburg. Broadband is defined as data transmission technology that provides two-way data transmission to and from the Internet with speeds of at least 768 kilobits per second (kbps) downstream and at least 200 kbps upstream to end users. Broadband is provided through fiber optics, cable, DSL, fixed wireless or mobile wireless.

In communities without broadband service, satellite and dial-up are the only options. Dial-up can be used to view websites or send email, but is usually too slow for regular business needs. Satellite

internet requires the installation of a small satellite dish and many small communities (including Yakutat, Hoonah and Klawock) have a local company that provides this service. In more rural or isolated areas, satellite internet can be used, but installation of the satellite is more expensive because cost includes the technicians travel time and expenses. See table on the following page.

Southeast Alaska Internet Access

Angoon	Broadband
Coffman Cove	Satellite/Dial-up
Craig	Broadband
Edna Bay	Satellite/Dial-up
Elfin Cove	Satellite/Dial-up
Game Creek	Satellite/Dial-up
Gustavus	Satellite/Dial-up
Haines	Broadband
Hollis	Satellite/Dial-up
Hoonah	Satellite/Dial-up
Hydaburg	Broadband
Hyder	Satellite/Dial-up
Juneau	Broadband
Kake	Satellite/Dial-up
Kasaan	Broadband
Ketchikan	Broadband
Ketchikan Gateway Borough	Broadband
Klawock	Broadband
Klukwan	Broadband
Kupreanof	Broadband
Metlakatla	Broadband
Naukati Bay	Satellite/Dial-up
Pelican	Satellite/Dial-up
Petersburg	Broadband
Point Baker	Satellite/Dial-up
Port Alexander	Satellite/Dial-up
Port Protection	Satellite/Dial-up
Saxman	Broadband
Sitka	Broadband
Skagway	Broadband
Tenakee Springs	Satellite/Dial-up
Thorne Bay	Broadband
Whale Pass	Satellite/Dial-up
Whitestone Logging Camp	Satellite/Dial-up
Wrangell	Broadband
Yakutat	Satellite/Dial-up

Information from: Connect Alaska Source: (<http://connectak.org>), GCI, AP&T

Mass Media: Television, Radio, Newspaper

Southeast Alaska's scattered, geographically isolated population is especially dependent on the region's print, broadcast, and Internet media for news and information about weather, health and social services, commerce, and communications both within and outside of the region. The area's population of roughly 75,000 is scattered among numerous communities, most of them on islands and all but three of which number fewer than 3,500 people.

The cities of Juneau (with just under half of the region's total population), Ketchikan, and Sitka serve as regional hubs for commerce, culture, transportation, and especially communications. While half of the region's newspapers, twelve of its seventeen radio stations, and all of its TV stations are headquartered in these three largest cities, all communities are sustained by vital connections within the region as a whole and to the outside world through deliveries of print media, signals from radio and TV stations, and/or cable phone and Internet linkage.

In spite of perhaps because of the region's unique geography, public radio in particular has experienced extraordinary development and growth in Southeast Alaska, providing diverse, consistent, and highly dependable services for many communities. Juneau boasts Alaska's largest public broadcasting service, KTOO, with three separate, 24-hour, regional public radio stations, a statewide TV station, and audio and television production studios, all within a single facility. Further connected with four of the five other public radio stations in Southeast Alaska through a cost-consolidating network known as CoastAlaska, and also affiliated with the Alaska Public Broadcasting Network, KTOO is consistently among the top public broadcasting organizations in the country for market share.

For these reasons, it is not surprising that award winning, nationally recognized broadcasters such as Elizabeth Arnold of Annenberg Media, America Abroad Media and Encounters North, Peter Kenyon of National Public Radio, and others got their start at radio stations in Southeast Alaska.

Another unique and vitally important service is provided by the National Weather Service in the form of constantly updated marine weather information and forecasts covering vast stretches of Southeast Alaska's outer coast and interior waterways. Fishermen and other operators of marine vessels depend on the service, which is delivered over radio (WXJ-25, 162.550 MHz and other frequencies) and telephone.

At its most fundamental level, then, the role of mass media in Southeast Alaska is far more important to the health and safety of the population than it would be for more geographically connected populations elsewhere in Alaska and the nation. In a much broader sense, Southeast

Alaska's mass media entities are primary resources of information, commerce and education for the majority of the region's population.

Key Southeast Alaska Media Contacts

Newspapers			
Capital City Weekly	Juneau & SE AK	capweek.com	789-4144
Juneau Empire	Juneau	juneauempire.com	586-3740
The Local Paper	Ketchikan	alaska.fm/tlp	225-6540
Ketchikan Daily News	Ketchikan	ketchikandailynews.com	225-3157
Skagway News	Skagway	skagwaynews.com	983-2354
Island News	Thorne Bay	smalltownpapers.com	828-3377
Wrangell Sentinel	Wrangell	thewrangellsentinel.com	874-2301
Petersburg Pilot	Petersburg	petersburgpilot.com	772-9393
Daily Sitka Sentinel	Sitka	sitkasentinel.com	747-3219
Chilkat Valley News	Haines	chilkatvalleynews.com	766-2688
Radio			
KTOO-FM	Juneau—104.3	ktoo.org	586-1670
	Gustavus—88.1		
	Excursion Inlet—89.9		
	Hoonah—91.9		
KRNN-FM	Lemon Creek/Switzer Creek—101.7		
	Mendenhall Valley—103.1		
KXLL-FM	Juneau—102.7		
KINY-AM/FM	Juneau—100.7	kinyradio.com	586-3630
	Juneau—800		
	Kake, Frederick Sound—103.5		
	Haines, Skagway—103.7		
	Angoon, Lower Chatham Strait, Hoonah, Icy Strait—103.9		
KSUP-FM	Skagway—104.7		
KJNO-AM	Juneau—106.3/107.9	ptialaska.net/~ksup	
KTKU-AM	Juneau—630	kjno.com	
KTKU-AM	Juneau—930	ktkn.com	
KXLJ-AM	Juneau—1330	kxljradio.com	586-2455
KFMJ-FM	Ketchikan—99.9	kfmj.com	247-3699
KGTW-FM	Ketchikan—106.7	gateway1067.com	225-2193
	Prince of Wales—99.5		
	Wrangell—98.3		
KTKN-AM	Ketchikan—930	ktkn.org	
KRBD-FM	Ketchikan—105.3	krbd.org	225-9655
	Craig, N. Ketchikan—101.7		
	Klawock, Thorne Bay, Hydaburg & S. Ketchikan—90.1		
	North Point Higgins—90.7		

Radio continued			
KFSK-FM	Petersburg—100.9 Central SE—91.1 Lower Mitkof, Beecher Pass, Duncan Canal— 103.1 Point Baker—88.1 Whale Pass—96.1	kfsk.org	772-3808
KRSA-AM	Petersburg—580 Sitka, Wrangell, Haines— 94.9	krsa.org	772-3891
KHNS-FM	Haines—102.3 Skagway—90.9	khns.org	766-2020
KCAW-FM	Sitka—90.1 or 104.7 Angoon—105.5 Elfin Cove—92.1 Kake—107.1 Pelican—91.7 Port Alexander—91.9 Tenakee Springs—91.9 Yakutat—90.1	kcaw.org	747-5877
KSTK-FM	Wrangell—101.7 Shoemaker Bay—91.9 Coffman Cove—96.9 North Wrangell Island— 107.1	kstk.org	874-2345
TV			
GCI Cable	Angoon, Juneau, Ketchikan, Petersburg, Sitka, Wrangell	gci.com/for-home	800-800- 4800
KATH-LP	Juneau—5 (NBC)	kath.tv	586-8384
KJUD-DT	Juneau—8.1 (ABC) Juneau—8.2 (CW)	aksuperstation.com	586-3145
KTOO-DT	Juneau—3.1 (PBS) Juneau—3.2 (360 North)	ktoo.org	586-1670
KXLJ-LP	Juneau—24 (CBS)	cbssoutheastak.com	586-2455
Other			
Associated Press	Juneau	ap.org	586-1515

Real Estate

There are 33,530 housing units in Southeast Alaska, including 28,766 occupied units. Similar to national rates, approximately two-thirds of Southeast homes are owner-occupied, while one-third are renter occupied.

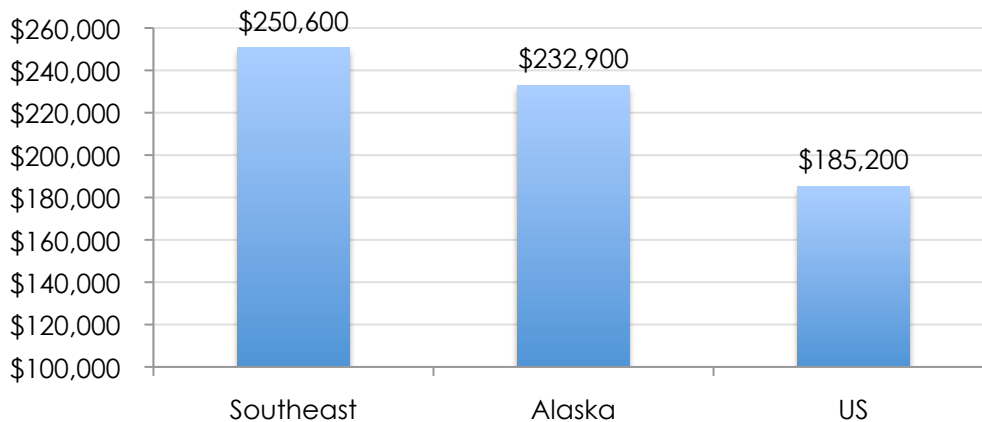
Housing Occupancy

	Southeast Alaska 2009	Southeast 2009 %	Alaska 2009 %	US 2009 %
Total housing units	33,530	33,530	283,895	129,949,960
Occupied housing units	28,776	85.8%	83.3%	87.4%
Owner-occupied	18,559	64.5%	65.2%	65.9%
Renter-occupied	10,217	35.5%	34.8%	34.1%

Source: 2009 American Community Survey, US Census Borough

Generally housing and the cost of housing is more expensive in Southeast Alaska than in the rest of the state or nation. The median value of an owner-occupied housing unit in 2009 was 35% higher in Southeast Alaska than the nation as a whole, and eight percent higher than the Alaska median.

Median Value of Owner-Occupied Housing Units, 2009



Source: 2009 American Community Survey, US Census Borough

Another way to look at housing costs is through selected monthly housing costs for homeowners. Selected monthly housing costs include payments for mortgages, taxes, insurance, utilities, and other components of monthly housing expenses.³ The median monthly Southeast homeowner cost (for those homeowners with a mortgage) was \$1,837 in 2008. Comparatively, these costs are 3%

³ The determination of Selected Monthly Owner Costs is based on all mortgage payments – first, second or junior, and home equity – real estate taxes, homeowners insurance premiums, condominium fees and mobile home costs, if applicable, and all utility costs.

higher than the Alaska median and 22% higher than the national median. Juneau's selected monthly homeowner costs are 35% higher than the national median.

According to the 2009 American Community Survey, the median rent for Southeast Alaska (\$1,001) is roughly the same as the statewide median of \$1,007, but 19% higher than the national median of \$842. The median rents for each Southeast Alaska borough or census area for 2011, as determined by HUD and broken out by number of bedrooms, is presented below. The highest rental rates in the region are in Juneau. Overall, the lowest median rental prices are in the Haines borough.

Median Rents In Southeast Alaska 2011

	0 Bedroom	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom
Haines Borough, AK	\$704	\$886	\$1,084	\$1,565	\$1,716
Hoonah-Angoon Census Area, AK	\$900	\$975	\$1,278	\$1,564	\$1,612
Juneau City and Borough, AK	\$850	\$1,025	\$1,308	\$1,727	\$2,207
Ketchikan Gateway Borough, AK	\$757	\$1,004	\$1,163	\$1,694	\$2,041
Petersburg Census Area, AK	\$900	\$975	\$1,278	\$1,564	\$1,612
Prince of Wales-Hyder Census Area, AK	\$900	\$975	\$1,278	\$1,564	\$1,612
Sitka City and Borough, AK	\$772	\$933	\$1,145	\$1,612	\$2,009
Skagway Municipality, AK	\$900	\$975	\$1,278	\$1,564	\$1,612
Wrangell City and Borough, AK	\$900	\$975	\$1,278	\$1,564	\$1,612
Yakutat City and Borough, AK	\$900	\$975	\$1,278	\$1,564	\$1,612

Source: HUD. Rent estimates at the 50th percentile (or median) are calculated for all Fair Market Rent areas. THESE ARE NOT FAIR MARKET RENTS. <http://www.huduser.org/portal/datasets/50per.html>

Southeast Alaska has more mobile homes, compared to the state or nation. Regionally, 9.3 percent of housing units are mobile homes, compared to 6.1% statewide, and 6.5% nationally.

Units In Structure

	Southeast Alaska 2009	Southeast 2009 %	Alaska 2009 %	US 2009 %
Total housing units	33,530	33,530	283,895	129,949,960
1-unit, detached	19,380	57.8%	61.2%	61.6%
1-unit, attached	1,410	4.2%	8.6%	5.8%
2 units	3,046	9.1%	4.9%	3.9%
3 or 4 units	2,503	7.5%	6.3%	4.5%
5 to 9 units	1,293	3.9%	5.2%	4.9%
10 to 19 units	955	2.8%	2.8%	4.6%
20 or more units	1,764	5.3%	4.8%	8.2%
Mobile home	3,127	9.3%	6.1%	6.5%
Boat, RV, van, etc.	52	0.2%	0.1%	0.1%

Source: 2009 American Community Survey, US Census Borough

Southeast also has a smaller number of newer housing units, compared to the state or nation. Regionally, only 7% of the housing units were built after 2000, compared to 10% statewide and 13% nationally. The flip side is that Southeast Alaska has not experienced the negative implications of the burst of the most recent nationwide housing bubble. Southeast Alaska has a much lower rate of foreclosures compared to national averages.

Year Structure Built

	Southeast Alaska 2009	Southeast 2009 %	Alaska 2009 %	US 2009 %
Total housing units	33,530	33,530	283,895	129,949,960
Built 2005 or later	631	1.9%	3.6%	4.8%
Built 2000 to 2004	1,746	5.2%	6.7%	8.5%
Built 1990 to 1999	4,161	12.4%	13.3%	13.9%
Built 1980 to 1989	7,046	21.0%	28.8%	14.0%
Built 1970 to 1979	9,351	27.9%	26.0%	16.3%
Built 1960 to 1969	2,428	7.2%	9.7%	11.4%
Built 1950 to 1959	3,396	10.1%	7.8%	11.3%
Built 1940 to 1949	1,951	5.8%	2.3%	5.8%
Built 1939 or earlier	2,820	8.4%	1.8%	14.0%

Source: 2009 American Community Survey, US Census Borough

Households, as measured by the number of people living in a home, are smaller in Southeast Alaska compared to the state or nation. The average household size is 2.47 for owner-occupied homes and 2.12 for renter-occupied homes. This is due to the older average age of Southeast Alaskans than the state or nation. Southeast Alaskans are less likely to have children living at home.

Size of Household

	Southeast 2009 %	Alaska 2009 %	US 2009 %
Average household size of owner-occupied unit	2.47	2.98	2.71
Average household size of renter-occupied unit	2.12	2.64	2.48

Source: 2009 American Community Survey, US Census Borough

Southeast Alaskans are more likely to be recent residents of their homes, compared to national averages. Nearly half (47.4%) of Southeast Alaskans moved into their home in 2005 or later, compared to 40.5% nationally. This is due to the high level of in and out migration that the region experiences.

Year Householder Moved Into Unit

	Southeast Alaska 2009	Southeast 2009 %	Alaska 2009 %	US 2009 %
Occupied housing units	28,776	28,776	236,597	113,616,229
Moved in 2005 or later	13,640	47.4%	45.4%	40.5%

Source: 2009 American Community Survey, US Census Borough

Most Southeast Alaskans (70.4%) heat their homes with heating oil, compared to just 6.7% of homes nationally, and 32.9% of all Alaskans. The next two top ways to heat homes in Southeast Alaska include electricity (at 16.1%) and wood (at 9.2%).

House Heating Fuel

	Southeast Alaska 2009	Southeast 2009 %	Alaska 2009 %	US 2009 %
Occupied housing units	28,776	28,776	236,597	113,616,229
Utility gas	630	2.2%	49.0%	49.8%
Bottled, tank, or LP gas	489	1.7%	1.4%	5.1%
Electricity	4,641	16.1%	9.5%	34.8%
Fuel oil, kerosene, etc.	20,261	70.4%	32.9%	6.7%
Coal or coke	0	0.0%	0.5%	0.1%
Wood	2,652	9.2%	5.8%	2.1%
Solar energy	0	0.0%	0.0%	0.0%
Other fuel	93	0.3%	0.7%	0.4%
No fuel used	10	0.0%	0.1%	0.9%

Source: 2009 American Community Survey, US Census Borough

Physical Infrastructure Strength/Constraints

Key Strengths/Opportunities

The existence of the publicly owned Alaska Marine Highway System (AMHS) is one of the key strengths of the regional infrastructure. It is a vital link between communities, without which the regional flow of people, vehicles, goods and commerce would be very restricted. In the business climate survey conducted by JEDC, Southeast Alaska's marine transportation network ranked fifth in importance as a significant benefit to operating a business (out of the 29 choices available).

All communities in the region are served by land and/or sea air transportation facilities. All runways are in good condition, with regular maintenance and upgrades scheduled. Thanks to the

commitment of the region's only jet air carrier, Alaska Airlines, all regional airports are equipped with more precise aids to air navigation than bigger cities with populations in excess of 200,000. The GPS (or Global Positioning System) computers installed on Alaska Airlines' jets in the last decade have vastly improved the safety and reliability of air service to and within the region. Southeast's air transportation was cited as the sixth most important element to operating a business in the region.

Further, Southeast Alaska was one of two initial test sites selected by the FAA for Automatic Dependent Surveillance-Broadcast (ADS-B) under a pilot project called Capstone, from 1999-2006. Through the Capstone project, the FAA equipped hundreds of general aviation aircraft with ADS-B avionics and installed ground-based infrastructure. Pilots were able to see on their displays where they were in relation to bad weather and terrain and the fatal accident rate was cut nearly in half for equipped aircraft. The success of the Capstone project led to the FAA's decision in 2005 to deploy ADS-B nationwide. ADS-B is critical in Juneau because there is no radar coverage. Radar transmissions cannot pass through the mountains in Juneau, while the low cloud ceiling often requires a low altitude approach through the narrow channel leading to the airport. These characteristics make the approach to Juneau among the nation's most difficult.

Another surveillance system in Juneau that began operating on January 25, 2010, is the Wide Area Multilateration (WAM) system. WAM is a ground-based system employing multiple remote small sensors that receive aircraft transponder signals and triangulate them to determine precise locations. WAM provides surveillance for the Juneau area for aircraft not yet equipped with ADS-B.

Internet access, in some form, is available in all communities in Southeast Alaska. Broadband internet is available in Haines, Skagway, Angoon, Juneau, Sitka, Petersburg, Wrangell, Thorne Bay, Klawock, Kasaan, Craig and Hydaburg. With the installation of GCI's southeast fiber optic undersea cable in 2008, these communities have access to large bandwidth capacity, a vital need for businesses in today's economy. Completion of this fiber optic network has also served to free up space on the existing microwave and satellite networks, allowing increased access to smaller communities. Overall, the availability of high speed internet was listed as the third most significant benefit to operating a business in Southeast Alaska.

"Telecommunications has been one of the single most important contributors to quality of life and economic development in Alaska - quite possibly more significant than for any other state in the union - offering a practical connection to the outside world and delivering the future to a state that is remote and still coming of age. Along with electricity, gas, roads, bridges, and sewer and water systems, this core infrastructure component continues to be essential to growth, education, and health and safety for Alaska villages and cities that would otherwise still be struggling to make their way in the 21st century. In today's information age, fiber optics is the advanced telecommunications network that provides proximity and access to resources and markets - as critical to business activity as close proximity to raw materials and markets was during the industrial age. Fiber optics give Alaska

residents and businesses the ability to send and receive high-quality voice, data and video telecommunications, while increasing the viability to attract new industries, businesses and professionals as geographic distance and low density population become archaic barriers of the past." Alaska Business Monthly, December 2009 by Heidi Bohi

Key Constraints/Obstacles

Because most communities in Southeast Alaska are located on islands, road access is impossible. Access to most communities in Southeast is available by boat, but the lengthy travel time makes it impractical for everyday and emergency use. The trip from Ketchikan to Juneau requires sixteen (16) hours by boat and the voyage from Bellingham, Washington to Juneau takes over fifty hours. Having to rely on jet and/or commuter air service as the only quick and convenient way to travel in and out of a community is one of the components contributing to the high cost of doing business in the region. Regional jet service is provided by only one airline, Alaska Airlines, which also provides the only jet service into and out of the region. Residents face higher air fares for the same air miles flown when compared to communities where competition exists.

While transportation linkages to suppliers and to markets for goods can be by both air and marine when time constraints do not exist, both of these are very expensive. Freight costs are the number one significant barrier to operating a business, as reported in the business climate survey.

More than half of the regional Alaska Marine Highway fleet has aged beyond optimal retirement, increasing maintenance costs and unreliability. This, along with high costs of labor, complex schedules, and the state legislature's reluctance to fund increasing costs, there is an uncertain outlook for this key strength in the region. The Alaska Class Ferry has been designed to be a lower operational cost next generation of ferries for the Alaska Marine Highway System, but funding for it is held up by the State legislature, which is holding out hope of funds from the federal government. These new vessels would be incrementally added to the fleet to operate on routes within Alaska's inside-waters as replacements for existing vessels. Expected construction time per vessel is 3 to 5 years once funding is secured. Meanwhile, the state legislature appears reluctant to continue to fund the high operating costs of the current fleet. Thus, any near term improvement in transit time, convenience of schedule, or reliability is not evident at this time.

The cost of solid waste disposal and ensuring regulatory compliance is a growing concern among municipalities in Southeast Alaska. Many landfills are nearing or are at capacity and the cost of compliance with today's environmental regulations governing solid waste disposal, as well as our rainforest climate, abundant wetlands, and limited private or municipal land base prohibits smaller communities from opening new landfills. There is an ongoing effort to develop a Southeast Alaska regional solid waste facility led by several regional municipalities and Southeast Conference.

Generally, housing and the cost of housing is more expensive in Southeast Alaska than the state or nation. The median value of an owner-occupied housing unit in 2009 was 35% higher in Southeast Alaska than the nation as a whole, and eight percent higher than the Alaska median. In Juneau, in particular, there is a shortage of developable land for commercial and residential construction. The cost of real estate (buildings, land and rent) was the second most significant barrier to operating a business for Juneau, dropping to number nine for the region, outside of Juneau.

6. Energy/Renewable Energy

The major population centers in Southeast Alaska have been well served for decades with renewable hydroelectric power. The cost of power in these communities is among the lowest in all of Alaska. These communities want to ensure new renewable energy projects are developed so their energy supply remains abundant and at the lowest attainable price. These communities include Ketchikan, Wrangell, Petersburg, Sitka and Juneau.

Other communities in Southeast Alaska are served with hydroelectric facilities but their electric rates are higher than those in the major southeast communities. Ratepayers in those communities would like lower cost power and they want continued development of new hydroelectric generation (or other renewable alternative projects) so their energy supplies remain abundant and at lowest attainable cost.

The more remote and isolated rural communities in Southeast Alaska, do not have access to renewable energy, and rely on diesel generation to meet their energy needs. Typically electricity costs are high, in part due to the costs of the diesel fuel for power generation. While residential electricity costs are partially offset by the Power Cost Equalization program, commercial and industrial users face very high rates. Most of these rural communities in southeast Alaska are not able to support significant economic development because of this.

With the exception of the Prince of Wales Island, Southeast Alaska Power Agency (SEAPA) and Upper Lynn Canal transmission networks, Southeast Alaska is not interconnected with transmission lines. Southeast Alaska has a rugged and remote topography, and because of this construction costs for transmission infrastructure can be very high. This has hampered build-out of an interconnected electrical transmission system in Southeast Alaska.

With its geography of mountainous terrain, numerous hydroelectric power water resources, relatively warm climate and abundant precipitation, consideration of renewable resources must be a key part of energy planning for Southeast Alaska. The area also has known sources of tidal energy, evidence of surface geothermal energy release and locations where the wind is known to blow in frequency and speed to make power generation with wind turbines possible. The vast forested areas of southeast could provide for various types of biomass energy solutions.

The United States Forest Service, custodian of over 90% of Southeast Alaska lands owned by the Federal Government, has a Tongass Land Management Plan, which defines southeast Alaska land corridors where roads and utilities may be routed. There are existing energy projects underway to construct new generation facilities and electrical interties, many of which are thought to be routed in and through these corridors.

Electrical Rates

Southeast Alaska's hydropower resource is one of the region's great strengths. Communities on hydroelectric power, particularly those connected via transmission lines that provide redundancy and back-up, have some of the least expensive electricity rates in the State. This resource is clean, "green," and essentially unlimited in our rainforest climate.

In December of 2010, Sheinberg Associates conducted a small commercial electricity survey based on a monthly use of 1,500 kWh across Southeast Alaska. According to the findings, 18 communities in the region use hydroelectricity. In diesel dependent communities, high power rates are a major challenge for commercial users. The average small commercial rate for 1,500 kWh for diesel in the region is \$622 per month, or 213 percent more on average than commercial users in communities with hydroelectric power. The full results of the Southeast Alaska small commercial energy survey is below:

Small Commercial Rate for 1,500 kWh/month by Southeast Alaska Community, November 2010

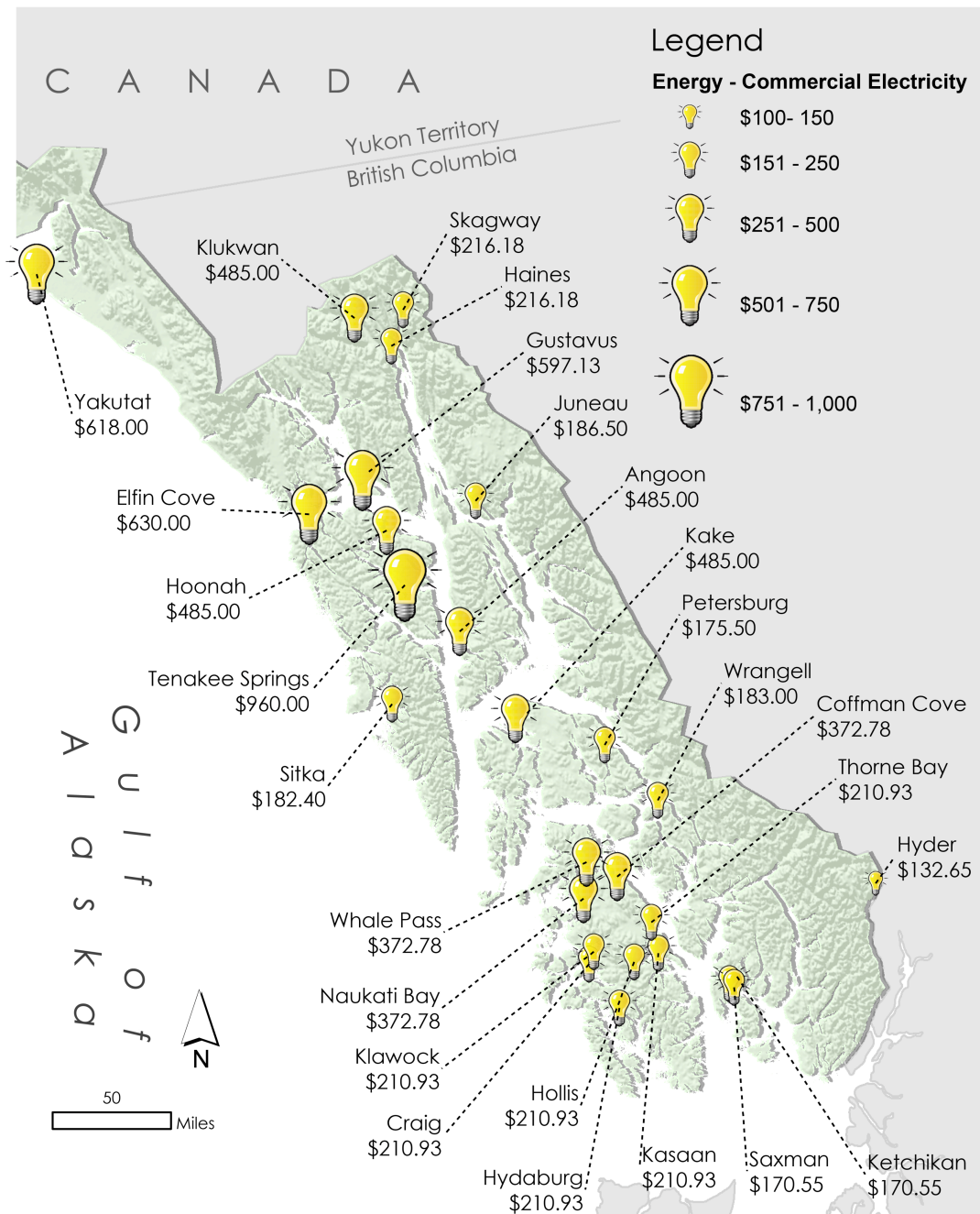
Community	Electrical Utility	Fuel Source	Rate 1	Rate 2**	Monthly Fee	Total	**Notes for Rate 2
Angoon	Inside Passage Electrical Cooperative (IPEC)	Diesel	\$0.5680	\$0.5090	\$15.00	\$808	Rate 2 is for above 500 kWh
Coffman Cove	Alaska Power & Telephone Company (AP&T)	Diesel	\$0.2399		\$12.93	\$373	
Craig	AP&T	Hydro	\$0.1320		\$12.93	\$211	
Edna Bay	Individual power supply						
Elfin Cove	Elfin Cove Electrical Utility	Diesel	\$0.4200			\$630	Includes \$0.1066/kWh fuel surcharge.
Game Creek	Individual power supply						
Gustavus	Gustavus Electric Company	Hydro	\$0.3899		\$12.31	\$597	
Haines	AP&T	Hydro	\$0.1355		\$12.93	\$216	
Hollis	AP&T	Hydro	\$0.1320		\$12.93	\$211	
Hoonah	IPEC	Diesel	\$0.5680	\$0.5090	\$15.00	\$808	Rate 2 is for above 500 kWh
Hydaburg	AP&T	Hydro	\$0.1320		\$12.93	\$211	
Hyder	BC Hydro	Hydro	\$0.0816		\$5.15	\$133	4% rider rate included. Demand; under 35 kW free, over that \$4.18 per kW.
Juneau	Alaska Light and Power Company	Hydro	\$0.1120		\$18.80	\$187	Power supplied by facilities at Snettisham and Dorothy Lake
Kake	IPEC	Diesel	\$0.5680	\$0.5090	\$15.00	\$808	Rate 2 is for above 500 kWh
Kasaan	AP&T	Hydro	\$0.1320		\$12.93	\$211	
Ketchikan	Ketchikan Public Utilities	Hydro	\$0.0897		\$36.00	\$171	No monthly fee in winter. Demand charge per kW of max demand per month: \$2.91 in excess of 25 kW.
Ketchikan	Ketchikan Public	Hydro	\$0.0897		\$36.00	\$171	No monthly fee in winter. Demand charge per kW of

Community	Electrical Utility	Fuel Source	Rate 1	Rate 2**	Monthly Fee	Total	**Notes for Rate 2
Gateway Borough	Utilities						max demand per month: \$2.91 in excess of 25 kW.
Klawock	AP&T	Hydro	\$0.1320		\$12.93	\$211	
Klukwan	IPEC	Diesel	\$0.5680	\$0.5090	\$15.00	\$808	Rate 2 is for above 500 kWh
Kupreanof	Individual power						
Metlakatla	Metlakatla Power & Light	Hydro	\$0.0900			\$135	
Naukatli Bay	AP&T	Diesel	\$0.2399		\$12.93	\$373	
Pelican	Pelican Utility Company	Hydro & Diesel				NA	Not able to contact.
Petersburg	Petersburg Municipal Light & Power	Hydro	\$0.1110		\$9.00	\$176	Demand charge only for large commercial.
Point Baker	Individual power supply						
Port Alexander	Individual power supply						
Port Protection	Individual power supply						
Saxman	Ketchikan Public Utilities	Hydro	\$0.0897		\$36.00	\$171	No monthly fee in winter. Demand charge per kW of max demand per month: \$2.91 in excess of 25 kW.
Sitka	Sitka Electrical Department	Hydro	\$0.1417	\$0.0903	\$21.25	\$182	Rate two is from 501 to 10,000 kWh. Demand, up to 25 kW no charge, over that \$3.90 per kW for max demand.
Skagway	AP&T	Hydro	\$0.1355		\$12.93	\$216	
Tenakee Springs	City of Tenakee Springs	Diesel	\$0.6400			\$960	
Thorne Bay	AP&T	Hydro	\$0.1320		\$12.93	\$211	
Whale Pass	AP&T	Diesel	\$0.2399		\$12.93	\$373	
Wrangell	Wrangell Municipal Light and Power	Hydro	\$0.1160		\$9.00	\$183	Negotiates rates for Industrial
Yakutat	Yakutat Power	Diesel	\$0.2670	\$0.2420		\$682	Rate 2 is for between 1000 kWh and 1500 kWh. Fuel surcharge changes monthly with price of fuel; as of December 2010, \$0.1960/kWh.

Sources: Inside Passage Electric Cooperative. www.myipeec.org and personal communication; Alaska Power Company; Schedule of General Rules, Regulations and Rates, 2010 ; Personal Communication: Jane Button, Elfin Cove; Gustavus Electrical Company, Inc. www.gustavuselectric.com and personal communication; City of Ketchikan, Municipal Code, Chapter 11, Section 8, Electrical Rates; BC Hydro www.bchydro.com/youraccount/content/electricity_rates.jsp; Petersburg Municipal Power & Light Company; Alaska Electrical Light & Power Company www.aelp.com/rates; DCCED www.commerce.state.ak.us/dca; Personal Communication, Anna Holmes, City of Ketchikan, Municipal Code, Chapter 11, Section 8, Electrical Rates; Sitka Municipal Code, Chapter 15, Electrical Rates; City and Borough of Yakutat; Yakutat Power Website. www.yakutatak.govoffice2.com City and Borough of Wrangell; www.wrangell.com/government/departments/articles/index.cfm?Department=39; *All hydro communities have mandated diesel back up.

The following map presents the results of the survey graphically.

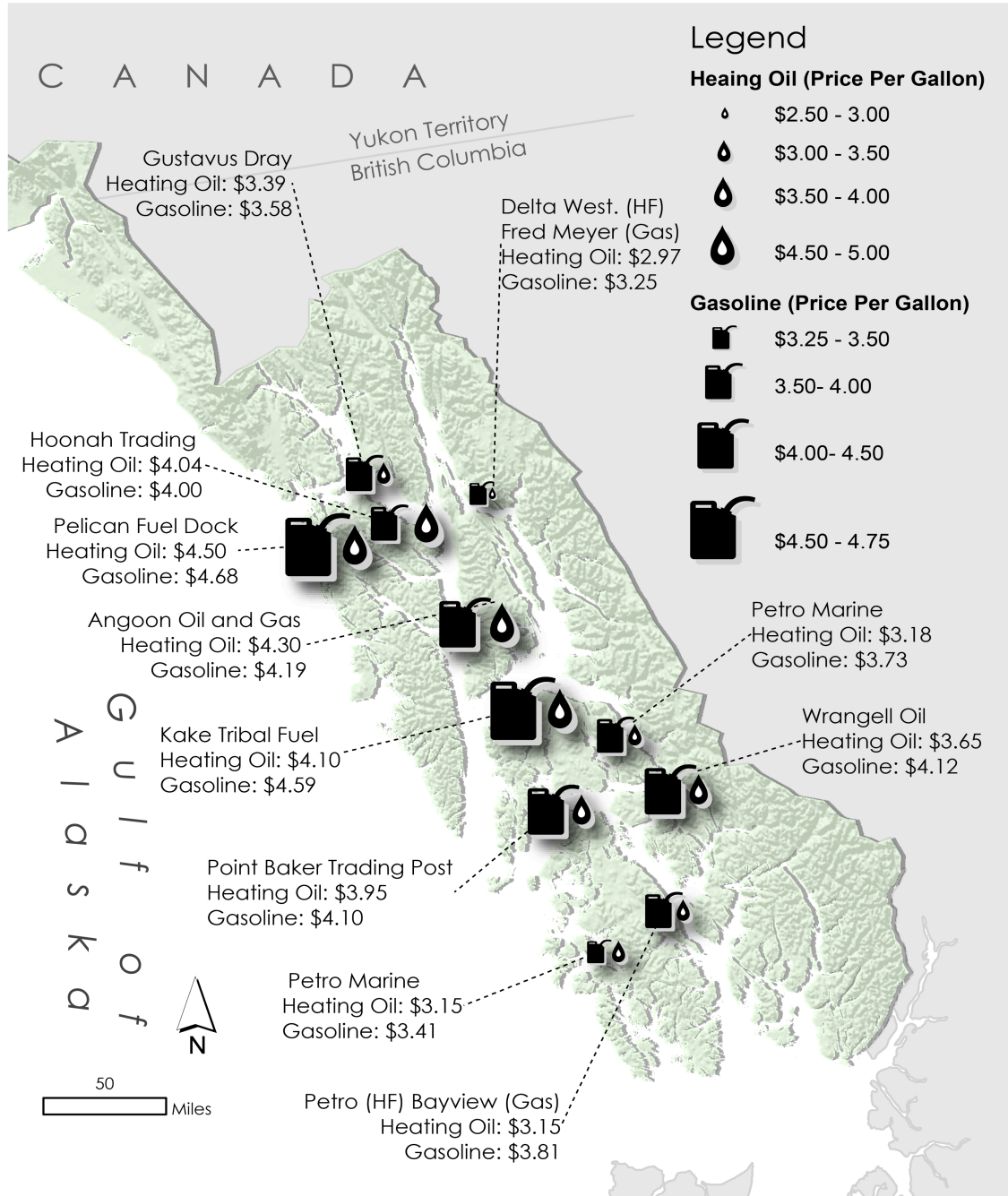
Small Commercial Rate for 1,500 kWh/month by Southeast Alaska Community, November 2010



Source: Inside Passage Electric Cooperative; Alaska Power Company; Personal Communication: Jane Button, Elfin Cove; Gustavus Electrical Company, Inc.; City of Ketchikan, Municipal Code, Chapter 11, Section 8, Electrical Rates; BC Hydro; Petersburg Municipal Power & Light Company; Alaska Electrical Light & Power Company; DCCED; City of Ketchikan; City and Borough of Yakutat; City and Borough of Wrangell.

The following map presents the comparative June 2010 prices for heating fuel and gasoline in Southeast Alaska, according to the Alaska Department of Commerce.

Fuel Prices in Southeast Alaska, June 2010



Source: Current Community Conditions: Fuel Prices Across Alaska - June 2010 Update 2010
<http://www.commerce.state.ak.us/dca/StaffDir/GetPubl.cfmRenewable Energy>



For many years, the State of Alaska, federal agencies, municipal and Tribal governments, public and private utilities, Southeast Conference, and the private sector have all been paying increased attention and devoting increased resources to the development of renewable energy infrastructure. The growing interest reflects the need to stabilize, and where possible, lower the cost of power and heat by reducing reliance on expensive diesel, stimulate economic growth and job creation, shift from non-renewable sources of power (oil) to renewable sources (hydro, tidal, wave, biomass, geothermal, solar), and reduce carbon and greenhouse gas emissions.

Keenly aware of the impact of high-cost energy, the US Forest Service notes that "The high cost of electrical power impeded economic development in the region, yet the region is rich in hydro power potential." (Economic Analysis of Southeast Alaska: Envisioning a Sustainable Economy with Thriving Communities, May 2010 R10-MB-725)

During the 2010 Alaska Legislative Session the State passed historic energy policy legislation. By enacting SB 220 and HB 306, Alaska energy policy was established in statute. This legislation is the blueprint for future action by the state and citizens to guide the development of renewable energy infrastructure and capacity that will reduce the use of imported diesel as a primary fuel source for electricity, space heating and transportation.

Renewable energy sources in Southeast Alaska include hydro power, biomass, geothermal, current, wave, tidal, wind, solar and more. The following goals and opportunities are linked to renewable energy:

Develop energy infrastructure and capacity to reduce reliance of businesses and communities in Southeast Alaska off of expensive diesel and onto a renewable energy system, thereby stabilizing, and in many communities, lowering the cost of power thus removing a barrier to business development and expansion.

Support the timber industry through the timber sales program, by utilizing utility grade timber and wood waste, thinning wood and slash, and small wood for wood pellet and other biomass heating and energy.

Invest in smaller scale, local energy sources wherever appropriate for commercial and residential space heating needs. Examples might include ground source heat exchange for homes, Juneau's new swimming pool and airport terminal expansion project, as well the Craig wood-chip fired school/pool heating project.

Serve as a research, testing, and product development location for future energy technology advancements, such as wave and tidal energy.

Establish policies, goals and action plans to convert Southeast Alaska's electrical, heating and transportation needs to local, renewable energy sources.

Consideration of the highest and best use of each form of renewable energy available to southeast Alaska, to include the needs of the residential customer, business and industrial needs and the potential for exporting energy from southeast into the Canadian grid and/or a possible connection into the South-central Alaska electrical grid network.

Hydropower

There are currently 25 hydropower facilities in Southeast Alaska generating just over 200 MW of electrical power. Some are very small facilities powering isolated hatcheries; others are linked together through transmission lines that power the region's communities. Nearly three-quarters of Southeast Alaska's total electrical generation of 277 MW comes from hydro power (if non-operating diesel back up capacity to the total, Southeast Alaska could produce 386 MW). Electrical transmission lines connect sub-regional grids in Skagway and Haines, Juneau and the Greens Creek Mine, POW Island communities and Ketchikan, Wrangell and Petersburg to share hydro power.

Hydro power projects currently under construction include a 5 MW project on Reynolds Creek on Prince of Wales Island with several other regional projects proposed or being studied.

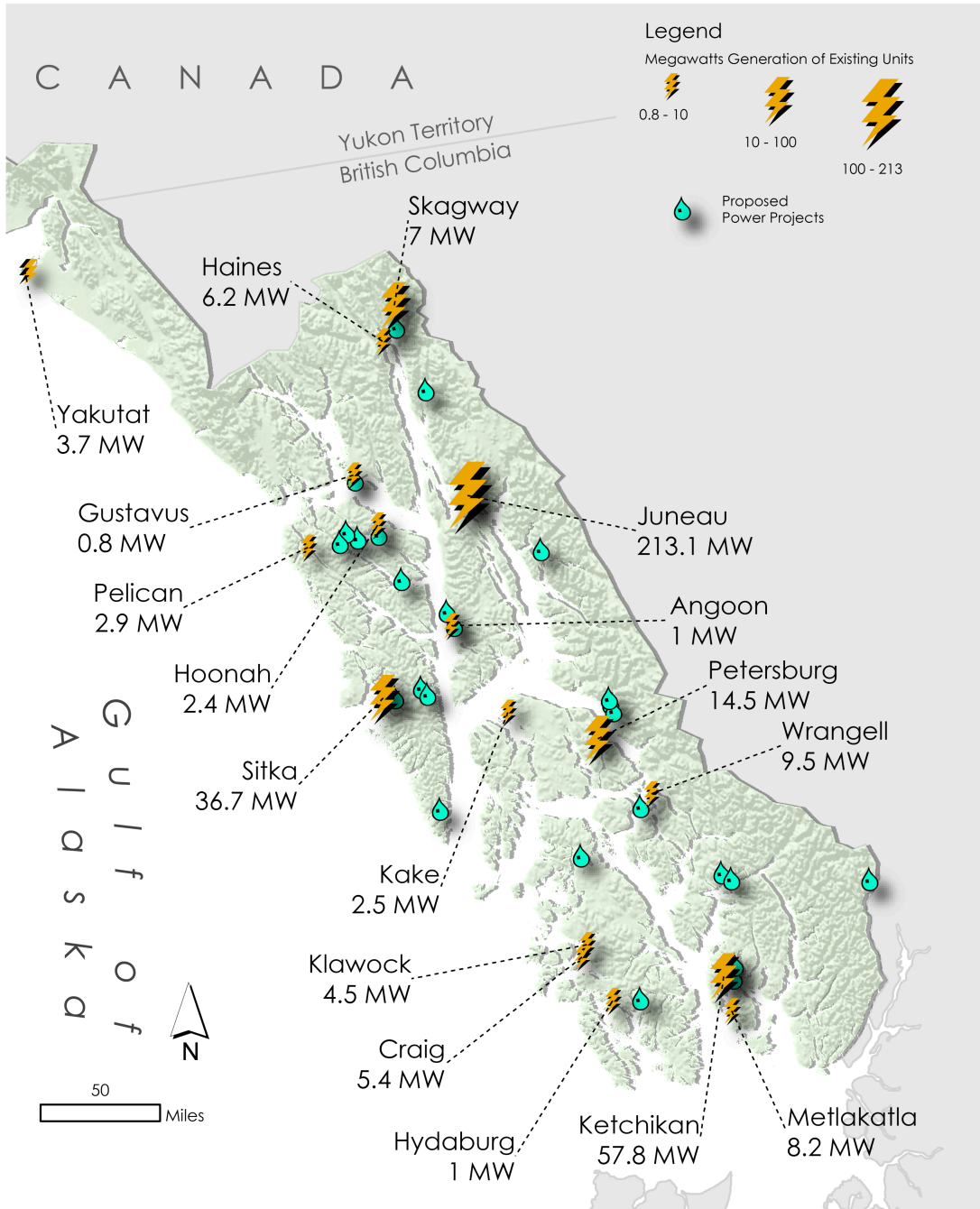
Hydroelectric Power Facilities in Southeast Alaska

Community/Area Served	Facility	MW	Note
Wrangell-Petersburg-Ketchikan	Swan Lake	22.4	
Wrangell-Petersburg-Ketchikan	Tyee	20.0	
Wrangell-Petersburg-Ketchikan	Burnett River Hatchery	0.08	run of river
Skagway-Haines	Dewey Lakes	0.9	run of river
Skagway-Haines	Goat Lake	4.0	
Skagway-Haines	Kasidaya Creek (Otter Lake)	3.0	
Sitka	Blue Lake	2.0	
Sitka	Green Lake	18.6	
E Baranof Is	Hidden Falls Hatchery		
S. Baranof Is (Armstrong Keta)	Jetty Lake, Betty Lake	0.2	
Prince of Wales/Klawock	South Fork Black Bear	2.0	run of river
Prince of Wales/Klawock	Black Bear Lake	4.5	
Petersburg	Crystal Lake	2.0	
Pelican	Pelican Dam	0.7	
Metlakatka	Chester Lake	1.0	
Metlakatka	Purple Lake	3.9	
Ketchikan	Beaver Falls	5.4	
Ketchikan	Ketchikan Lakes	4.2	
Ketchikan	Silvis Lake	2.1	
Juneau	Annex Creek	3.6	
Juneau	Gold Creek	1.6	run of river
Juneau	Salmon Creek	6.7	
Juneau	Snettisham	78.0	
Juneau	Lake Dorothy	14.3	
Gustavus	Falls Creek	0.8	
Total Current Capacity		201.9	
Planned/Under Development			
Angoon	Thayer Lake	1	design stage, run of river
Sitka	Blue Lake Hydro Expansion		Final Design
Sitka	Takatz Lake Hydro	28	Feasibility
Skagway-Haines	Connelly Lake	10.0	design stage
Prince of Wales	Reynolds Creek	5.0	Construction 2010
Hoonah	Gartina & Water Supply Creek	.6	design/permitting
Metlakatla	Triangle lake Hydro	3.0	proposed
Ketchikan-Saxman	Whitman Lake	4.6	construction ready
Wrangell-Petersburg-Ketchikan-Kake	Ruth Lake		Preliminary FERC license review
	Scenery Lake		
	Cascade Creek		

Sources: Renewable Energy Alaska Project www.alaskarenewableenergy.org; Tongass National Forest Energy Facilities, Feb 2010

The following map presents the megawatt generation of all existing units in Southeast Alaska, along with showing the location of proposed power projects.

Southeast Alaska Megawatt Generation of Existing Units 2010 and Proposed Power Projects



Sources: US Forest Service, US Energy Information Administration <http://www.eia.doe.gov/cneaf/electricity/page/capacity/capacity.html>, AEL&P, Southeast Conference, and the Nature Conservancy.

Biomass

Biomass energy is one of several near-term and long-term opportunities in Southeast Alaska. It could help moderate the cost of home and commercial heating, create uses for waste products, and bring an additional revenue source to mills. The primary focus is on developing wood-fired systems that displace fuel oil for heating public facilities. The above graphic shows the cost of heating oil in Southeast Alaska. The high cost is a reflection of the fact that all heating oil must be barged to the region, which is why alternative sources of fuel are of such great interest.

Several studies have examined how Southeast Alaska sources of biomass such as wood chips, hog fuel, thinning slash, and small trees could be used to manufacture products such as medium density fibreboard and to generate heat and electricity.

A February 2009 Beck Group study analyzed the economics of a variety of young growth and transition related possibilities on Prince of Wales Island. The study found that the least to most costly wood residues for producing energy are 1) wood residues from lumber manufacturing; 2) improved timber harvest log utilization; and 3) silviculture treatments such as pre-commercial and commercial thinning.

Those studying wood pellet opportunities in the Tongass suggest that at least a 10,000 ton/year demand is needed to sustain a local wood pellet plant. Sealaska Corporation in downtown Juneau just installed a wood pellet boiler, which will use about 250 tons/year to heat its four-story office. With current boilers in Sitka, Ketchikan and Juneau nearing the end of their design life, the US Coast Guard is seriously considering converting them to wood pellets. The federal government recently announced plans to convert the Ketchikan facility to a wood pellet heat system. Actions like these must continue to occur in order to build demand to the level that could sustain a local wood pellet plant for biomass to succeed. As this report goes to print, a consortium of individuals and businesses on Prince of Wales Island is actively looking at creating a wood pellet plant.

Like most forestry related investments contemplated as part of a transition in Tongass management, a guaranteed wood supply (between sawmill residue at known tons/year, scheduled timber sales, and scheduled thinning areas) must be assured in order to assume the risk of investment and obtain financing. The wood supply has been so unpredictable in the Tongass that the need for guaranteed wood supply (not a contract, but a guaranteed supply) is underscored by all involved.

Saah and Ganz (2009) showed that compared to importing and using heating oil, production and use of local biomass within the region is carbon positive. The Tongass Futures Roundtable, a group representing diverse interests that is dedicated to consensus building around sustainable communities in Southeast

Alaska, established by consensus on May 8, 2008 (and revised on February 27, 2009) the following goals for biomass projects:

- Improve regional energy self-reliance.
- Improve community viability and prosperity.
- Increase resiliency and competitiveness of regional sawmills.
- Reduce energy costs and carbon footprint.
- Create jobs and stimulate secondary manufacturing of wood products.
- Make forest restoration more economically viable.
- Reduce volume of municipal and forest waste/turn into a resource.
- Scale industry to regional energy needs.
- Scale industry to regional municipal, commercial, and forest byproduct waste streams.
- Does not create unsustainable exploitation of forest ecosystems or open remote and pristine areas exclusively for biomass feedstock production, although use of feed stock as part of wildlife and fisheries habitat is encouraged.

Geothermal

Alaska's geologic and tectonic history has produced substantial geothermal resources throughout the state. Southeast Hot Springs is one of three recognized geothermal regions in Alaska, and includes, from south to north, the Bell Island area north of Ketchikan; Goddard, Edgumbe and Baranof hot springs around Sitka; and Tenakee hot springs near Tenakee.

Several new buildings in the Juneau area use ground source heat exchange, which requires modest temperature differentials, to supply all or part of the buildings' heat. Geothermal heat pumps are used, functioning like air-source heat pumps but using the heat of the ground (instead of the air) as the heat source. Geothermal heat pumps require no combustion and are more efficient than air-source heat pumps (i.e., they can produce more heat using less electricity). However, they are much more costly to install. Geothermal systems are used in the new Juneau airport terminal building and the new Juneau community swimming pool, the AEL&P office building and warehouse, and in individual homes throughout southeast.

Current-Tidal-Wave

Ocean energy is divided into in-stream tidal and wave energy. All ocean technologies are in the pre-commercial stages, with European manufacturers and research institutes (particularly in the United Kingdom) leading the way.

In-stream tidal energy technology consists of many designs, but all convert the kinetic energy of flowing water into electricity, most using some type of turbine. Turbine designs range from underwater wind-style turbines to vertical- or horizontal-axis cross-flow turbines. Since in-stream tidal energy derives power from the tides, the power production is a highly predictable, if not constant, power source.

Wave energy conversion (WEC) devices are also in the pre-commercial stage. As an emerging technology, a wide array of designs aims to convert wave energy into electricity. Many potential designs are being tested around the world, ranging from heave devices like the Pelamis to oscillating water columns and single buoys riding the waves in the open ocean. While not as consistent as the tides, the amount of potential wave energy is frequently predictable days in advance.

River in-stream energy conversion (RISEC) devices work in a similar manner to tidal devices, but generally on a smaller scale. In the summer of 2008, the village of Ruby—located on the Yukon River, 50 air miles east of Galena—deployed and tested the first river hydrokinetic device in Alaska, a 5 kW New Energy Encurrent turbine.

EPRI Ocean Energy and Polagye of the University of Washington completed an assessment of the in-stream tidal energy resources in Southeast Alaska for the Alaska Energy Authority. They identified Cross Sound and Icy Strait as showing a massive energy potential, more than enough to meet the region's energy needs. In addition, high quality (strong power density), small (low average annual power) sites such as Angoon (Kootznahoo Inlet), Hoonah and Elfin Cove (Cross Sound) could provide power for remote locations.

In Southeast Alaska, Sealaska Corporation has been actively investigating the feasibility of sources and projects that could utilize tidal and current energy.

Wind

As a renewable resource, wind is classified according to wind power classes, which are based on typical wind speeds. These classes range from Class 1 (the lowest) to Class 7 (the highest). In general, at 50 meters, wind power Class 4 or higher can be useful for generating wind power with large turbines. Class 4 and above are considered good resources. Particular locations in the Class 3 areas could have higher wind power class values at 80 meters than shown on the 50-meter map because of possible high wind shear. Given the advances in technology, a number of locations in the Class 3 areas may be suitable for utility-scale wind development.

There are indications that the southeast Alaska Panhandle has wind resources consistent with utility-scale production. The greatest potential wind resources are found on the ridge crests throughout the region and on the interior marine passageways. Other wind resource areas are located in the Gulf of Alaska along the west coast of the southeast Alaska Panhandle. However, many of these locations are not near population centers or an electrical grid system and the technology has not proven to be an economical alternative to the plentiful hydroelectric resource throughout the region. Wind resources merit more study to see if wind can be a reliable supplemental energy resource in the region's renewable energy portfolios.

Solar

All of the Forest Service Tongass summer camp barges are now running on solar energy. These barges are used to house field crews. In 2009, the Forest Service completed the energy conversion of the last of four camp barges, the Chickamin, and also upgraded the first solar power system installed on the Steelhead camp barge in 2004. These solar-power systems have cut power costs by up to 50%, fuel consumption by 75%, and significantly reduced the risk of spills.

Individual homeowners in Southeast Alaska are using solar panels to reduce the high cost of power. In 2010 a demonstration home in Angoon received a \$100,000 retrofit to test energy-efficient technology, thanks to a collaborative project between the Southeast Alaska Conservation Council, Tlingit and Haida Central Council, and the Tlingit-Haida Regional Housing Authority. Solar panels were installed as part of a collaborative renewable energy and energy efficiency demonstration project that grew out of a desire to help the community explore renewable energy and other options that can have an impact in the short to medium term. Another private home in Gustavus is using solar panels for its electricity and during times of the year returns energy back to the local electrical grid.

Summary

Renewable hydro power already supplies just over half of Southeast Alaska's electricity. It continues to be the most cost-effective resource to develop for the electrical needs of the region. Communities and businesses that are instead dependent on diesel are paying significantly more for their electricity. Also, all who are using oil for space heat are forced to pay the high and fluctuating price of oil that must be barged to the region.

While Southeast Alaska is rich in renewable energy resources, not much beyond hydro is developed on more than a very small-scale, individual basis. There is momentum and attention now to biomass on Price of Wales Island that seems promising. Individual businesses, home and building owners, and communities are trying to move renewable energy projects in the region forward. While building owners can move forward with small-scale investments, some cite a need to coordinate several fragmented efforts and investigations around this subject in the region.

The State of Alaska is embarking on an Integrated Resource Plan that will investigate many of these issues. Combining resources and planning efforts will bring a focused resolution and action plan forward for businesses and community use that should detail the generation and transmission projects most needed in southeast Alaska.

Community by Community Review

The Southeast Conference (SEC) works closely with the Alaska Energy Authority (AEA) on energy planning for the region. As part of the State's energy planning for 2010, SEC contacted Southeast communities and regional utilities to identify current and future energy plans. Information gathered as part of that effort is now summarized by community.

Metlakatla

Metlakatla (population 1,400) is located on the Annette Islands Reserve approximately 15 miles from Ketchikan, Alaska. The local utility's power generation consists of four hydro generators, one diesel generator and one battery energy storage system. The combined hydros at Chester Lake and Purple Lake generate surplus power that could be dispatched to Ketchikan or to Kake via the Southeast Alaska Power Agency (SEAPA) intertie system if extended to Metlakatla.

The community has identified two projects for development. The Metlakatla-Ketchikan Intertie will be a 34.5 kV transmission line that will connect the electric systems of the two municipalities. The intertie will include 16 miles of overhead line and one mile of submarine cable terminating at Ketchikan's Mountain Point substation. This project is partially funded by AEA and Denali Commission grant funds.

The second proposed resource development project is the Triangle Lake hydro facility. This resource is located along the proposed intertie route and would consist of a single-turbine generating unit with a capacity of 4.0 MW (17,324 MWh annually), with project costs estimated at \$17.7 million (per 2000 R.W. Beck Study for KPU).

Ketchikan

Ketchikan Public Utilities (KPU) owns Ketchikan Lakes Hydro, Beaver Falls Hydro, and Silvis Hydro. Total local hydro capacity is 13 MW. KPU's Bailey Plant has four peaking/standby diesel units (24 MW) and there are two standby units at the North Point Higgins substation capable of generating 3.2 MW. SEAPA can supply up to 24 MW of power from Swan Lake and Tyee via intertie. Local energy demand continues to grow, which will result in diesel power dependence in the foreseeable future unless more hydro is developed soon.

The preferred resource development project for immediate construction by the City of Ketchikan is the Whitman Lake Hydro project, located approximately four miles from town with an estimated generating capacity of 4.6 MW (16,000,000 kWh annually). This project will operate in conjunction with the Whitman Lake Hatchery and will provide the hatchery with much needed improvements. Pipelines will lead to a new

powerhouse containing two hydro generating units. Unit 1 will generate power with water that would otherwise be spilled; Unit 2 will generate power from water delivered to the hatchery located next to the proposed hydro project. Projected costs (per KPU) are \$19,050,000 with a legislative funding request for \$15,680,000. The Whitman Lake Project is licensed and construction-ready and is needed to meet Ketchikan's real and imminent energy needs.

The Coast Guard is strongly considering installation of a wood pellet boiler at its Ketchikan Station and the federal government recently announced plans to convert their facility in Ketchikan to a wood pellet heating system.

Other Resources Near Ketchikan

Five miles northeast of Ketchikan is the proposed 9.6 MW Mahoney Lake Hydroelectric project. This joint venture (Cape Fox, Alaska Power & Telephone, City of Saxman) proposes the installation of a tap into Upper Mahoney Lake, a 1,700-foot-long upper tunnel, a valve house, a buried bypass pipe, a 1,370-foot-long vertical shaft, an 8-foot-diameter, 3,350-foot-long lower tunnel, a semi-underground powerhouse, a 200-foot-long tailrace channel, 1.5 miles of buried transmission line and 3.1 miles of overhead transmission line, a switchyard, and 2.6 miles of new access road.

Other resources in the area include Connell Lake (2.0 MW), Lake Shelokum (AP&T, 7 MW) and Lake 3160 (AP&T, 4.9 MW). AP&T has expressed a concern about "stranded" resources in the area without open access to transmission corridors. Biomass resources are abundant and are looked to as potential space heating solutions.

Prince of Wales Island

AP&T has developed an extensive intertie network throughout Prince of Wales Island, connecting most of the communities to its hydroelectric facilities at Black Bear Lake (4.5 MW, 1995) and South Fork Hydro (2 MW, 2006). Construction is underway on a 48-mile transmission line extension to Naukati Bay and Coffman Cove. After completion, all POW communities (except Whale Pass) will be interconnected through the hydroelectric grid.

Hydro resources are being developed at Reynolds Creek near Hydaburg and Neck Lake in Whale Pass. Reynolds Creek is a 5 MW facility that is jointly owned and operated by AP&T and the Haida Corporation. The proposed 0.3 MW Neck Lake facility is intended to displace 100% of the diesel-generated power for Whale Pass and will be owned and operated by AP&T.

Prince of Wales Island is in a unique situation with its abundant timber resources and operating mills. Discussions with the Prince of Wales Community Advisory Council (POWCAC) showed strong support from the communities for further development of biomass energy resources. The City of Craig has successfully implemented a district heating system with the wood waste products from the local sawmill. The communities have also been in discussion with the US Forest Service about timber harvest levels that could support expanded development of energy related ventures.

Southeast Alaska Power Agency

The three member utilities of the Southeast Alaska Power Agency (SEAPA) own and operate the Tye Lake hydro facility near Wrangell and the Swan Lake hydro facility near Ketchikan. The 57-mile Swan-Tye Intertie is now operational and interconnects the Swan Lake and Tye Lake hydroelectric projects. As a result, all of the member utilities (Ketchikan, Wrangell and Petersburg) are interconnected for the first time and the hydroelectric projects are more efficiently operated. Existing surplus power from the Tye Lake project will be used to displace diesel generation in Ketchikan.

Multiple resources throughout the SEAPA network region include Thoms, Sunrise and Anita Lakes (7.5 MW, 4 MW and 8 MW respectively) near Wrangell, and the Thomas Bay hydro projects north of Petersburg (80 MW Cascade Creek, 40 MW Scenery Creek and 20 MW Ruth Lake). Bell Island also has geothermal potential.

Hyder

AP&T is proposing the development of a 75 MW hydro at Soule River near Hyder. This 1,000-foot-long, 160-foot-high dam would create a reservoir of approximately 950 acres, with water flowing down a 2.08-mile pipe (penstock) to spin two generators in a tidewater-level powerhouse. The facility would produce an annual average of 270 gigawatt hours of electricity that would travel about 11 miles via underwater cable and overhead power line to connect with the British Columbia Transmission Corporation's transmission system at Stewart, British Columbia. Projected costs are estimated at \$200 million (per AP&T).

Inside Passage Electrical Cooperative (IPEC)

IPEC has actively pursued reduced and stably priced electric rates on behalf of its member owners for many years. The high and volatile price of diesel has both hurt and helped in their quest—hurt because rates necessarily climb to cover increasing costs of fuel, and helped because they now have available a State grant program dedicated to assist with the mission to become diesel independent. An activity update for each of IPEC's communities follows.

Angoon



The Forest Service signed the EIS Record of Decision for the Thayer Creek Hydroelectric Project in May 2009. Kootznoowoo has the rights to develop the project, and IPEC is the certificated and regulated electric provider for Angoon. It is anticipated that IPEC will buy power from Kootznoowoo when the project is built as long as it is cheaper than diesel-generated power. Other resources such as wind, biomass and tide may prove economical to develop in the future.

Hoonah

IPEC moved its decade-long effort to secure funding for the Hoonah-Juneau intertie to a long-range option after the price of submarine cable construction put the project cost at up to \$45 million. The immediate focus for lower cost renewable power for Hoonah is primarily the development of two small run-of-the-river hydro projects for Hoonah which would displace up to 50% of Hoonah's diesel-generated electricity (nearly 250,000 gallons of diesel annually).

Other Chichagof Island Resources

Southeast Conference and AEA have been facilitating planning efforts between IPEC and the communities of Chichagof Island for possible integrated corridor development (roads, communications and electric transmission grids) to serve multiple communities. This idea is in its infant stages, but could solve many problems for island residents, including access to healthcare facilities, an airstrip, better and more transportation options, and improved communication services. There is an abundant hydro resource in Pelican that could be dispatched via an intertie to Hoonah. The island also holds vast amounts of biomass resources that could be utilized. While Tenakee Springs is known for its geothermal resources, its focus is now on a potential hydro resource at Indian River to displace 44,400 gallons of diesel used annually for power generation. Elfin Cove has been identified as an ideal location for tidal energy development, as has Port Frederick near Hoonah, where AP&T envisions a possible 400 kW facility can be constructed. These opportunities will be explored further during the Integrated Resource Planning project.

Kake

The Alaska Energy Authority, Southeast Conference, the City of Kake, the City of Petersburg, AKDOT, OVK, SEAPA and IPEC are working together to facilitate, permit and construct a utility corridor (intertie project) between Kake and Petersburg. The intertie would allow IPEC to obtain hydro power through SEAPA. The U.S. Forest Service conducted scoping meetings in both Petersburg and Kake during 2010 and the necessary efforts are being undertaken to obtain permitting for construction of the intertie. Stream surveys and assessments were conducted along the roaded sections of the two proposed corridors this fall and work begun on archaeological and cultural resource inventory for the Alaska State Historic Preservation Officer. Other sensitive plant, Goshawk surveys, etc. will be completed during the 2011 field season. Geotechnical and preliminary design continues as the process to finalize route selection and construction

costs concludes. Funding is secured for the environmental review and final design. Kake seeks construction funds for the intertie so that construction can begin as soon as permitting is completed (est. mid-2012).

Chilkat Valley/Klukwan

Power in Haines is primarily purchased from AP&T and is transmitted via interties from its hydro generation facilities in Skagway. IPEC is working to purchase the 10 Mile Hydro Project (northwest of Haines), and is pursuing options to lower an enormous amount of construction-related debt that directly contributes to the high cost of electrical rates (recently as high as \$0.568 kWh).

Sitka

Sitka ranks as the nation's 10th largest seafood port (by value), due in large part to the availability of an abundant source of clean, hydroelectric energy. However, economic growth and stability is threatened by the lack of growth in the development of hydro resources and the exhaustion of the current 124,000 MWh supply generated annually.

Sitka is undertaking a number of efficiency and conservation measures along with generation and distribution upgrades and the implementation of interruptible load programs. Sitka continues these types of initiatives while working to expand the Blue Lake hydro (which will add 34,000 MWh firm service, replacing (2) 3MW turbines with (3) 6 MW turbines and raising the existing dam height an additional 83 feet). Feasibility studies are in progress to develop the 28 MW hydro potential at Takatz Lake. The Blue Lake Expansion Project is in final engineering design, orders for new turbines have been placed, and the final FERC license amendment application was submitted in November 2010. Also nearby are extensive geothermal resources that may be economical to develop in conjunction with Takatz. The IRP will detail how and when these resources should be developed.

Other Sitka Resource Development

The U.S. Coast Guard is moving forward with the installation of a wood pellet boiler to replace old oil-fired boilers to heat its facilities on Japonski Island. The USCG in cooperation with Mt. Edgecumbe High School completed installation of a Skystream 3.7 wind turbine in December 2010 and is the second Renewable Independent Power Producer (RIPP) to be connected to the city's utility grid in 2010.

Juneau

With the completion of the 14.3 MW Lake Dorothy Hydroelectric project, Juneau has over 100 megawatts of installed renewable energy generation capacity at five power plants, including Snettisham, Annex Creek, Salmon Creek, and Gold Creek. A second phase is planned for Lake Dorothy in the future.

Snettisham is the largest hydro project with a maximum peak output of 85 MW and an average annual energy output of 325 million kW hours. This project is located about 28 air miles southeast of downtown Juneau and provides 80-85% of Juneau's electricity. Built by the federal government in 1973 and expanded in 1990, the Snettisham Project was sold to the State of Alaska in 1998. AEL&P operates and maintains the project under the provisions of a long-term power sales agreement with the State.

Two other smaller hydroelectric plants supply power year-round. The Annex Creek and Salmon Creek Power plants are historically tied to the gold mining days, when low-cost power was needed to operate the mills. Built in 1914-16, the two plants were engineering marvels for their day and continue to provide low-cost, reliable power today. Both provide the remaining 6 MW of capacity and add an additional 50 million kW hours of energy production yearly.

President Obama's executive order mandating environmentally friendlier federal buildings has spurred the NOAA Fisheries Auke Bay research facility to install a 30-foot spinning tower (wind-powered electrical generator) that will produce 1.2 kW of electricity. Others have also expressed interest in developing wind and tidal resources, as well as some biofuels. Heat pump systems (either ground-source or using seawater) are also being installed at various facilities in Juneau. Sealaska Corporation installed a wood pellet boiler to heat its downtown corporate headquarters and will use 250-300 tons/year. The Coast Guard is considering installation of a wood pellet boiler at its downtown Juneau station, where a small windmill is also in use.

Gustavus

The recently completed Falls Creek hydro produces 800 kW of electricity for Gustavus. This facility is projected to meet the community's power needs for the foreseeable future. A waste-heat project is being examined to utilize excess water coming through the facility. The utility is pursuing construction-debt relief in order to lower rates to the consumer and is working with the National Park Service to initiate the process to connect the Glacier Bay Lodge to hydro power. This project is expected to take 3-5 years. The additional power load can be easily met by current production capacity and will help lower the rate base to consumers while displacing approx. 70,000 gallons of diesel used by the National Park Service each year.

Yakutat

Yakutat is totally dependent on diesel-generated power but has an active feasibility study underway for a biomass facility. The community is renowned by surfers for its large waves; Outside Magazine rated Yakutat one of the five best surf towns in America and Newsweek wrote an article about "surfing with sea otters." The Yakutat utility is wrapping up a feasibility study for a near-shore wave generator patterned after Scotland's energy farm. The wave generator is made up of connected sections that flex and bend as waves pass. This motion would be used to generate 650 kW of electrical power. Yakutat's hydro resources are located too far from the community to be developed economically.

Upper Lynn Canal

The Upper Lynn Canal Power Supply System was formed by AP&T to coordinate electric utility operations currently serving Skagway and Haines. This intertie has been extended up the Haines Highway to connect IPEC's system (Klukwan and Chilkat Valley) to the hydro resources generated from Skagway. If not for the intertie from Skagway, Haines would be almost totally dependent on diesel power. This has prompted the utility to examine hydro resources closer to Haines. The Connelly Lake Hydro Project is under a preliminary permit with the Federal Energy Regulatory Commission to develop and submit a license application. This storage project, which would include a small dam, would have a power plant generating up to 10 MW of power. Located up the Chilkoot River approximately 12 miles southwest of Skagway and 15 miles northeast of Haines, this project is still in the preliminary design stage.

The Haines Borough is also considering possible biomass heating projects (either district heating or single-site projects). The local Chilkoot Indian Association is installing wood pellet heating systems in their new housing complex. There are hopes that biomass heating systems may be able to utilize resources from the 286,000 acre Haines State Forest.

Upper Lynn Canal's energy cornerstone is the Goat Lake Project, a 4.0 MW hydroelectric facility located seven miles north of Skagway. The 204-acre, glacially fed lake has the winter storage necessary to sustain

year-round hydro generation. Goat Lake Hydro became operational in December 1997, and was interconnected with Haines via a 15-mile submarine cable in September 1998. The submarine cable was laid in Taiya Inlet, a fjord with depths up to 1,500 feet. This project allowed diesel-powered generators at both the Skagway and Haines plants to become quiet for the first time in nearly 80 years.

The 943 kW Dewey Lakes Hydro Project is located adjacent to downtown Skagway. This project was built in the early 1900s and has been operated by AP&T since 1957. In 2009, the 3 MW Kasidaya Creek run-of-river hydro project was constructed three miles south of Skagway.

Other projects envisioned in the Municipality of Skagway are the Burro Creek Hydro (feasibility study for a run-of-river system of up to 2 MW) and the West Creek Hydro feasibility study for a 25 MW dam project that could supply power to cruise ships docking in Skagway.

State of Alaska Planning Efforts in Southeast

The Alaska Energy Authority (AEA) is embarking on a Regional Energy Plan for Southeast Alaska for the communities between Yakutat to Metlakatla. The purpose of the plan is to create a document that identifies actions Southeast Alaskans can take so that all southeast residents can enjoy access to affordable, reliable energy for electricity, heating and transportation. This plan is envisioned to be a tool that Southeast Alaskans can use to facilitate future economic development and energy independence.

The goals of this Integrated Resource Plan are:

- To reduce reliance on fossil fuel energy in Southeast Alaska,
- To develop strategies for long run energy security within the region
- To develop strategies for wisely and effectively making use of the region's renewable energy resources
- To develop least cost options for the provision of electricity, space heating and transportation for the long run, to enhance regional economic development

The plan will include an assessment of regional energy concerns and issues, a regional transmission and inter-connection plan, and will address individual community energy needs for electricity, heating, and transportation. The long-range plan will identify a phased plan of generation and transmission capital improvement projects in the Southeast Region of Alaska. The state's contractor is expected to develop this plan based on; public, stakeholder, and advisory committee input; review and analysis of existing data and systems; contractor created financing models; and the technical knowledge and experience the contractor may have in developing resource plans. The success of this planning process will be dependent on the participation of all stakeholders in southeast.

Energy/Renewable Energy Strength/Constraints

Key constraints/obstacles



Electrical Rate Disparities

Small commercial businesses located in diesel dependent Southeast Alaska communities are paying 213 percent more on average than businesses in places where electricity is generated by hydro power. This is due to a number of factors including the economies of scale resulting from a larger population base, investment by the state and federal government in energy infrastructure and access to an integrated electrical grid system.

Even in the smaller, more remote communities, there is significant reduction in the rates that businesses pay in hydro-developed communities in Southeast Alaska. Alaska Power & Telephone Company charges an average of \$373 for 1,500 kWh/month, while the diesel-dependent Inside Passage Electrical Cooperative charges an average of \$808.

Renewable Energy Projects

Construction of renewable energy systems and transmission lines requires large capital investment. Many barriers must be overcome for sufficient renewable energy to be produced in Southeast Alaska to meet the electrical, space heating and transportation needs of the region. These barriers included:

- Lack of access to energy resources within the federal lands
- Lack of access from energy resources via transmission corridors
- Regulatory uncertainties in a politically charged environment that adds delays, construction cost increases and increased risk into each project.
- Lack of viable timber industry to produce biomass byproducts for energy
- Need for incentives and/or understanding of available technology for electrical, space heating and transportation needs throughout the region
- Lack of cohesive policies and actionable plans at local, state and federal levels
- Cost to convert from one form of energy to another
- Steady fuel supply
- Operations and maintenance issues

The majority of proposed generation and transmission projects in southeast are contained within or cross federal lands. The electrical intertie project that is farthest along—between Petersburg and Kake, could be complicated by the fact that portions of the project are within inventoried roadless lands in the Tongass National Forest.

Key strengths/opportunities

Electrical utilities

Communities on hydroelectric power, particularly those connected via transmission lines that provide redundancy and back-up, have some of the least expensive electricity rates in the State. This resource is clean, "green," and abundant in our rainforest climate.

Renewable energy

Achieve goal to transition businesses and communities in Southeast Alaska off of expensive diesel and onto a renewable energy system, thereby stabilizing and in some cases, lowering the cost of power and removing a barrier to business development and expansion. Completing the Petersburg-Kake and Metlakatla to Ketchikan electrical intertie projects would create many direct jobs through construction, operations, and maintenance as well as indirect jobs through development allowed by lower-cost energy.

Focus on and invest in smaller-scale, local energy sources in appropriate locations. The full build-out of a regional intertie system may never be economically feasible to build. In the meantime, smaller rural communities and businesses cannot afford expensive heating oil and electricity.

Estimates suggest that about \$2 of every gallon of heating oil purchased in Southeast Alaska leaves the region because the oil is bought outside and barged in. This equates to \$35-\$50 million annually exported. If policy makers would establish goals and action plans to transition away from imported fuel and develop renewable energy resources, coupled with technological advancements and demand side management policies, much of this money could be retained within the region, with many direct and multiplier benefits in job creation and economic development initiatives.

It is apparent that most of the research and development for renewable energy innovations in current, tidal and wave energy are happening outside Southeast and most of Alaska. State and federal agencies and the University system could be partnering to encourage research, testing, and product development here for these alternative energy technologies. Southeast Alaska could serve as a research, testing, and product development location for current, wave and tidal energy.

Incentives to increase the number of wood pellet heating systems in Southeast Alaska to generate at least a 10,000 ton/year demand, would sustain a local wood pellet plant. Like most forestry related investments contemplated as part of a transition in Tongass management, some type of guaranteed wood supply also is likely necessary before financing will be available.

Fisheries, Seafood Processing, and Mariculture

Fisheries

Fishing's long history in the region, the variety of species, harvesting methods, end markets, and product forms presents an array of analytic challenges for any observer. In this section we address a few of the many highlights. Indeed, one of the industry's challenges statewide is that despite vast amounts of data, the economic analysis that can inform policy making is somewhat limited. Hopefully, the highlights presented in this Asset Map and some of the questions raised will illustrate the scope and potential of the sector and spark interest and commitment to more fully realize its economic potential for Southeast Alaska. This chapter reviews fishing, processing, and mariculture.

Fish are among Alaska's most important natural resources, with a 2009 statewide harvest valued at more than \$1.2 billion. The commercial fishing industry employs almost 54,000 workers sometime during the year, in either harvesting or processing. Commercial fish harvesting and processing is thus one of the largest private sector industries in the state. These activities account for more than 50 percent of basic private sector employment in many coastal communities ("Employment in the Seafood Industry," November 2010 Alaska Economic Trends, ADOLWD).

A recent Commercial Fisheries Entry Commission (CFEC), National Marine Fisheries Service (NMFS), and ADOLWD analysis found that in Southeast Alaska, there were an estimated 10,150 harvesters (commercial fishing permit holders and crew) in 2009. It is estimated that on an annual basis about 18 percent of Southeast Alaska's private sector work in 2009 was fishing-related ("Employment in the Seafood Industry", November 2010 Alaska Economic Trends, ADOLWD).

The gross earnings of those engaged in commercial fishing is estimated at \$173 million in 2009. This is about 14% lower than 2008; the value of fisheries was lower all over the state in 2009 compared to 2008, except for Bristol Bay.

Preliminary 2010 ADF&G data for the ex-vessel value of the salmon harvest in Southeast Alaska is \$131,240,000; this is about 17 percent higher than 2009's ex-vessel value of \$111,522,000 (ADF&G; Catch, Effort and Value, Salmon Fisheries in Alaska).

In 2009, of the top 15 ports in the US for dollar value of commercial fish landed, five are in Alaska, and one is in Southeast: Sitka, ranked 9th in the US, with \$51.3 million dollars of commercial fish landed in 2009. In terms of volume of commercial fish landed, there are five Alaskan ports in the

top 15 including Sitka ranked 14 and Ketchikan ranked 15, with 78.4 million pounds and 75.9 million pounds of commercial fish landed respectively in 2009.¹

There are approximately 60 seafood processing facilities in Southeast Alaska; they are found from Yakutat south to Craig and range in size from grocery stores that process fish for their customers to large processing facilities that employ hundreds of workers and provide lodging and meals.

Mariculture, a specialized branch of aquaculture, cultivates marine organisms for food and other products in the open ocean, an enclosed section of the ocean, or in tanks, ponds or raceways which are filled with seawater. In Southeast Alaska there are currently 10 productive mariculture farms located in clusters in Yakutat, Kake and Naukati Bay that produce primarily oysters and clams. In 2009, total farmgate sales were about \$184,000.

In addition, thousands of visitors come to Southeast Alaska each year to enjoy the world class sport fishing, and they contribute to the economy by supporting local businesses. Fish also comprise 60 percent of subsistence foods taken each year in the state, which has been fundamental to Alaskan culture for thousands of years. In Southeast both Alaskan Natives and non-Natives rely on fish for subsistence and this tradition allows a love of fishing to be passed from one generation to the next.

In 2009, approximately 24% of Southeast Alaska's commercial permit holders were non-residents and 30% of the region's total gross earnings went to non-residents. These percentages are about the same as for the Southcentral and Kodiak fisheries regions, but half of those experienced by Bristol Bay. And, in the Aleutians region, 84% of the gross earnings went to non-residents.

Commercial Fisheries Harvesting Workforce and Gross Earnings Southeast Alaska, 2006 to 2009

Year	Individuals who fished Permits*	Percent Nonresident Permit Holders	Estimated Number of Crew Members	Total Estimated Workforce**	Total Gross Earnings of Permit Holders***	Percentage of Total Gross Earnings by Nonresident Permit Holders
2006	2,520	21.2%	6,545	9,065	\$135,937,555	27.8%
2007	2,638	22.6%	6,897	9,535	\$191,835,207	26.8%
2008	2,815	22.5%	7,170	9,985	\$201,478,290	26.2%
2009	2,835	23.8%	7,315	10,150	\$173,481,400	30.4%

* Commercial Fisheries Entry Commission

** Workforce refers to the number of individual fishing permits plus the crew members needed for the permit they fish. Statewide crew member counts are estimated derived from crew member license sales.

*** Gross earnings, or revenue, are currently the most reliable data available, but they are not directly comparable to wages as expenses have not been deducted.

SOURCE: "Employment in Alaska's Seafood Industry," Alaska Economic Trends, November 2010. CFEC, NMFS, ADOLWD R&A Section.

¹ NOAA Fisheries http://www.st.nmfs.noaa.gov/st1/commercial/landings/lport_year.html

Fisheries Utilized by Southeast Alaskans

Commercial fisheries In Southeast Alaska include:

- **Salmon:** hatchery terminal areas (primarily chums and pink, but other too), seine (primarily pinks, but some chum and sockeyes), hand and power troll fisheries (primarily kings and cohos, some chum), driftnet/gillnet (primarily sockeye, with some chum and pinks), and some setnet (primarily cohos). In addition salmon subsistence and personal use is regulated.
- **Shellfish:** sea cucumber, tanner crab, shrimp pot, geoduck, dungeness crab, sea urchin, golden (brown) king crab, red/blue king crab, and shrimp trawl. A personal use king crab fishery is also regulated by ADF&G.
- **Herring:** herring bait, herring test, herring sac roe, and herring eggs on kelp.
- **Groundfish:** halibut, groundfish, rockfish, lingcod, and sablefish.

Regardless of whether one considers Southeast Alaskan's harvest by pounds, gross earnings, or the number of permit holders who fished, salmon, halibut, herring roe, and sablefish all top the chart. The table below reviews the top five fisheries for Southeast Alaskans in 2009, and how many of those participating in each fishery are Southeast Alaskans.

Eighty percent of the state's salmon power and hand troller fleet are from Southeast Alaska. In 2009, the salmon power troll fishery is ranked 3rd for the most pounds Southeast residents harvested, ranked 3rd for the most earnings, and ranked 2nd for the number of Southeast permit holders fishing. The other fishery that ranks for all categories is the halibut longline fleet whose vessels are under 60 feet in length. About 39 percent of those who fished in this fishery (statewide) were Southeast Alaskans in 2009 and they brought home the highest gross earnings of any fishery in our region this year at \$25.8 million dollars. Of the top fisheries that are limited to Southeast, only half the salmon purse seiners and half the state's total earnings for this fishery accrue to Southeast residents. However, this half did amount to \$25.4 million in 2009, the 2nd most valuable fishery for Southeast residents. For the herring roe purse seine fishery, 52 percent of those who fished were Southeast Alaskans, and they harvested about one-third the total catch.

Southeast Alaskan Resident's Top Five Fisheries, 2009
(state fisheries only)

Rank	Top Five SE Fisheries by Pounds Harvested	Pounds Harvested by Southeast Residents	Total Pounds Harvested, Statewide	% SE Residents
1	Salmon, purse seine Southeast Alaska	73,762,638	144,726,376	51%
2	Salmon, drift gillnet Southeast Alaska	24,376,918	31,155,566	78%
3	Salmon, power troll, statewide	12,161,271	15,451,386	79%
4	Halibut, longline vessels <60 feet, statewide	10,968,588	42,554,010	26%
5	Herring roe, purse seine Southeast Alaska	10,181,726	29,551,858	34%
	Top Five SE Fisheries by Gross Earnings	Gross earnings for Southeast residents	Total Gross Earnings, Statewide	% SE Residents
1	Halibut, longline vessels <60 feet, statewide	\$25,843,750	\$98,528,940	26%
2	Salmon, purse seine Southeast Alaska	\$25,451,983	\$50,191,745	51%
3	Salmon, power troll, statewide	\$16,839,527	\$21,457,637	78%
4	Sablefish, longline vessel under 60', statewide	\$15,814,510	\$40,332,472	39%
5	Salmon, drift gillnet Southeast Alaska	\$15,228,708	\$19,521,060	78%
	Top 5 SE Fisheries by Number who Fished (permit holders only, does not include crew)	No. Southeast Resident Fishermen Who Fished	Total No. Fishermen Who Fished, Statewide	% SE Residents
1	Halibut longline vessels <60 feet, statewide	735	1877	39%
2	Salmon, power troll, statewide	604	750	81%
3	Salmon, hand troll, statewide	325	368	88%
4	Salmon drift gillnet Southeast Alaska	315	410	77%
5	Sablefish, longline vessel under 60', statewide	219	456	48%

Source: Commercial Fisheries Entry Commission, 2009 Participation & Earnings Statistics, by borough/census area, and statewide data

Approximately 170 million pounds of seafood was landed by Southeast Alaskan fishermen in 2009, which generated estimated gross earnings for harvesters of \$143 million. The pounds and value of fish landed by commercial harvesters who list a Southeast community as their home in 2009, 2008, 2000 and 1990 is shown on the table below. These fish were not necessarily caught or landed in Southeast Alaska, but were caught by Southeast Alaska residents, and the earnings accrue to those resident permit holders.

The average dollars per pound of fish harvested dropped between 1990 and 2000, and rebounded somewhat through 2008-2009. Salmon prices in Alaska 'bottomed-out' in 2001-2002 as the worldwide farmed salmon industry took off. Marketing of Wild Alaskan Salmon has helped salmon prices in Alaska rebound, though they are only now returning to the nominal values of 1990, and are still below 1990 when corrected for inflation. Fish prices were down throughout the state in 2009 compared to 2008, except for Bristol Bay.

Average per pound Seafood Values, and Total Landings and Values
by Residents of Southeast Alaskan Communities, 1990 to 2009

	1990	2000	2008	2009	Change 1990- 2000	Change 2000- 2009	Change 2008- 2009
Haines Borough (\$/lb)	\$1.48	\$0.60	\$0.96	\$0.86	-59%	43%	-10%
Pounds Landed (1,000)	4,394.90	6,842.70	7,601.72	6,105.39	56%	-11%	-20%
Estm. Gross Earnings (\$1,000)	\$6,497.30	\$4,092.30	\$7,312.32	\$5,243.53	-37%	28%	-28%
Juneau City and Borough (\$/lb)	\$1.38	\$0.94	\$1.33	\$0.95	-32%	1%	-29%
Pounds Landed (1,000)	17,973.80	17,496.60	16,789.08	18,485.51	-3%	6%	10%
Estm. Gross Earnings (\$1,000)	\$24,874.10	\$16,372.90	\$22,342.20	\$17,526.87	-34%	7%	-22%
Ketchikan Gateway Borough (\$/lb)	\$0.80	\$0.51	\$0.81	\$0.57	-36%	13%	-29%
Pounds Landed (1,000)	29,868.40	27,350.00	24,710.63	31,285.38	-8%	14%	27%
Estm. Gross Earnings (\$1,000)	\$23,786.60	\$13,921.00	\$20,036.78	\$17,958.97	-41%	29%	-10%
Prince of Wales-Outer Ketchikan (\$/lb)	\$1.16	\$0.83	\$1.26	\$0.76	-28%	-8%	-40%
Pounds Landed (1,000)	10,523.70	8,739.90	11,458.41	15,031.76	-17%	72%	31%
Estm. Gross Earnings (\$1,000)	\$12,188.80	\$7,277.20	\$14,483.78	\$11,460.55	-40%	57%	-21%
Sitka City and Borough (\$/lb)	\$1.35	\$1.10	\$1.74	\$1.04	-19%	-6%	-40%
Pounds Landed (1,000)	22,682.30	29,144.60	22,001.42	29,350.22	28%	1%	33%
Estm. Gross Earnings (\$1,000)	\$30,564.10	\$32,041.10	\$38,266.06	\$30,489.46	5%	-5%	-20%
Skagway-Hoonah-Angoon (\$/lb)	\$1.36	\$1.32	\$1.98	\$1.49	-3%	13%	-25%
Pounds Landed (1,000)	9,179.60	4,758.20	3,850.67	3,758.64	-48%	-21%	-2%
Estm. Gross Earnings (\$1,000)	\$12,526.30	\$6,272.60	\$7,643.43	\$5,589.77	-50%	-11%	-27%
Wrangell-Petersburg (\$/lb)	\$1.03	\$0.89	\$1.25	\$0.82	-14%	-8%	-34%
Pounds Landed (1,000)	61,214.90	52,577.60	54,419.25	64,249.43	-14%	22%	18%
Estm. Gross Earnings (\$1,000)	\$62,748.30	\$46,697.90	\$67,904.34	\$52,623.67	-26%	13%	-23%
Yakutat City and Borough (\$/lb)	\$1.67	\$0.84	\$1.51	\$1.07	-50%	27%	-29%
Pounds Landed (1,000)	3,329.80	1,800.90	2,167.41	2,225.61	-46%	24%	3%
Estm. Gross Earnings (\$1,000)	\$5,564.90	\$1,507.30	\$3,266.49	\$2,374.04	-73%	58%	-27%
Southeast Region Total (\$/lb)	\$1.12	\$0.86	\$1.27	\$0.84	-23%	-2%	-34%
Pounds Landed (1,000)	159,167.40	148,710.50	142,998.59	170,491.94	-7%	15%	19%
Estm Gross Earnings (\$1,000)	\$178,750.30	\$128,182.20	\$181,255.40	143,266.85	-28%	12%	-21%

Source: Commercial Fisheries Entry Commission.

Trends and Issues

Salmon remains the value leader in the region's major fisheries. Preliminary 2010 ADF&G data for the ex-vessel value of the salmon harvest in Southeast Alaska is \$131,240,000; this is about 17 percent higher than 2009's ex-vessel value of \$111,522,000. Salmon prices have more than doubled from the decade's low point in 2002 of \$50 million.

Ex-Vessel Value of Salmon, Southeast Alaska

	2006	2007	2008	2009	Estm 2010
Salmon	\$103,223,000	\$113,359,000	\$133,089,000	\$111,522,000	\$131,240,000

Source: ADF&G; Catch, Effort and Value, Salmon Fisheries in Alaska

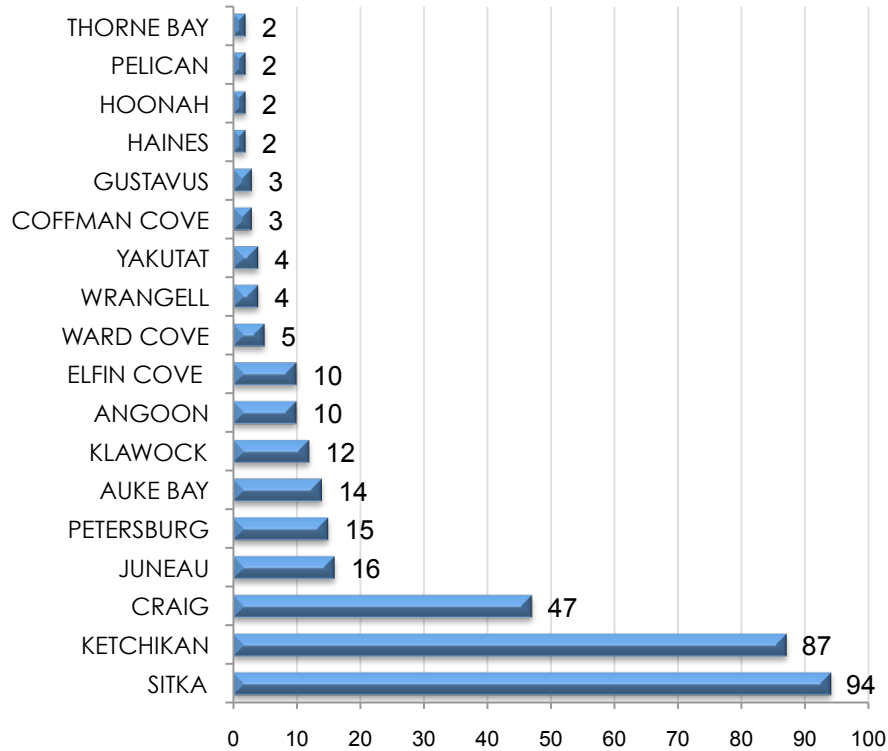
Southeast relies heavily on pink and chum salmon. The value growth in salmon is derived by a combination of strong harvest volumes for pink and chum salmon and steady growth in the price per pound of all five salmon species caught in the region over the last decade. The harvest volume for pink salmon was down 20,000 pounds in 2010 compared to 2009, but the average price was a penny a pound higher. The market strength of pink and chum salmon improved dramatically in the past several years, as processing lines upgraded and moved from traditional bone-in, skin-on canned product to alternatives like canned product without bones and skin, ready to eat pouches and burgers; steady growth in the average wholesale price of meat products (frozen, canned etc); and by an increase for roe products (the primary driver for chum prices). While this is a critical transformation for the industry, the shift in product form is moving significant volumes of salmon to low-cost countries such as China for value added production.

Halibut emerged as a valuable fishery for harvesters after it became managed as an Individual Fishing Quota (IFQ) fishery in 1995. Participants must hold federal IFQ in order to commercially fish halibut. The quota system helped increase the value of the fishery for participants and benefits consumers with fresh halibut year round. Commercial halibut quotas have been cut significantly reducing the value to the region. The IFQ area 2C halibut quota has declined from 10.3 million pounds in 2006 to 4.4 million pounds in 2010. Despite a continuing decrease in market supply prices have risen to all time highs since 2007 and have not dropped much generating, with sablefish, the highest gross earnings for the region after salmon.

A recent challenge in Southeast Alaska (and the Gulf of Alaska) is the growing conflict between commercial fishermen and sport charter operators. The halibut charter fleet caught 1.3 million pounds in 2009 and 1.9 million pounds the year before. However, the harvest level had been set at 788,000 pounds, so charter boats hauled in more halibut than management agencies wanted them to. NOAA initiated a new permit system for halibut charters in Southeast and Southcentral Alaska in January 2010. During fall 2010, NOAA issued Charter Halibut Permits, and 332 individuals that list a Southeast Alaska community as their address were issued permits. Note that additional

permits may still be issued. Most permits are held by individuals residing in Southern Southeast Alaska. However, approximately one-quarter of Southeast Alaska's commercial permit holders were non-residents and 30% of the region's total gross earnings went to non-residents.

Charter Halibut Permits Issued Fall 2010 in Southeast Alaska, by Residency of Permit Holder



When the state and federal water harvest is combined sablefish is often the second-largest contributor to ex-vessel value in the region. Harvests come from the NOAA managed Southeast area IFQ fishery and in state waters of Chatham Strait and Clarence Strait. The value increase is primarily the result of steady growth in Alaska sablefish values, which has offset reduced landing volumes some years. Harvest quotas in the region's sablefish fisheries have sustained steady reductions in recent years. In 2000, the federal IFQ allocation for Southeast was 7.8 million pounds; in 2010 the allocated harvest has been reduced to 5.7 million pounds. Consolidation in this fishery has occurred under the IFQ system, which was an intended consequence as there were too many participants during derby fishing days. When derby style fishing for halibut and sablefish ended it removed the necessity of icing and selling as close to the fishing grounds as possible, which

harmed remote fishing communities in Southeast as fish deliveries went to ports with better transportation to markets.²

Southeast has several other relatively small, yet valuable fisheries including a wide variety of shellfish fisheries such as Dungeness, Tanner and king crab species, shrimp, and dive harvest species such as cucumber, sea urchin and geoduck. These fisheries can be lucrative for permit holders – or at least a profitable addition to a fishing operation. In fact, diversification in the fishing fleet may be an increasingly necessary strategy.

The region-wide total shellfish value in 2006 was \$18.2 million and was \$20 million in 2009. Prices for most commodities have been rising during the 2000's. The price for Southeast Dungeness crab bottomed out this decade in 2002 at \$1.00/pound and has been climbing steadily since; it was selling for \$2.18 pound in 2009. Southeast geoducks had an estimated ex-vessel value of \$1.60/pound in 2000, and in 2009 are at \$3.68/pound. Pot shrimp from Southeast have had an average ex-vessel price of about \$2.50/pound (Data from ADF&G, Alaska Commercial Shellfish Catches & Exvessel Values). Increased demand for products from Asia, concern over the gulf oil spill's effect on seafood have all contributed to rising market value. Southeast Alaska shrimp value though has fluctuated widely and increased pressure from foreign shrimp farmers and fishermen, including coldwater Canadian shrimp, has taken a toll. To address this, Alaska's USDA Farm Service Agency is offering Southeast Alaska commercial shrimp fishermen up to \$12,000 to provide training for people in industries suffering from foreign competition. Because of low prices and lack of markets only about 100 of the state's 300 permitted shrimp fishermen actually fished in recent years. Most of the permit-holders live and work in Southeast Alaska. Shrimpers must sign up in December 2010, and then take several hours of industry-specific training and write a business plan that implements changes to their operations aimed at making them more profitable and competitive.

Southeast Alaska commercial herring fisheries occur during the winter when herring are harvested for use as bait and also during the spring when herring are harvested for their roe. The roe harvest includes the traditional sac roe fisheries (set gillnet and purse seine) and, in recent years, spawn-on-kelp pound fisheries. Spawn-on-kelp pound fisheries are conducted by regulation at Craig-Klawock, Ernest Sound, Hoonah Sound and Tenakee Inlet, and utilize open or closed pounds. Southeast's herring value has increased dramatically in recent years.

A positive trend in Southeast is the increasing value of seafood extending to captains and crew. However, the number of fishing participants is declining in Southeast, as it is across the state, essentially consolidating harvest capacity and resource access. There are opposing views regarding the consolidation. On one hand, the increased values are now making operations profitable when before they were not. Reinvigorated earnings allow for greater reinvestment,

² Small rural Southeast communities quota share ownership is down 47% between 1995 and 2009. Data from US Department of Commerce, National Oceanographic & Atmospheric Administration, National Marine Fisheries Service, Restricted Access Management.

which helps diversify these operations. Conversely, the consolidation imposes a greater burden for entry into the industry. New entrants are necessary for the long-term viability of the industry. Workforce development efforts are important to ensure young Alaskans are ready to take over the helm of these operations.

As discussed earlier, the value of fish was down in 2009 compared to 2008 in most places in Alaska. This is shown on the following table, which breaks out Southeast Alaska first wholesale values by species. In 2009, total Southeast Alaska first wholesale values decreased by eight percent.

Southeast Alaska Commercial Seafood First Wholesale From Processors, by Species, 2008 and 2009

Species	Number of Processors 2009	Net Weight in Pounds	2009 Production Value (\$000s)	2008 Production Value (\$000s)	Change 2008-2009
Salmon	456	141,643,722	\$259,613	\$267,524	-3%
Halibut	25	8,315,252	\$40,262	\$57,626	-30%
Sablefish	18	6,368,989	\$33,968	\$41,949	-19%
Pacific Cod	13	183,613	\$519	\$584	-11%
Dungeness Crab	12	2,309,355	\$10,136	\$13,987	-28%
Herring	10	27,841,967	\$27,140	\$24,945	9%
Dive Fisheries	16	1,312,061	\$11,183	\$7,453	50%
Large Crab	10	790,522	\$4,069	\$5,428	-25%
Shrimp	84	582,256	\$2,366	\$2,051	15%
Other	160	1,060,698	\$2,353	\$5,260	-55%
Total	597	190,408,435	\$391,609	\$426,807	-8%

Source: ADF&G

Note: Processor activity does not necessarily represent fishing activity in a specific area.

Ex-Vessel Value³

In 2009, the ex-vessel value (or money paid to fishermen) of the Southeast Alaska fisheries was \$234 million. In dollars, fishermen earned 18 percent less for their seafood in 2009 over 2008, despite a 22 percent increase in pounds landed. Prices almost everywhere in Alaska were lower in 2009 than 2008.

Southeast Alaska Commercial Seafood Industry Harvest & Value Information, 2008-2009

Species Groups	Landed (Fish Ticket Pounds)			Calculated Ex-Vessel Value		
	2009	2008	Change	2009	2008	Change
Salmon	217,704,265	162,174,245	34%	\$111,215,839	\$133,184,217	-16%
Halibut	10,039,049	11,564,930	-13%	\$32,755,929	\$50,191,720	-35%
Sablefish	9,847,620	11,724,439	-16%	\$49,075,299	\$54,952,948	-11%
Dungeness crab	3,572,064	4,736,319	-25%	\$6,326,238	\$10,231,466	-38%
Herring	34,341,480	34,112,064	1%	\$17,991,427	\$21,206,373	-15%
Geoduck, Sea Cucumbers, Urchins	2,709,504	2,521,625	7%	\$8,505,381	\$5,944,931	43%
King and bairdi crab	1,298,359	1,243,644	4%	\$3,949,943	\$4,032,078	-2%
Shrimp	612,862	503,827	22%	\$2,462,540	\$2,281,874	8%
Miscellaneous Groundfish	2,783,320	2,543,280	9%	\$1,816,298	\$1,948,106	-7%
Total	282,908,521	231,124,371	22%	\$234,098,894	\$283,973,713	-18%

Source: ADF&G - COAR & Fish Ticket Databases, 07/20/10

In 2009, the five salmon species represented more than three quarters (77 percent) of the region's catch in terms of volume and less than half (48 percent) of the total ex-vessel value. In 2009, sablefish made up three percent of the total volume caught yet accounted for 21 percent of the total ex-vessel value. Participants must hold federal quota rights, or Individual Fishing Quota (IFQ) in order to fish sablefish, and there is a small state managed sablefish fishery in Lynn Canal just north of Juneau.

³ "Ex-vessel" value is the price paid to fishermen or harvesters. First wholesale value (also known as production value) is the revenue received by processors recorded when they sell processed seafood resources outside of their network.

Wholesale Values⁴

Wholesale values in Southeast are steadily increasing. From 2000 to 2008, the total regional wholesale value increased 33 percent (see next table). A fair amount of the appreciation stems from rebounding salmon prices and steady gains in halibut and sablefish.

Southeast Alaska Commercial Seafood First Wholesale From Processors, by Area, 2000-2008, in millions

Year	Juneau/ Yakutat	Ketchikan/ Craig	Petersburg/ Wrangell	Sitka/ Pelican	Southeast Alaska Total
2000	\$91	\$82	\$88	\$62	\$322
2001	\$70	\$83	\$104	\$52	\$309
2002	\$64	\$75	\$89	\$47	\$274
2003	\$60	\$73	\$91	\$59	\$284
2004	\$85	\$83	\$109	\$68	\$346
2005	\$87	\$83	\$82	\$89	\$342
2006	\$102	\$71	\$138	\$93	\$404
2007	\$90	\$124	\$119	\$102	\$434
2008	\$108	\$78	\$103	\$137	\$427
Change 2007-08	20%	-37%	-13%	35%	-2%
Change 2000-08	20%	-4%	17%	121%	33%

Source: ADF&G

Note: Processor activity does not necessarily represent fishing activity in a specific area.

Note: The above groupings were made for confidentiality reasons.

Changes within sub-areas of Southeast reflect shifting processing activity and relative market strengths and weaknesses of certain species. The combined Juneau-Yakutat processor wholesale value, for example, increased 20 percent in this time to \$108 million. Juneau's growth is strong and steady thanks in part to several highly productive mid-size processors. Juneau's relatively low cost of energy and reliable transportation helps in paying higher prices to the fishing fleet. The Douglas Island Pink and Chum hatchery, DIPAC, produces a significant volume of salmon for all area users. Currently the commercial production available through DIPAC is not widely used by local processors, but this may change when and if processing capacity grows.

Sitka's strong growth in recent years, up 121% from 2000 to 2008, is attributable to increasing values for King and Coho salmon in its dominant troll fishery; increasing values in the halibut and sablefish longline fishery just off the coast; some recovery in the herring sac-roë fishery; a new pink salmon

⁴ First wholesale value (also known as production value) is the revenue received by processors recorded when they sell processed seafood resources outside of their network. "Ex-vessel" value is the price paid to fishermen or harvesters. (As first wholesale values increase, the ratio paid to harvesters increases and generally benefits all those who participate in the fisheries.)

processor that is emerging as a major buyer; and a consistent hatchery presence in the Northern Southeast Regional Aquaculture Association (NSRAA).

Seafood Processing

In 2009, 53 seafood processing facilities were active in Southeast Alaska that collectively processed 178 million pounds of product with a wholesale value of \$374 million. This is a 30 percent increase in wholesale value since 2000.

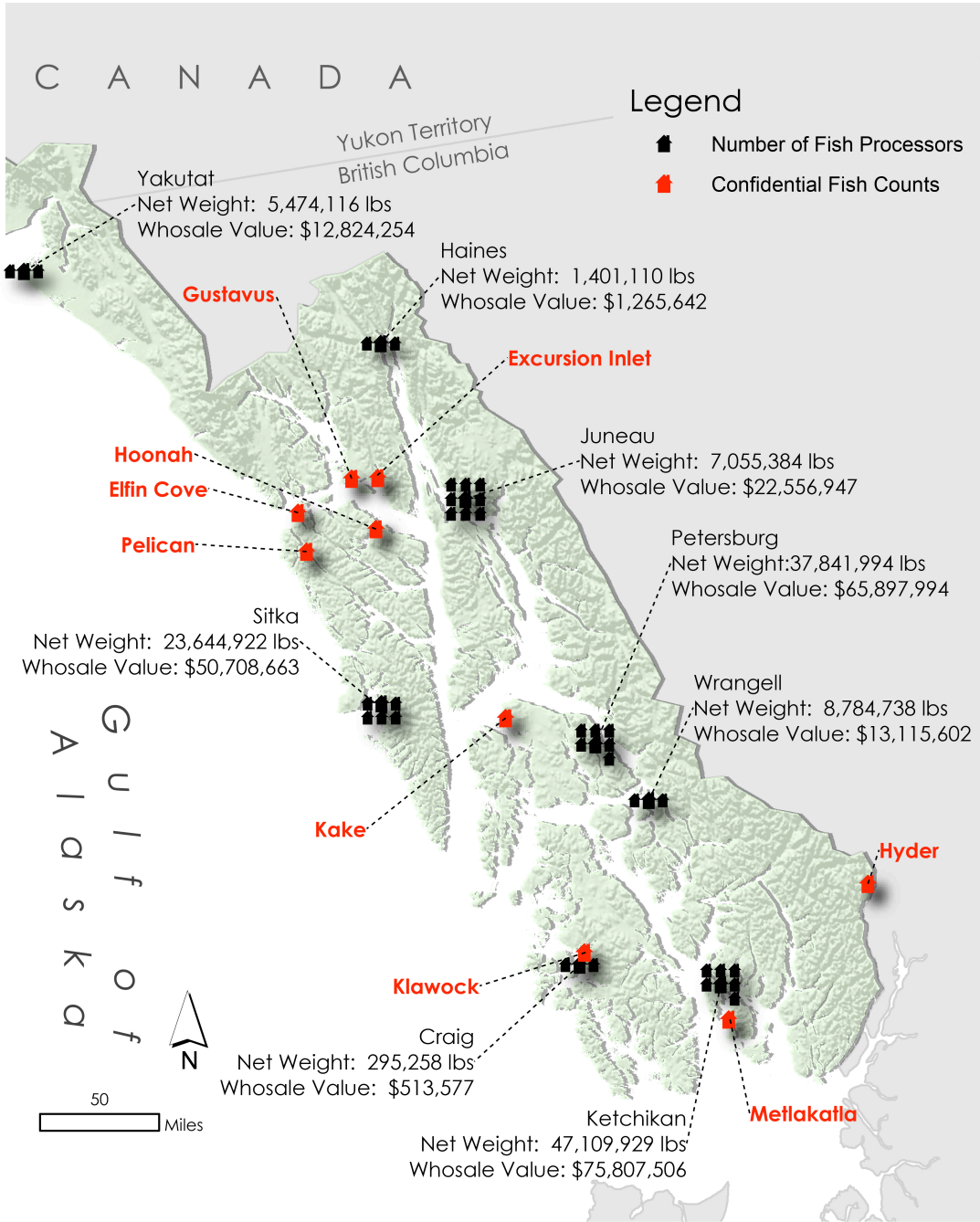
Seafood Production at Shorebased Plants in Southeast Alaska Communities, by Port, 2000 and 2009

Port Name	Processor Count 2009	2000 Net Weight	2009 Net Weight	Change 2000-2009	2000 Wholesale Value	2009 Wholesale Value	Change 2000-2009
Craig	3	295,258	9,781,302	3213%	\$513,577	\$12,575,787	2349%
Elfin Cove	1	Confidential	Confidential	Confidential	Confidential	Confidential	Confidential
Gustavus	1	Confidential	Confidential	Confidential	Confidential	Confidential	Confidential
Hyder	1	Confidential	Confidential	Confidential	Confidential	Confidential	Confidential
Hoonah	1	Confidential	Confidential	Confidential	Confidential	Confidential	Confidential
Haines	3	1,401,110	174,576	-88%	\$1,265,642	\$824,483	-35%
Juneau	10	7,055,384	14,087,817	100%	\$22,556,947	\$39,225,818	74%
Kake	1	Confidential	Confidential	Confidential	Confidential	Confidential	na
Klawock	1	Confidential	na	na	Confidential	na	na
Ketchikan	8	47,109,929	39,790,687	-16%	\$75,807,506	\$91,447,293	21%
Metlakatla	1	Confidential	na	na	Confidential	na	na
Petersburg	8	37,841,994	38,621,534	2%	\$65,897,994	\$79,238,744	20%
Pelican	1	Confidential	Confidential	Confidential	Confidential	Confidential	Confidential
Sitka	6	23,644,922	54,618,094	131%	\$50,708,663	\$103,781,071	105%
Wrangell	3	8,784,738	6,168,541	-30%	\$13,115,602	\$9,891,141	-25%
Excursion Inlet	1	Confidential	Confidential	Confidential	Confidential	Confidential	Confidential
Yakutat	3	5,474,116	3,507,595	-36%	\$12,824,254	\$11,383,943	-11%
Total	53	158,479,721	178,710,664	13%	\$287,631,306	\$374,268,754	30%

Source: ADF&G COAR Production database, 11/08/2010

Notes: Port refers to the port indicated on the Intent to Operate. Wholesale value reported in nominal dollars. Information is masked where fewer than 3 processors are reflected in the data.

Seafood Production at Shorebased Plants in Southeast Alaska Communities, by Port 2009



Source: ADF&G COAR Production database, 11/08/2010
 Notes: Port refers to the port indicated on the Intent to Operate. Wholesale value reported in nominal dollars. Information is masked where fewer than 3 processors are reflected in the data.

Mariculture

While the farm gate value of Southeast Alaska's mariculture farms is tiny compared to the value of other fisheries, the potential of the industry in Southeast Alaska could be significant with jobs distributed around the region. The table below estimates the industry's value in the state if obstacles to its growth were removed.

Alaska Shellfish Potential: Ex Vessel/Ex Farm Value in millions

	Current*	5 Year	10 Year	15 Year	20 Year
Wild Harvest	\$6.8	\$10.6	\$14.7	\$18.6	\$19.1
Farm Harvest	\$0.6	\$4.2	\$10.9	\$22.6	\$31.4
Total Shellfish	\$7.4	\$14.8	\$25.6	\$41.2	\$50.5

*Current year is defined as the year a systematic research and development plan and funding are put in place.
Source: Data is from the Alaska Department of Fish and Game, Division of Commercial Fisheries, 2004

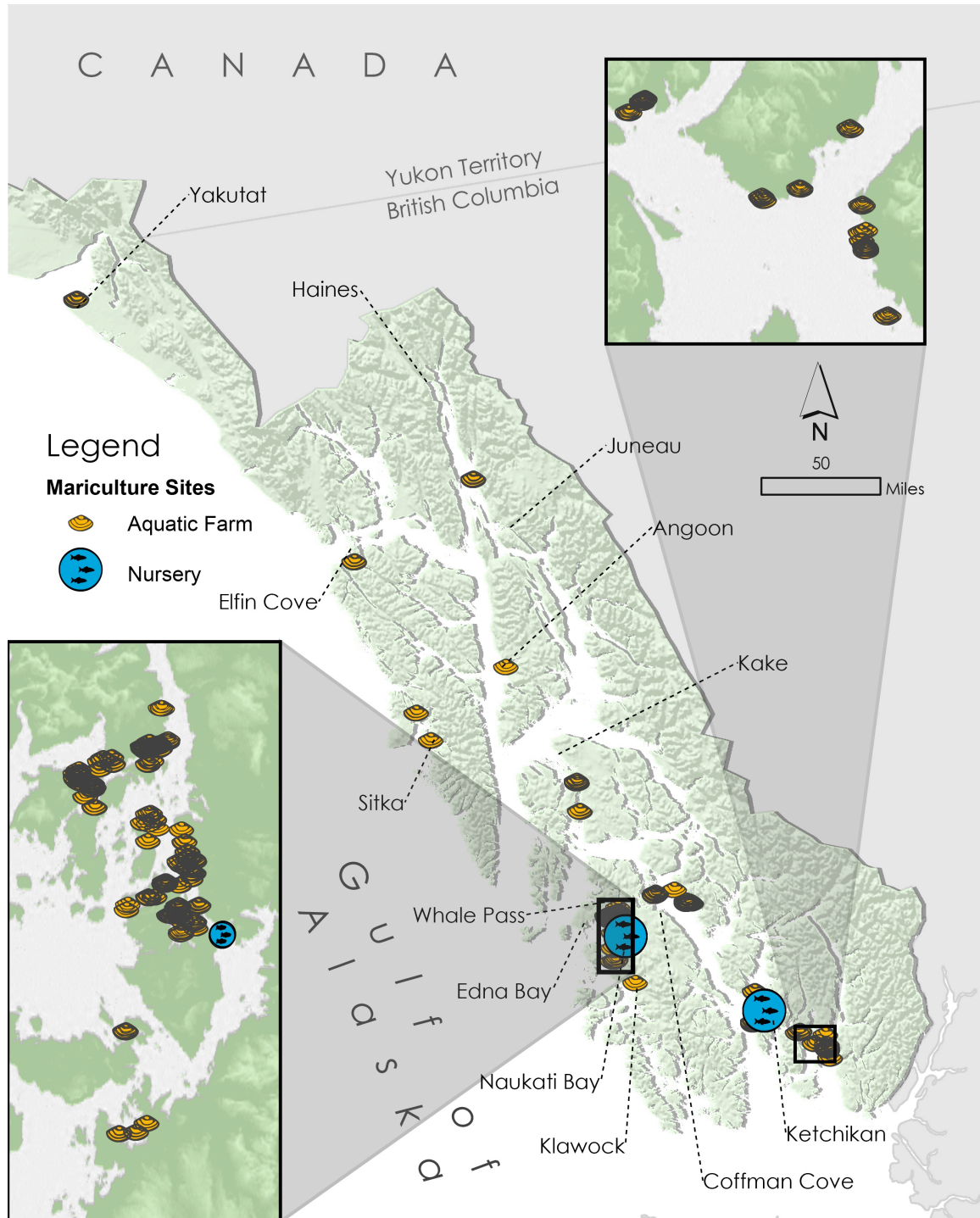
There are 56 mariculture farms in Alaska today and about half of them are located in Southeast. Due to colder water climates that slow down maturation, oysters grown in Alaskan waters are of a higher quality and available year round. The growth of this industry in recent years has spurred private stakeholders to seek the development of a regional shellfish-processing facility. Currently, individual farms are processing their own product for distribution to the market. A regional facility would improve efficiency in costs, time it takes to get the goods to the market, and holding capacity for efficient transportation. In addition, several facilities produce shellfish seeds, or spat, for shipment to other farms outside the region. A regional shellfish processing facility will assist in the development and growth of the 10-15 farms currently producing 300,000-500,000 oysters each year and create new jobs in the region. Seventy cents of every dollar spent in direct industry purchases remains in the local economy (Oceans Alaska). The next table shows the unprocessed shellfish value against the number of farms.

Aquatic Farming Production and Farm Gate Value

Year	Farms	Productive Permitted Farms	Oysters (ea)	Sales	Clams (lb)	Sales	Other (lb)	Sales	Total Sales
1990	16	7	166,503	\$45,638	0	\$0	0	\$0	\$45,638
1991	26	7	160,376	\$44,440	0	\$0	0	\$0	\$44,440
1992	25	8	355,762	\$112,980	0	\$0	0	\$0	\$112,980
1993	21	11	328,290	\$114,908	0	\$0	150	\$288	\$115,196
1994	17	9	528,540	\$138,993	5,396	\$18,238	0	\$0	\$157,231
1995	15	11	599,106	\$185,723	8,319	\$28,118	0	\$0	\$213,841
1996	12	11	624,091	\$222,196	16,593	\$43,796	500	\$2,200	\$268,192
1997	13	11	553,694	\$202,965	24,814	\$93,869	0	\$0	\$296,834
1998	12	9	579,290	\$226,418	28,166	\$89,002	238	\$417	\$315,837
1999	11	9	489,421	\$187,605	38,666	\$124,054	0	\$0	\$311,659
2000	11	7	352,478	\$146,510	39,135	\$120,636	0	\$0	\$267,146
2001	15	8	247,289	\$105,018	35,700	\$105,071	10	\$150	\$210,239
2002	27	9	287,364	\$124,770	40,726	\$115,038	23	\$345	\$240,153
2003	25	10	396,684	\$163,908	61,658	\$148,924	14	\$210	\$313,042
2004	23	9	446,820	\$187,448	68,453	\$156,921	1,244	\$2,612	\$346,981
2005	34	10	538,116	\$233,215	43,234	\$103,772	0	\$0	\$336,987
2006	33	11	532,128	\$220,907	45,882	\$130,930	0	\$0	\$351,837
2007	33	10	468,018	\$199,796	14,374	\$40,198	0	\$0	\$239,994
2008	40	9	449,040	\$194,769	8,020	\$20,560	0	\$0	\$215,329
2009	41	10	413,330	\$158,725	7,839	\$24,841	0	\$0	\$183,766

Source: Southeast Conference and AKCFEC. Note: *Total Sales represent the total **farm gate value** that is defined as the unprocessed value, excluding the costs of packaging or transport of the product to its first point of sale.

Sites of Aquatic Farms and Nurseries, Southeast Alaska 2010



Source: Alaska Department of Fish and Game Division of Commercial, Alaska Department of Natural Resources, US Census Bureau, Geography Division, Geographic Products Branch

The state owns the tidelands and manages mariculture fishery resources, and thus must be a positive, engaged player for success to occur. There should be a State Mariculture Program; instead, there are multiple obstacles to developing a mariculture industry. This is in contrast to past and current support of other common property resource industries, such as salmon hatcheries. Several obstacles are listed in the last section of this chapter that should be systematically addressed to realize the opportunities that mariculture could provide in Southeast Alaska.

Several industry businessmen have joined forces to try to build a facility devoted to mariculture education, research, and development in Ketchikan.

Fisheries, Seafood Processing, and Mariculture Strength/Constraints

Key Strengths/Opportunities

Limited entry permits and Individual Fishing Quotas (IFQs) have stabilized fisheries in Southeast Alaska and other parts of the state, extended seasons, changed market opportunities, and more, all of which has increased the value of the fisheries. While this has raised the cost of starting a business, it has also raised the market value of limited entry permits and IFQs.

While the cost of transportation is always a concern, compared to other parts of Alaska where fish is harvested and transported, our region's costs are less, plus Southeast Alaska has longer seasons.

The power of coordinated, well-funded, marketing is demonstrated by Alaska Seafood Marketing Institute (ASMI) and its seafood success. A decade ago the Alaskan seafood industry was teetering due primarily to competition from farmed salmon. The ASMI wild fish marketing campaign is almost single handedly responsible for the turnaround and creation of today's valuable seafood industry. In 2002, ex-vessel value of Alaskan salmon was about \$155 million; in 2010 it is \$500 million. The FY 10 ASMI budget is \$17 million with about \$9 million coming from an industry voluntary tax, \$3.5 million from the state general fund, and \$4.5 million from a competitive USDA Market Access Program grant whose purpose is to open up foreign markets.

State of Alaska grants, loans and tax credits over 4-5 years resulted in modernization of industry infrastructure including several canning lines in Southeast. In 2002, 80% of pinks (Southeast Alaska's most important fishery) was canned with bones & skin; today less than 50% is canned and that in cans is now skinless and boneless.

Several opportunity areas for seafood industry include:

1. Extend seasons.
2. Extend production lines.
3. Process more locally (things that now go to Seattle or China).
4. Reduce price of shipping by increasing access.
5. Make materials and labor available locally rather than having to import (but high cost of fuel, electricity, living and housing, etc are deterrents to achieving this).
6. Reduce price of electricity. Places in Southeast on hydropower have competitive advantage compared to parts of Alaska reliant on diesel.
7. Full utilization of resources is a key opportunity area (e.g. fish waste-oil business). Another opportunity - Salmon heads & collars: great Asian market for this (most of protein is in the head). But it costs more to freeze, store and ship it than to dispose of it as waste; it is so expensive by the time it gets to Asia they can't afford it. If cost of energy and transportation was lower we could make this work. It's a problem when it's cheaper to

grind it up and discharge rather than find or develop a market. The cost to freeze and store material onsite is so high that it eats up profit, unless energy costs can go down this will be a limiting factor on innovation.

When marketing seafood, it's the "Alaska" message that sells the product and brings customers: the pristine environment, the beautiful place, the last frontier.

Mariculture strengths/opportunities

Markets are generally strong for mariculture products. When the shellfish farmgate value and wild harvest value (geoducks, sea cucumbers and sea urchin) are combined (many mariculture operations have adjacent dive fisheries and/or operators participate in both industries) a study showed the 2004 statewide value was \$7.3 million and a projected 20 year value could be \$50 million if obstacles to growth are removed ("Tipping the Balance Removing the Barriers. Growing a Sustainable Shellfish Industry in Coastal Alaska," Oceans Alaska Marine Science Center).

Southeast Alaska has a reputation for innovation and leadership in the Alaska seafood industry. Building on that reputation suggests opportunities in a number of areas. Establishing a mariculture research, training, and development center in Ketchikan (refer to Oceans Alaska effort), and the NOAA Sea Grant Aquaculture Extension and Technology Transfer Program are two examples of educational potential within the region. Shellfish Growers Cooperative, Alaska Oyster Cooperative, Southeast Shellfish Association, and other organizations are working toward further development of mariculture. Programs like the Weekend Warrior Program help to balance out the startup cost/time with hands-on education and shared labor.

Key Constraints/Obstacles

The seafood risk-reward equation is different in Alaska than the remainder of the U.S. Business is seasonal; materials, cans, supplies, and labor has to be imported, and it is hard to access capital. Tyson Seafood is an example of a large US industry player coming to Alaska but not able to make it work here.

New businesses in the seafood industry that utilize raw product (e.g. canning, head and gut, fillets) find the market fiercely competitive because the amount of resource is limited so the 'pie' does not get bigger but divided into smaller pieces. By contrast, new businesses that take under or non-utilized product or waste stream and create value are generally welcomed. Often these are smaller innovative businesses and individuals, and, the pattern has been that they end up being bought-out by bigger seafood businesses, typically based in Seattle. Insufficient funding for ADF&G is a concern, particularly when trying to get an underutilized species fishery started.

A comprehensive, regularly updated, economic performance analysis for the commercial fisheries harvesting/processing sector is needed. Some suggest that an explicit policy at the State level on value-maximization is needed.

The re-emergence of the sea otter, a USFWS listed threatened species, will likely be a challenge since they are voracious eaters of shellfish, putting pressure on shellfish, crab, and sea urchin stocks. Interest in “de-listing” the sea otter is likely to increase.

A limited entry system for charter halibut fishermen in Southeast Alaska was enacted in 2010 to be able to better enforce harvest limits by the fleet. There is concern that this will harm the charter fishing industry as stricter limits may lessen the interest of clients in paying for a sport fishing experience. This also raises tension between some charter and commercial fishermen, who are using the same resource.

Mariculture constraints and obstacles

Some in the industry find that the state permitting process for mariculture operations is a disincentive to success and growth of the industry. The state owns the tidelands and manages mariculture fishery resources, and thus must be a positive, engaged player for success to occur. There should be a State Mariculture program; instead, there are multiple obstacles to developing a mariculture industry. This is in contrast to past and current support of other common property resource industries, such as salmon hatcheries. Current obstacles:

1. State mariculture permit period is only open once every two years.
2. It takes 18-24 months to obtain a permit for a mariculture farm.
3. Creating some private control over specific sites is done through state issuance of conditional use permits. The upfront costs associated with the biological, water quality, site use conflict determination is front end loaded on the applicant at a reported average cost of \$30,000-\$40,000. Instead, the state could offer financing that could be paid back during, or at the end of, the lease period after the opportunity to generate revenue has occurred, to encourage the industry.
4. Mariculture operations typically cannot get commercial financing. Banks can't collateralize and issue a loan for a 10-year lease/ conditional permit. Contrast this with offering quota share, that has a value and banks will loan on it.
5. ADF&G requires a 5-10 year operating plan be submitted and reviewed for permitting; hard to know in a developing industry and changing markets what you'll be doing that far ahead of time. This limits the farm owner's ability to respond effectively to changing conditions.
6. A change in equipment during the operating period requires resubmittal of operating plan and lengthy re-review and approval which eliminates ability to respond quickly to market changes and learn from mistakes. Why do this; instead put performance standards on to protect resources of concern. The state shouldn't care how you achieve the required protection, as long as you achieve it.
7. The limited capacity of the state ADEC testing lab in Anchorage is an obstacle to growth of the industry. Lab managers cannot support growth of Alaskan farms or the mariculture industry because they are under mandates to not expand the lab's budget or employees. By contrast, a state contribution to build the industry would be to build a lab in Southeast Alaska where half the mariculture farms are and thus increase the capacity for testing. Another state contribution to encourage growth of this developing industry would be if the state paid for the testing.

8. No ADF&G shellfish biologist is dedicated to research and development of a mariculture industry; instead the focus is primarily on permitting.

Tourism and Recreation

Tourism, as a whole, has been the fastest-growing industry in Southeast Alaska and is a significant private-sector employer in the region. According to the Alaska Department of Labor, "scenic and sightseeing transportation" related employment has increased by 49% between 2003 and 2009, while "accommodation" employment fell by 10%. Tourism and transportation had 3,225 average annual employment in 2009 (a two percent increase over 2003) with an average wage of \$33,953.

Southeast Alaska Tourism and Transportation Cluster

Cluster/Industry Name	NAICS Industry Code	Annual Average Monthly Employment 2003	Annual Average Monthly Employment 2009	Change 2003-2009	Businesses 2009	Wages 2009	Avg wage 2009
Tourism and Transportation Cluster		3,175	3,225	2%	312	109,505,610	\$33,953
Air transportation	481	702	716	2%	39	26,690,965	\$37,295
Water transportation	483	262	268	2%	19	15,859,978	\$59,124
Truck transportation	484	189	214	13%	21	8,497,920	\$39,787
Scenic and sightseeing transportation	487	488	727	49%	100	25,185,358	\$34,639
Support activities for transportation	488	321	207	-36%	26	10,300,807	\$49,762
Accommodation	721	1,213	1,094	-10%	107	22,970,582	\$21,005

Source: Alaska Department of Labor and JEDC.

Generally, tourism in Southeast Alaska has been on a long upward trend until the last two years (2009 and 2010). The largest component of the Southeast Alaska tourism industry is the cruise ship industry. By tracking the number of cruise passengers to the region, the growth or decline of tourism overall can also be tracked.

Cruise Ship Traffic

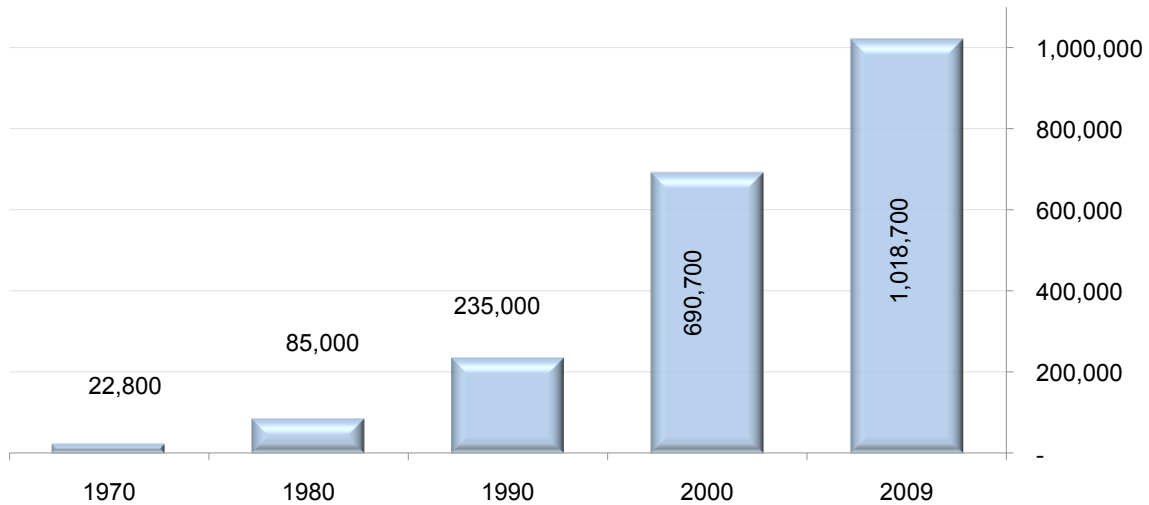
From 1970 to 1980, the number of cruise passengers in the region nearly tripled, from 22,800 to 85,000, only to nearly double again from 1980 to 1990. From 1990 to 2008, when cruise passengers peaked, the number of cruise passengers more than tripled, to 1.03 million. The high volume of cruise passengers coming to the region has provided numerous opportunities for entrepreneurship in Southeast Alaska, and businesses

Between 1990 and 2009, the number of cruise ship passengers coming to Southeast Alaska more than quadrupled to over a million.



have sprouted up offering shore based excursions, shopping opportunities, and an array of dining options. Others have taken advantage of the marketing of Southeast Alaska and developed non-cruise ship travel packages and accommodations targeted at travelers coming to Southeast Alaska. One group of entrepreneurs even went as far as to develop an entire cruise ship port at Icy Strait Point in Hoonah Alaska to take advantage of the interest of the cruise ship industry in our region.

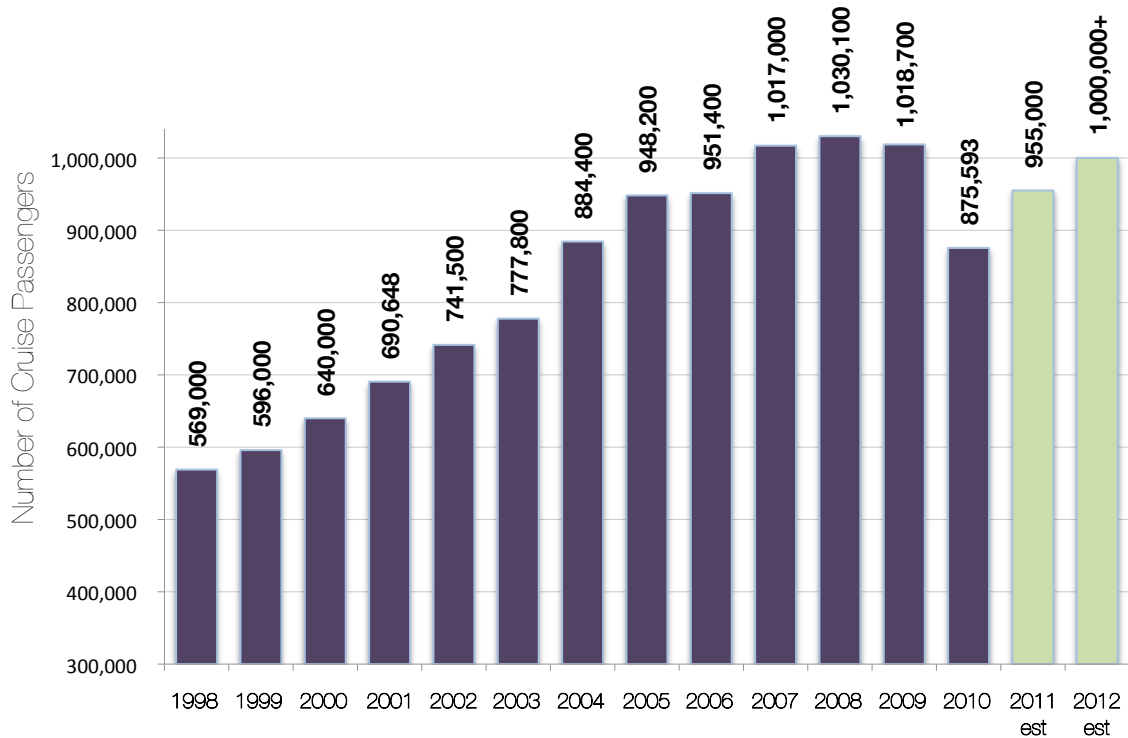
Cruise Passengers Visiting Southeast Alaska, 1970-2009



Source: Juneau Convention and Visitors Borough, McDowell Group, Cruise Line Agencies of Alaska, various historical sources.

In the past two years, the number of cruise passengers to the region has declined. In 2010, Southeast Alaska was visited by 875,593 million cruise ship tourists, representing a 14-percent decline in cruise passenger traffic over 2009, following a one percent decline in passengers from 2008 to 2009. The last time cruise passengers decreased was 20 years ago in 1989, following the Exxon Valdez oil spill. The recent declines can be attributed to the global recession, which has taken its toll on the travel industry across the board. The Alaska cruise ship head tax has also been cited as contributing to some lines' decision to reduce ships and sailings. To mitigate one of these issues, Governor Parnell signed legislation in June 2010 to reduce the amount of the head tax. It is anticipated that by 2012 Juneau and Southeast Alaska cruise passengers numbers will once again exceed one million.

Southeast Alaska Cruise Passengers 1998-2012



Source: McDowell Group and Cruise Line Agencies of Alaska. Estimates by JEDC.

The majority of the cruise passengers make port calls at the larger communities, but some travel to more rural areas. Hoonah (Icy Strait Point) began receiving cruise ships in recent years, and visits to their facility will likely continue to grow. However, it can be argued that some of the growth in Hoonah cruise passengers was at the expense of other ports. Haines, Petersburg and Wrangell passenger numbers are significantly down from past years.

Cruise Ship Passenger Visits to Southeast Alaska, 2000 - 2010

Community	2010	% Change 2000-2010
Haines	32,259	-83%
Hoonah/Icy Strait Point	122,974	100%
Juneau	875,593	37%
Ketchikan	828,929	45%
Petersburg	5,755	-93%
Sitka	144,383	-7%
Skagway	697,060	24%
Wrangell	3,869	-42%

Source: Cruise Line Agencies of Alaska, 2009.

Cruise Passenger Spending

A 2006 survey of visitor activity, conducted for the Alaska Office of Tourism Development, estimated that visitors arriving by cruise ship spent an average of \$636 per person per trip in Alaska, mostly in Southeast Alaska. Cruise ship visitors spent an estimated total of \$600 million in the region in that year. A 2009 study by the McDowell Group, "Economic Impacts of the Visitor Industry in Juneau 2007-2008," examined the total economic impacts of tourism on the community of Juneau. According to the McDowell Group, visitors spent \$190 million in Juneau in 2008, including \$147 million by cruise ship passengers and crew. A summary of these findings is presented below.

Juneau Visitor Volume and Spending in Juneau, 2007-2008

	Average spending per visitor	Volume (Number of Departures)	Total Spending in Millions
Juneau Visitors			
Cruise Ship Passengers*	\$144	969,600*	\$139.6
Cruise Ship Crew Members	\$300	24,400	\$7.3
AK Air Visitors (summer, non-AK resident)	\$383	84,500	\$32.4
Ferry Visitors (summer, non-AK resident)	\$179	22,000	\$3.9
AK Air Visitors (winter, non-AK resident)	\$414	12,300	\$5.2
Ferry Visitors (winter, non-AK resident)	\$414	3,300	\$1.4
Total	Avg. \$170	1,116,100	\$189.7

Source: McDowell Group, "Economic Impacts of the Visitor Industry in Juneau 2007-2008," April 2009. The study period was over 12 months from October 2007 through September of 2008.

* In this table, cruise ship passengers who do not disembark are not counted. Small ship cruise passengers who exited Juneau by air are counted as "air visitors" in the table. The study period was 12 months, from the end of 2007 and most of 2008. The above numbers do not include in-state residents traveling to Juneau.

According to the study, there were 2,230 visitor jobs in Juneau in 2007-2008, with an associated payroll of \$75 million. The average annual wage for Juneau workers in the visitor industry is \$33,600. (Note: This is an annualized wage based on full time employment.)

Visitor Industry Employment and Payroll in Juneau, 2007-2008

	Direct	Indirect and Induced	Total	Percent of Juneau Total
Employment	2,230	520	2,750	13%
Payroll	\$75 million	\$20 million	\$95 million	9%

Source: McDowell Group, "Economic Impacts of the Visitor Industry in Juneau 2007-2008," April 2009.

Some businesses in the region that earn money from cruise ship passengers are owned and operated by non-Alaska residents and employ summer-only residents, so an undetermined portion of those earnings leaves the region. A 1999 study of visitor impact to the economy of Skagway (Alaska's third most popular visitor destination in 2006), indicated that 90% of the income in the visitor industry in that community was earned by non-Alaska businesses.

Independent Travelers

In addition to the region's cruise passengers, Southeast hosts up to 200,000 independent travelers during the summer, and 30,000 during the winter and fall, according to the Alaska Visitors Statistics Program (AVSP). In 2010, although the number of cruise passengers to the region decreased, the number of independent travelers actually increased by approximately two percent in Juneau, where 120,000 independent travelers visited in the summer of 2010, according to the Juneau Convention and Visitors Bureau. Visitors who travel to Southeast Alaska by air, ferry, or highway spend significantly more per person than cruise ship passengers in the region. According to a 2007 ISER study entitled "The Regional Economy of Southeast Alaska", on average, travelers coming to Southeast Alaska by air in 2001 spent nearly twice as much per party as those arriving by cruise ship, while those arriving by ferry spent nearly three times as much.

A recent study by ISER, the 2009 "Nature Based Tourism in Southeast Alaska" looked at visitors from cruise ships, as well as independent travelers who were attracted to the Southeast region for nature-based adventure. According to their findings, nature-based tourism generates about \$277 million per year of direct business revenues in Sitka, Juneau, Chichagof Island, Prince of Wales Island, Petersburg and Wrangell. Average revenue per visitor varied among communities and activities, ranging from \$140 per visitor in Juneau to more than \$2,600 per visitor on Prince of Wales Island. Other findings from the study are as follows:

- "The tourism businesses in cruise ports of call that appear to be most successful either have a cruise ship shore excursion contract or are catering to overnight (non-cruise) guests with high-quality and high-value services. Examples of these types of businesses include sport fishing lodges and multi-day yacht cruises."
- "Independent travelers also appear to seek communities with fewer visitors and those that they perceive to be more "authentic," such as Petersburg, Wrangell, and communities on Chichagof Islands. A lack of transportation capacity, whether on scheduled jets or on ferries, may be limiting the opportunities for these smaller communities. Less marketing may also be a factor limiting visits by independent travelers."
- "The primary marketing mechanisms for smaller, non-cruise related businesses are the internet and word of mouth. In addition, many customers return to the same fishing lodge, yacht tour, or charter business year after year."
- "Promoting wildlife watching is an important marketing strategy for Southeast Alaska communities. Visitor bureaus currently produce pamphlets with charismatic large animals, such as whales and bears. Bureau staff cited studies showing the desire to see wildlife was attracting a large portion of out-of-state visitors."

Recreation

Recreation is a key draw to Southeast Alaska for both residents and visitors alike. In the Southeast Alaska Business Climate Survey 2010, businesses ranked "recreational opportunities" as the most significant benefit towards operating business in Southeast Alaska.

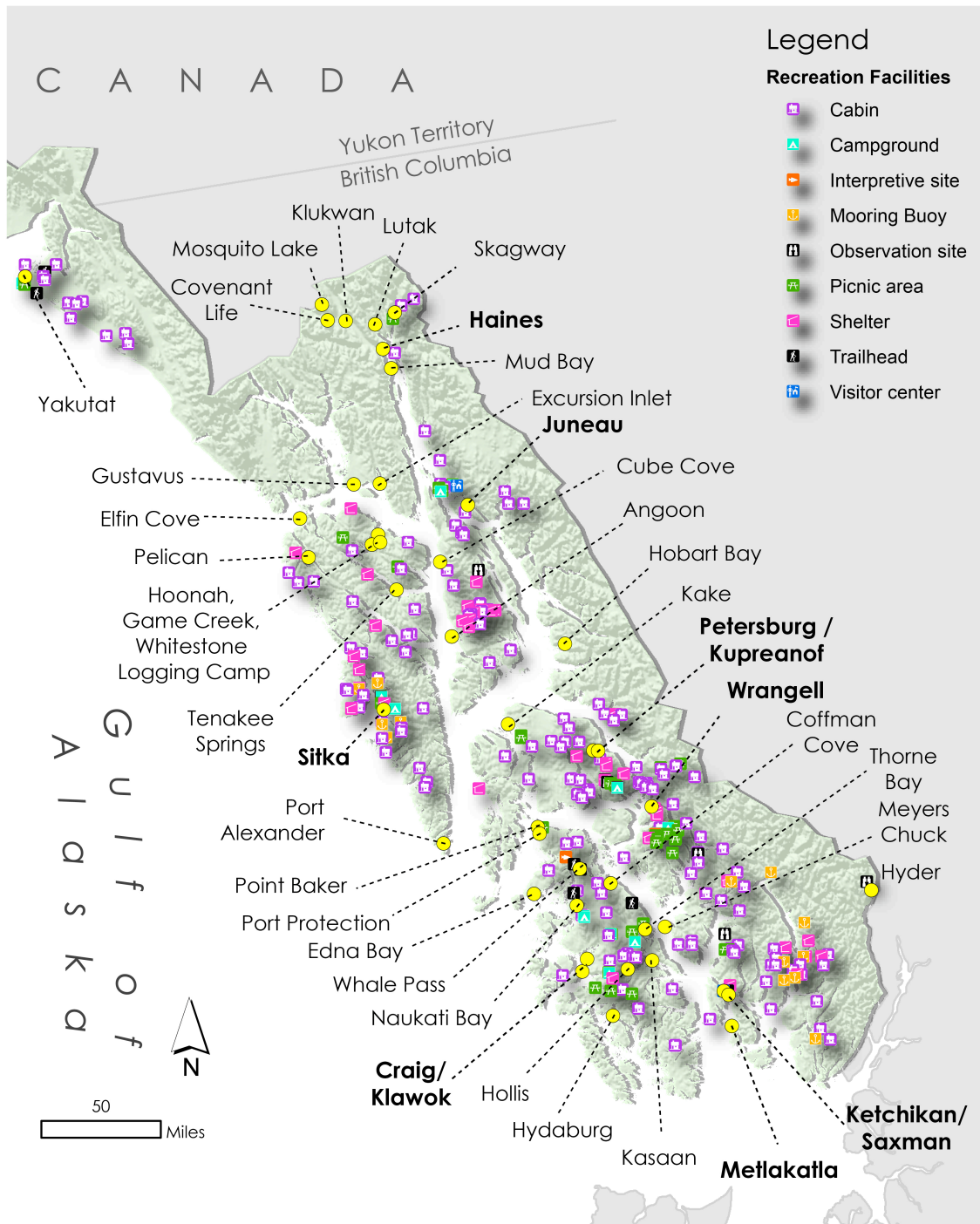
In Southeast Alaska, recreation resources and activities are dispersed over large areas with almost infinite entry points via saltwater boat and airplane access, making it difficult to quantify recreation activities. While residents and nonresidents use Southeast Alaska recreational resources quite differently, it is clear that recreation opportunities in Southeast play a major role in terms of why people choose to live, work, or travel here. According to a recent (August 2010) study by the USDA Forest Service entitled, "Characterization of Resident and Non-resident Visitors to Alaska National Forests," the most popular primary recreation activities for non-residents include hiking, viewing nature, and fishing. According to the study, the top recreation activities reported by Southeast residents in the Tongass include fishing, camping, hunting, and "relaxing, socializing, fun." According to the study, Southeast Alaskans make use of air and water transportation to reach desired locations in the Tongass for purposes of recreation. "The use of boats and planes to access national forest land by national forest visitors living in Southeast Alaska is extensive. Half of the Southeast Alaska resident visitors reported using a boat or plane and the average number of visits per year via boat or plane was high." According to the findings of the study, nearly all Southeast residents participate in recreation activities during the year.

In 2009 the US Forest Service reported that there was over 1.7 billion Recreation Visitor Days spent on guided recreational activities in the Tongass National Forest. Recreation Visitor Day is a 12 hour period where the forest is being used for recreation purposes. This could be one person for 12 hours or 12 people for one hour. (RVD is a statistic used by some ranger districts in the calculations of their recreation capacity.) These guided activities include everything from hunting and fishing to camping and hiking, involving all modes of transportation in and out of remote areas. There are currently about 240 guide and outfitters permitted to operate within the Tongass National Forest. According to the Tongass activity use report for 2009, by far the highest visitor activity in the Tongass is a visit to the Mendenhall Glacier Visitors Center. Overall, the second most popular activity is a helicopter landing tour, followed by a dog-sled tour, both in Juneau. Following Juneau with the second highest visitor count to the Tongass is Ketchikan, where the most popular activities are flightseeing landing tours and remote-setting nature tours. The district with the highest recorded hours spent on guided recreational activities is Wrangell at almost 10,000 hours in all, with visitors engaged in canoeing and hiking logging the most hours. Sitka comes in second on time spent recreating in its forest, but for entirely different activities: freshwater fishing, camping, and brown bear hunting. In Petersburg camping is the most guided activity. In 2009 the Forest Service authorized about 150 brown bear hunts across the forest which can sell for about \$15,000 to

\$25,000 per hunt, and about 350 black bear hunts which go for \$5,000 to \$7,000 on average. Freshwater fishing is normally more expensive to participate in as even the day hunts generally have some transportation costs associated with them. An estimate of an average cost for a freshwater fishing day is about \$600/day. Many guides bring clients to different districts during a single trip.

Below is a map with recreational facilities, along with tables listing some recreation facilities by community. Clearly, recreational opportunities in Southeast Alaska are extensive, and highly desired by both residents and visitors.

Location of Southeast Alaska Forest Service Recreation Facilities



Source: US Forest Service



Campgrounds in the Tongass National Forest

Craig Area

- Harris River Campground (14 sites)
- Thorne Bay Area
- Eagles Nest (11 sites)
- Horseshoe Hole Campsite (2 sites)
- Lake No. 3 Campsite (2 sites)
- Staney Bridge Campsite (2 sites)
- Ketchikan Area
- Signal Creek* (24 sites)
- Three C's (4 sites)
- Last Chance* (19 sites)

Wrangell Area

- Nemo Campsites (8 sites)
- Lower Salamander Recreation Site (3 sites)

Petersburg Area

- Ohmer Creek (10 sites)

Sitka Area

- Sawmill Creek (11 sites)
- Starrigavan (35 sites)

Juneau Area

- Auke Village (12 sites)
- Mendenhall Lake (68 sites)

Tongass Trails – Forest Service

<u>Misty Fiords</u>		
Bakewell Lake Hugh Smith Manzanita Lake Titan	Checats Cove Lake Grace Nooya Lake Winstanley Lake	Ella Lake Humpback Creek Punchbowl Lake
<u>S. Prince of Wales</u>		
Canoe Point One Duck Trocadero	Harris River Pass Lake Twenty-Mile Spur	Kegan Lake Soda Lake
<u>N. Prince of Wales</u>		
Cavern Lake Cave Karta River Rio Roberts Shipley Bay	El Capitan Cave Lake Ellen/Salt Chuck Salmon Bay Lake	Honker Divide Canoe Rt Red Bay Lake Sarkar Canoe Route
<u>Ketchikan</u>		
Connell Lake Low Lake Orchard Lake Shelokum Lake Wolf Lake	Deer, Silvis, John McDonald Lake Perseverance Swan Lake	Long Lake Naha River Reflection Lake Ward Lake Nature
<u>Wrangell</u>		
Aaron Creek Highbush Lake	Anan Creek Hot Springs	Berg Creek Institute Creek

Kunk Lake Mill Creek Rainbow Falls	Long Lake Nemo Saltwater Access Trail Salamander Ridge	Mallard Slough North Wrangell Thoms Lake
<u>Petersburg/Kake</u> Affleck Canal Portage Blind River Rapids Cathedral Falls Hamilton Creek Ideal Cove Petersburg Lake Raven Threemile Portage	Bay of Pillars Portage Cascade Creek Colp Lake Harvey Lake Kah Sheets Lake Petersburg Mountain Spurt Lake Twin Ridge Ski	Big John Bay Castle River Green Rocks Hooter Ohmer Creek Portage Mountain Loop Three Lakes Upper Twin Ski
<u>Sitka</u> Beaver Lake Cross Estuary Life Forest and Muskeg Harbor Mountain-Gavan Hill	Halibut Point State Recreation Site Indian River Medvejie Lake Mosquito Cove	Mt. Verstovia Sitka National Historical Park Starrigavan Valley Thimbleberry Lake-Heart Lake
<u>Hoonah</u> Bear Paw Lake Coyote Beach	Lower Suntaheen Creek Neka Hot Springs Pavlof Marsh	Suntaheen Creek Fishpass Wukuklook Beach
<u>Admiralty Island</u> Admiralty Cove-Young Lake	Lake Alexander-Mole Harbor	

Recreation Cabins and Shelters

<u>Misty Fiords Cabins</u> Alava Bay Beaver Camp Checats Ella Narrows	Hugh Smith Lake Humpback Lake Manzanita Lake	Wilson Narrows Wilson View Winstanley Island Winstanley Lake
<u>Misty Fiords Shelters</u> Big Goat Lake Manzanita Bay	Nooya Lake Punchbowl Lake	Winstanley Lake
<u>Prince of Wales Island Vicinity Cabins</u> Barnes Lake Black Bear Lake Control Lake Essowah Lake Honker Lake Josephine Lake	Karta Lake Karta River Kegan Cove Kegan Creek Point Amargura Red Bay Lake One Duck	Salmon Bay Lake Salmon Lake Sarkar Lake Shiple Bay Staney Creek Sweetwater Lake Troller's Cove Twelvemile Cabin
<u>Ketchikan Vicinity Cabins</u> Anchor Pass Blind Pass Fish Creek Heckman Lake Helm Bay	Helm Creek Jordan Lake McDonald Lake Patching Lake	Phocena Bay Plenty Cutthroat Reflection Lake Southeast Heckman Lake*

<u>Ketchikan Vicinity Shelters</u>		
Lake Shelokum Long Lake	McDonald Lake Reflection Lake	Wolf Lake
<u>Wrangell Vicinity Cabins</u>		
Anan Bay Anan Lake Berg Bay Binkley Slough Eagle Lake Frosty Bay Garnet Ledge Gut Island #1	Gut Island #2 Harding River Koknuk Little Dry Island Mallard Slough Marten Lake Middle Ridge Cabin* Mount Flemer	Mount Rynda Sergief Island Shakes Slough #1 Shakes Slough #2 Steamer Bay* Twin Lakes Virginia Lake*
<u>Wrangell Vicinity Shelters</u>		
Kunk Lake Long Lake	North Wrangell High Country North Wrangell Pond	Shoemaker Bay Overlook
<u>Petersburg Vicinity Cabins</u>		
Beecher Pass Big John Bay Breiland Slough Cascade Creek Castle Flats Castle River Deboer Lake	Devil's Elbow Harvey Lake Kadake Bay Kah Sheets Bay Kah Sheets Lake* Petersburg Lake Portage Bay	Ravens Roost Salt Chuck East Spurt Cove Swan Lake Towers Arm West Point*
<u>Petersburg Vicinity Shelters</u>		
Bay of Pillars Falls Lake	Frenchy Ridge	Twin Creek
<u>Sitka Vicinity Cabins</u>		
Allan Point Appleton Cove Avoss Lake Baranof Lake Brent's Beach Davidof Lake Fred's Creek Goulding Lake	Kanga Bay Kook Lake Lake Eva Moser Island North Beach Piper Island Plotnikof Lake Redoubt Lake	Salmon Lake Samsing Cove Sevenfathom Bay Shelikof Sitkoh Lake East Sitkoh Lake West Starrigavan Creek Cabin* Suloia Lake White Sulphur Springs
<u>Sitka Vicinity Shelters</u>		
Harbor-Gavan Kakul Narrows	Long Bay Mt. Edgecumbe Trail	North Neva Otstoia
<u>Hoonah Vicinity Cabin</u>		
Greentop Harbor Eight Fathom Cabin		
<u>Admiralty Island Cabins</u>		
Admiralty Cove Big Shaheen Church Bight Distin Shelter Florence Lake (East)	Hasselborg Creek Jim's Lake Lake Alexander Lake Kathleen Little Shaheen	N. Young Lake Pybus South Young Lake Sportsmen
<u>Admiralty Island Shelters</u>		
Lake Alexander	Mole Harbor	

<u>Juneau Vicinity Cabins</u>		
Berner's Bay Dan Moller Eagle Glacier Memorial	East Turner Lake John Muir Peterson Lake	Taku Glacier West Turner Lake Windfall Lake
<u>Skagway Vicinity Cabins</u>		
Denver Caboose	Laughton Glacier	
<u>Yakutat Vicinity Cabins</u>		
Alsek River Eagle (Middle Situk N) Harlequin Lake North Harlequin Lake South	Itallo River Lower Dangerous Middle Dangerous Raven (Middle Situk S)	Situk Lake Square Lake Tanis Mesa North Tanis Mesa South

Arts, Entertainment and Culture

Along with outdoor recreation, another key reason that people live, work and visit Southeast Alaska is due to the rich arts and cultural offerings – from Tlingit art and culture, to world class theater, to basketball. The table below begins to quantify some of the arts, entertainment and cultural resources by community. Some of these events clearly combine arts and culture with recreation and sports. The list is not entirely complete, but does capture the extensive level of arts and culture enjoyed by members of our communities.

Southwest Alaska Arts, Entertainment and Cultural Resources

Community	Culture Type	Institution Name	Special Notes
Angoon	Gallery	Angoon Artists Gallery	
Craig	Annual Event	Harvest Festival	October
Craig	Annual Event	Prince of Wales International Marathon	May
Craig	Annual Event	Sunnahae Arts Festival	August
Craig	Arts Council	Sunnahae Arts Council	
Haines	Annual Event	ACTFEST	
Haines	Annual Event	Alaska Bald Eagle Festival	November
Haines	Annual Event	Alcan 200 Road Rally	Snow machine race January
Haines	Annual Event	Dick Hotch Basketball Tournament	February
Haines	Annual Event	Great Alaska Craftbeer and Homebrew Festival	May
Haines	Annual Event	Haines Fisherman's King Salmon BBQ	June
Haines	Annual Event	Homebrew Festival	May
Haines	Annual Event	King Salmon Derby	May - June
Haines	Annual Event	Kluane Chilkat International Bike Relay	June
Haines	Annual Event	Mardi Gras	September
Haines	Annual Event	Southeast Alaska State Fair	Summer
Haines	Artists	Ravens Window	
Haines	Arts Council	Haines Arts Council	
Haines	Auditorium	The Chilkat Center for the Arts	
Haines	Craft	Alaska Indian Arts	

Community	Culture Type	Institution Name	Special Notes
Haines	Cultural Center	Fort Seward Tribal House	
Haines	Dance	Chilkat Dancers Storytelling Theatre	
Haines	Museum	Alaska Indian Arts	
Haines	Museum	American Bald Eagle Foundation	
Haines	Museum	Hammer Museum	
Haines	Museum	Sheldon Museum & Cultural Center	
Haines	Seasonal Event	Farmer's Market	Summer
Haines	Theatre	Lynn Canal Community Players	
Hoonah	Historical Sight/Museum	Icy Strait Point	Historic Cannery
Juneau	Annual Event	Alaska Folk Festival	Annual - April
Juneau	Annual Event	Alaska Public Market	Crafts
Juneau	Annual Event	Coffee & Jam Dance Festival	
Juneau	Annual Event	CrossSound	Concert Series
Juneau	Annual Event	Gold Medal Basketball Tournament	Sports Tournament
Juneau	Annual Event	Gold Rush Days	History
Juneau	Annual Event	Golden North Salmon Derby	August
Juneau	Annual Event	Jazz & Classics Festival	
Juneau	Annual Event	Juneau Underground Movie Project Summer Film Festival	
Juneau	Annual Event	Juneau World Affairs Council	World Affairs
Juneau	Annual Event	King Salmon Derby	Fishing Derby
Juneau	Annual Event	Local Food Festival	Food Festival
Juneau	Annual Event	Maritime Festival	
Juneau	Annual Event	Taste of Juneau Food & Music Festival	Food Festival/ Music Festival
Juneau	Annual Event	Wearable Art Extravaganza	Runway Show
Juneau	Arts & Humanities Council	Juneau Arts and Humanities Council	
Juneau	Arts Organization	Alaska Arts Education Consortium	
Juneau	Arts Organization	Arts for Kids	
Juneau	Auditorium	Centennial Hall	
Juneau	Choir	Alaska Youth Choir	
Juneau	Community Art Studio	The Canvas	
Juneau	Dance School	Janice Holst Dance Studios	
Juneau	Dance Studio	Juneau Dance Unlimited	
Juneau	Ensemble	Juneau String Ensembles	
Juneau	Film Club	Juneau Underground Movie Project	
Juneau	Folk Dance	Juneau ContraDancers	as monthly Ballroom Dances
Juneau	Folk Dance	Juneau International Folkdancers	
Juneau	Gallery	Juneau Artists Guild	
Juneau	Jazz	Juneau Jazz & Classics	
Juneau	Museum	Alaska State Museum	
Juneau	Museum	House of Wickersham	Closed until further notice
Juneau	Museum	Juneau-Douglas City Museum	
Juneau	Museum	Last Chance Mining Museum	
Juneau	Opera	Juneau Lyric Opera Company	
Juneau	Opera	Opera to Go	Concert Series

Community	Culture Type	Institution Name	Special Notes
Juneau	Planetarium	Nancy Drake Planetarium	
Juneau	Symphony	Juneau Symphony	
Juneau	Theatre	Perseverance Theatre	
Juneau	Theatre Club	Theatre in the Rough	
Ketchikan	Annual Event	Blueberry Arts Festival	July
Ketchikan	Annual Event	Gigglefeet Dance Festival	July
Ketchikan	Annual Event	Jazz & Cabaret Festival	
Ketchikan	Annual Event	Ketchikan Halibut Derby	July
Ketchikan	Annual Event	Ketchikan King Salmon Derby	May - June
Ketchikan	Annual Event	Midwinter Medieval Feast	
Ketchikan	Annual Event	Wearable Art Show	February
Ketchikan	Annual Event	Winter Arts Faire	November
Ketchikan	Arts Council	Ketchikan Area Arts & Humanities Council	
Ketchikan	Choir	Ketchikan Community Concert Band	
Ketchikan	Community Art Gallery	Main Street Gallery	
Ketchikan	Concert Band	McPherson Music Education Center	
Ketchikan	Convention Center	Cape Fox Lodge & Convention Center	
Ketchikan	Craft	Ketchikan's Carver at the Creek	
Ketchikan	Craft	Studio K	
Ketchikan	Craft	The Soho Coho	
Ketchikan	Cultural Center	Saxman Tribal House	
Ketchikan	Dance School	Ketchikan Theatre Ballet	
Ketchikan	Gallery	Arctic Spirit Gallery	
Ketchikan	Gallery	Scanlon Gallery	
Ketchikan	Historical Sight/Museum	Dolly's Enterprises, Inc.	
Ketchikan	Historical Sight/Museum	Potlatch Park	
Ketchikan	Historical Society	Ketchikan Medieval and Renaissance Society	
Ketchikan	Museum	Southeast Alaska Discovery Center	
Ketchikan	Museum	Tongass Historical Museum	
Ketchikan	Museum	Totem Heritage Center	
Ketchikan	Personal Art Studio	Crazy Wolf Studio	
Ketchikan	Seasonal Event	The Monthly Grind	Open Mic
Ketchikan	Seasonal Event Series	Torch Nights	International music performers
Ketchikan	Theatre	First City Players	
Metlakatla	Museum	Duncan Cottage Museum	
Petersburg	Annual Event	Blessing of the Fleet	May
Petersburg	Annual Event	Canned Salmon Classic	August
Petersburg	Annual Event	Julebukking	Christmas Eve
Petersburg	Annual Event	Little Norway Festival	May
Petersburg	Annual Event	Octoberfest Artshare	October
Petersburg	Annual Event	Octoberfest Celebration	October - November
Petersburg	Annual Event	Salmon Derby	May
Petersburg	Arts Council	Petersburg Arts Council	
Petersburg	Craft	Rain Country Quilters Guild	
Petersburg	Cultural Organization	Sons of Norway	

Community	Culture Type	Institution Name	Special Notes
Petersburg	Museum	Clausen Memorial Museum and Shop	
Sitka	Annual Event	10th Annual Sitka Artisans Market	December
Sitka	Annual Event	Alaska Day Festival	October
Sitka	Annual Event	Banff Mountain Film Festival	February
Sitka	Annual Event	Julie Hughes Triathlon	May
Sitka	Annual Event	Mudball Classic Softball Tournament	September
Sitka	Annual Event	Russian Christmas and Starring	January
Sitka	Annual Event	Sitka Arti Gras	March Music and Arts Festival
Sitka	Annual Event	Sitka Jazz Festival	February
Sitka	Annual Event	Sitka Music Festival	February
Sitka	Annual Event	Sitka Salmon Derby	May
Sitka	Annual Event	Sitka Summer Music Festival	
Sitka	Annual Event	Sitka Whalefest	November
Sitka	Arts Council	Greater Sitka Arts Council	
Sitka	Auditorium	Harrigan Centennial Hall	
Sitka	Camp	Sitka Fine Arts Camp	
Sitka	Craft	Baranof Arts and Crafts Association	
Sitka	Craft	Ocean Wave Quilters	
Sitka	Craft	Rainy Day Doll Makers	
Sitka	Museum	Southeast Alaska Indian Cultural Center	
Sitka	Cultural Organization	Sons of Norway	
Sitka	Native Dance	Gájaa Héen Dancers	Tlingit Dance Group
Sitka	Native Dance	Noow Tlein Dancers	Tlingit Dance Group
Sitka	Dance School	Sitka Studio of Dance	
Sitka	Historical Society	Sitka Historical Society	
Sitka	Improv Club	Sitka Comedy Group	
Sitka	Museum	Sheldon Jackson Museum	
Sitka	Historical Sight/Museum	Sitka National Historical Park	
Sitka	Museum	Sitka Historical Society and Museum	
Sitka	Native Dance	Sheet' ka Kwa'an Naa Kahidi Community House	
Sitka	Theatre	Baranof Theatre Guild	
Sitka	Dance	New Archangel Russian Dancers	
Skagway	Annual Event	Annual Elks Summer Solstice Party	June
Skagway	Annual Event	Buckwheat Ski Classic	March
Skagway	Annual Event	International Mini Folk Festival	April
Skagway	Annual Event	International Softball Tournament	July
Skagway	Annual Event	Klondike International Road Relay	September
Skagway	Annual Event	Pat Moore Memorial Game Fish Derby	July
Skagway	Annual Event	Skagway Marathon	June
Skagway	Arts Council	Skagway Arts Council	
Skagway	Museum	Skagway Museum and Archives	
Skagway	Historical Site/Museum	Klondike Gold Rush National Historical Park	
Wrangell	Annual Event	Garnet Festival	April
Wrangell	Annual Event	Harvest Festival	October
Wrangell	Annual Event	King Salmon Fishing Derby	May - June

Community	Culture Type	Institution Name	Special Notes
Wrangell	Annual Event	Muskeg Meadows Annual Membership Golf Tournament	May
Wrangell	Annual Event	Polar Bear Swim	January
Wrangell	Annual Event	Tent City Festival	February
Wrangell	Craft	Muskeg Maleriers	
Wrangell	Cultural Center	Chief Shakes Island and Tribal House	
Wrangell	Historical Sight	Petroglyph Beach State Historic Park	
Wrangell	Museum	Wrangell Museum	
Wrangell	Museum	Tibal House of the Bear	
Klawock City	Annual Event	King Salmon Sport Fishing Derby	Summer
Klawock City	Annual Event	Klawock Cooperative Association's Water Games	July
Craig	Annual Event	Celebration by the Sea Quilt Show	May
Klawock City	Annual Event	Elizabeth Peratrovich Celebration	February
Klawock City	Historical Sight	Totem Pole Park	
Kake	Annual Event	Dog Salmon Festival	July
Wrangell	Annual Event	Wrangell Bearfest	July
Sitka	Annual Event	Sitka Seafood Festival	August
Hoonah	Dance	Mt. Fairweather Dancers	
Petersburg	Annual Event	Devil's Thumb Brewfest and Chili Cook-off	
Sitka	Arts Center	Sitka Performing Arts Center	
Prince of Wales	Annual Event	Culture Camp and Pole Raising Ceremony	
Thorne Bay	Annual Event	Community Cleanup	
Naukatik Bay	Annual Event	Mud Bogg Races	July
Naukatik Bay	Annual Event	Skunk Cabbage Festival	July
Prince of Wales	Annual Event	International Coastal Cleanup	September
Craig	Annual Event	Summer Arts Festival	August
Tenakee Springs	Collection	Tenakee Historical Collection	
Ketchikan	Theatre	Coliseum Twin Theatre	
Juneau	Cinema	Goldtown Nickelodeon	
Juneau	Cinema	Gross Alaska Theatres	
Juneau	Cinema	Silverbow Back Room Cinema	

Tourism and Recreation Strength/Constraints

Key strengths/opportunities

Southeast Alaska has a significant level of outdoor recreation, nature-based resources, and a rich cultural history that is highly desirable to the visitor and resident alike. The visitor industry has been one of the fastest growing in Southeast Alaska in recent years. Wilderness designations in the Tongass have created 'special places' which are what tourists want to see. These designations essentially created the growing interest in tourism to the region. The places adventure tours take clients to are typically "named" special places; and, because these places are protected, the condition they will be in is predictable. One can rely on them for consistently delivering as marketed.

Financial resources have been available from USFS Tongass receipts and State Marine Passenger fees to help build infrastructure and utilities with the cooperation of local government.

Larger, successful businesses in some communities have worked to help smaller businesses survive. For example, rather than contract with one company that has 5 boats to provide visitor experiences, one business is now contracting with 5 one-boat companies. By doing this, their contracts help provide individuals with the collateral they need to get financing for their smaller businesses.

Also, when a major business in a community markets the experience (fishing, whale watching) and brings in business, then some of this business can go to local resident entrepreneurs who take people stream fishing, kayaking, etc. Where it has occurred, teaming together to work on regional, or sub-regional, marketing helps all the community.

Key constraints/obstacles

Tourism related jobs are generally lower wage than in other Southeast Alaska industries, and often the work available is not year round. There is a great influx of people that comes from out of state for these seasonal jobs; so while there is a general benefit, the regional economy does not reap the rewards of an increase in year round population. Passenger fees levied locally and regionally on the cruise industry have resulted in fewer visits to some communities and an antagonistic relationship with the industry. Also, many tourism related business owners are from out of the region, so profits are not reinvested in the local economy.

The lack of transportation infrastructure was cited as an obstacle for businesses. Some tourism businesses felt that this could be mitigated by consistency in the ferry schedule from year to year. As stated by one business owner:

"The lack of consistency in the ferry schedule makes many opportunities impossible. If you could count on a reliable transportation connection between say, Sitka and Petersburg, then suddenly this is a business market. Instead, the fast ferry is going there one month or one year and not the next. What will it be this fall? A tourism business cannot make plans or do marketing with this inconsistency. It is too bad that the fast ferry with its touted regular departure schedules didn't work; it would have changed the way the SE region functions."

While high freight costs were by far the most significant barrier to operating any business in Southeast Alaska, regular AMHS ferry service also was considered critical to meeting freight needs.

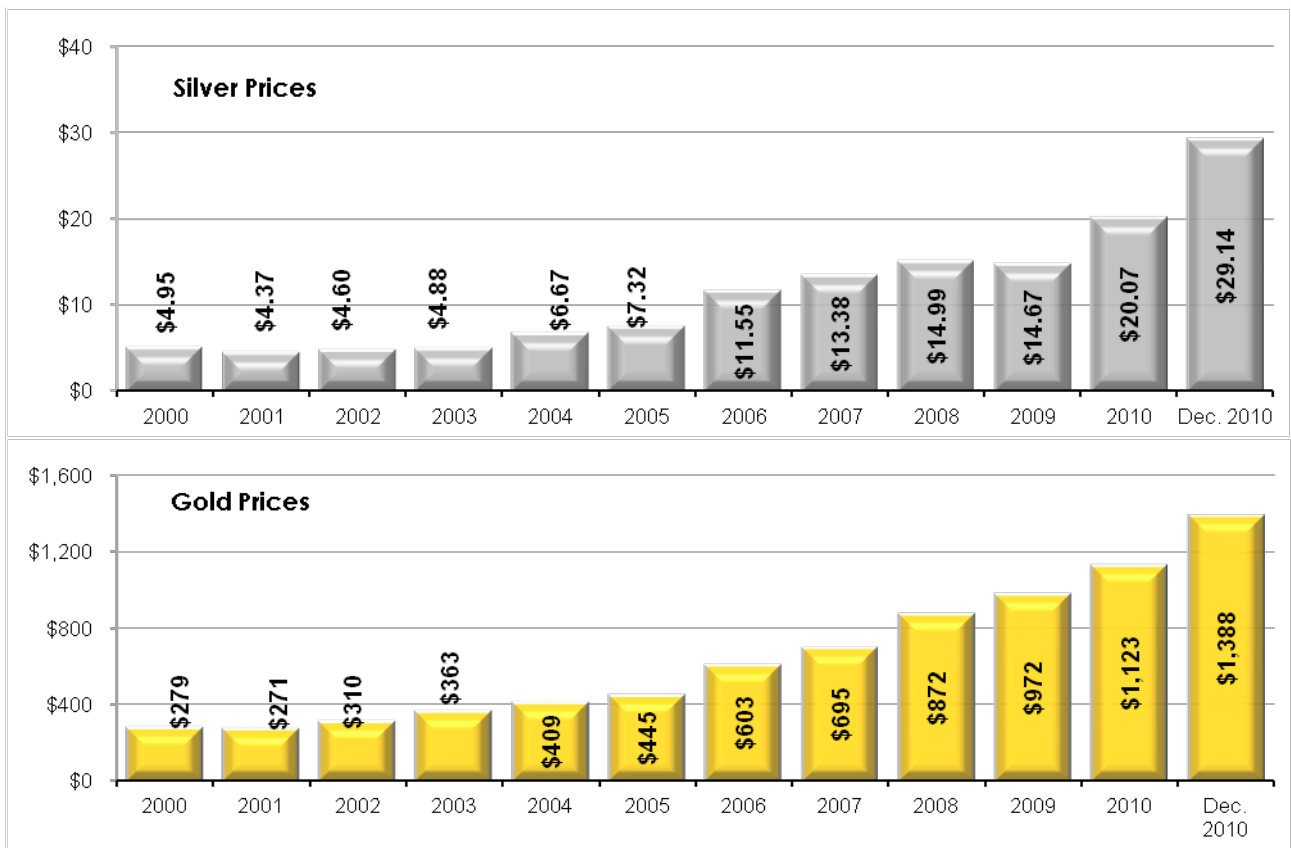
Finally, the executive interviews highlighted that often neighboring communities see each other as competitors in trying to deliver the same visitor experiences or products. The region as a whole could benefit if communities identify unique assets and focus on those, look for ways to team up and collaborate, and think and communicate as a region.

9. Mining

Mining has played a large role in the history of the region. Prince of Wales Island had the first gold mine in Alaska and supplied the world with first class marble for buildings for years. Gold was discovered in Juneau in 1880, and the area hosted one of the largest gold mine operations in the world. Southeast Alaska has tremendous minerals resources. The region's mineral deposits are large and diverse. They include gold, silver, lead, zinc, copper, molybdenum, platinum, limestone, marble, uranium, and rare earth minerals. There are also substantial quantities of rock, sand, and gravel for use in construction around the region.

In 2009, there were 413 mining jobs in Southeast Alaska with an average wage of \$92,000 annually – the highest for any industry in the region. Due to the recent opening of the Kensington Mine near Juneau, and the rising values of key metals, such as gold and silver, employment figures will continue to rise.

Gold and Silver Prices, 2000 to 2010



Source: Kitco Metals Inc. <http://www.kitco.com/>

By 2011, JEDC expects the Southeast mining industry to have 600 employees in total and a combined payroll of \$50+ million annually by 2011. Statewide the Alaska Department of Labor forecasts that mining

will grow by 17% between 2008 and 2018 and mining support activities will grow by 10% during this time period.

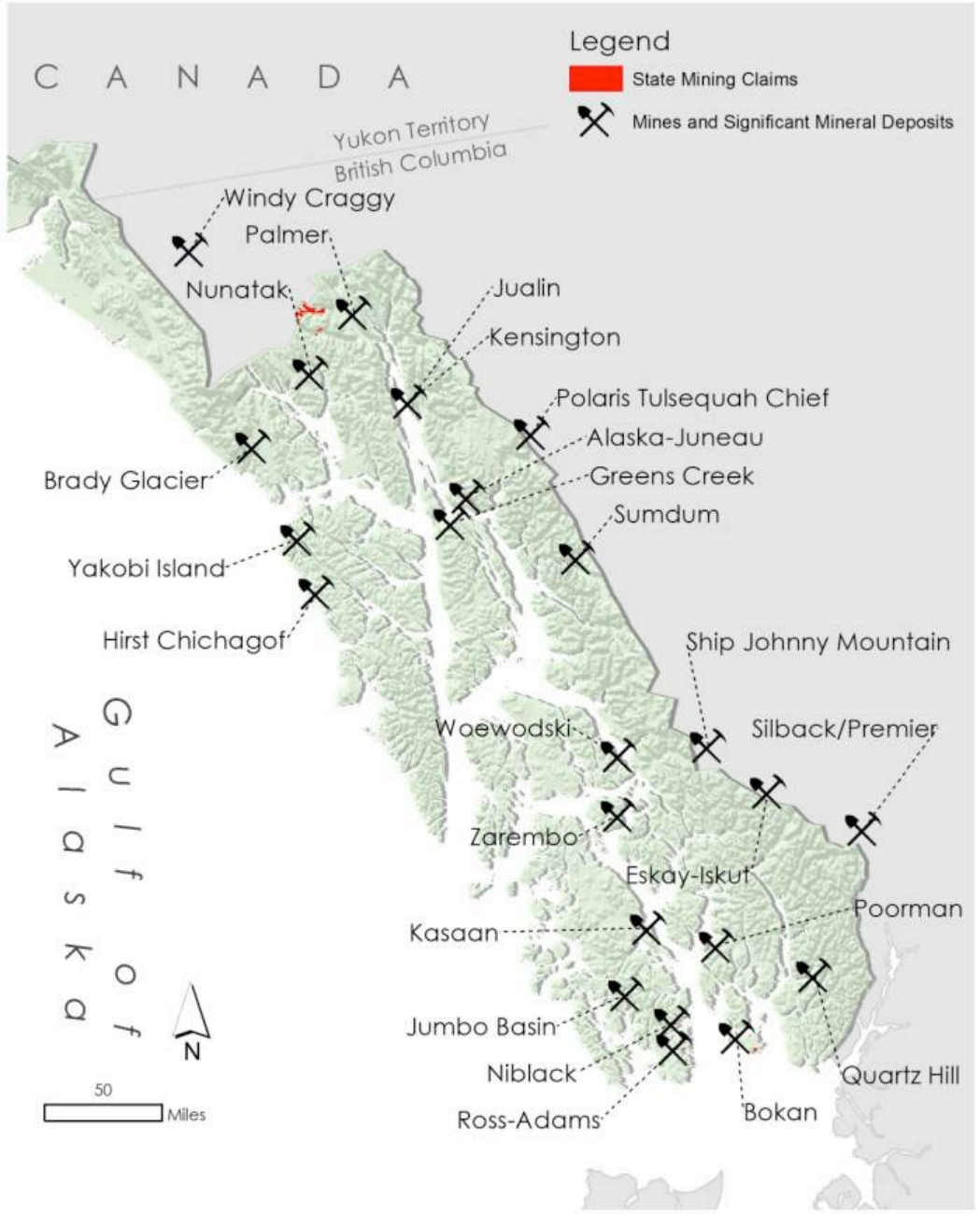
The Hecla Mining Company's Green's Creek mine on Admiralty Island is the second largest silver producer in North America and the sixth largest silver producer in the world. The Greens Creek Mine, Juneau's top private employer with 333 employees, is located on Admiralty Island near Juneau. The mine was purchased by the Hecla Mining Company for \$750 million in April 2008. It produced 7.5 million ounces of silver in 2009, along with 67,278 ounces of gold, 70,379 tons of zinc and 22,253 tons of lead. Milled tonnage averaged 2,167 tons per day, 8 percent higher than production in 2008. Despite slightly lower mined grades of silver and gold in 2009, metal production of silver, gold, zinc and lead was higher compared with metal production in 2008. Unit operating costs for mining and milling in 2009 were \$65.55 per ton, or 18 percent lower than unit costs in 2008.

During the first quarter of 2010, the Greens Creek mine produced 1.6 million ounces of silver. Milled tonnage averaged 2,201 tons per day, 6 percent higher than production in the first quarter of 2009. Although total production costs at Greens Creek were higher in the first quarter of 2010 compared to the same 2009 period, increased production volumes lowered unit operating costs for mining and milling by 5 percent to \$64.05 per ton compared with unit operating costs in the first quarter of 2009.¹

After two decades of efforts, the Coeur Alaska owned Kensington Mine began producing gold in June of 2010. The company anticipates that Kensington will produce 50,000 ounces of gold during the remainder of 2010 and will average approximately 125,000 ounces of gold annually over the mine's initial 12.5 year life. The Kensington mine will ultimately employ about 200 workers when it is in full production. Direct payroll is expected to be approximately \$16 million annually (or \$25 million including direct and indirect wages). According to Coeur Alaska, 30 percent of the workers currently at Kensington are Alaska Native, and approximately 75 percent are Alaska residents. The mine is also expected to pay \$1.5 million in taxes to Juneau each year, and spend \$9.3 million annually on local supplies and services.

¹ Hecla Mining Company press releases www.phx.corporate-ir.net/phoenix.zhtml?c=63202&p=irol-news&nyo=0

Southeast Alaska State Mining Claims, Mines, and Significant Mineral Deposits



Source: Alaska Department Natural Resources Division of Geological & Geophysical Surveys

Other significant mining prospects in Southeast Alaska include the following:

- **Bokan Mountain** on Prince of Wales Island was historically a high-grade uranium mine. The site is currently being explored for rare earth elements such as dysprosium by UCore. Rare earths are a group of 17 minerals that are highly valuable today with unique chemical, electrical, and physical properties. Bokan Mountain is thought to hold about 3.8 million tons of rare earth elements. Bokan Mountain deposits are currently being developed and one source suggested production could occur as early as 2012.
- The gold rich copper-lead-zinc volcanic massive sulfide **Niblack Prospect** on Prince of Wales Island is in active and advanced exploration by Niblack Mining Company.
- The **Poorman Prospect** near Kaasan is being explored for its magnetite (iron ore) potential by Eagle Industrial.
- The copper-rich **Palmer Project**, near Haines, is one of North America's newest volcanogenic massive sulphide discoveries.
- The gold, silver and zinc **Woewodski and Zarembo prospects** are located on separate islands near Petersburg and Wrangell.
- The **Admiral Calder Calcium Carbonate Mine** on Prince of Wales Island was purchased from Sealaska by Tri-Valley in 2005. The mine is currently in a care and maintenance mode while Select Resources Inc., the mineral division of Tri-Valley Corp., organizes a customer base before restarting the mine.

Another potential opportunity in mining comes from increased interest rare earth elements (REEs). The Bokan Mountain is thought to be one of the three largest sources of REEs in the U.S. Alaska Governor Sean Parnell's proposed budget for fiscal year 2012 includes \$500,000 for a strategic assessment of these elements and Alaska Senator Lisa Murkowski recently introduced legislation that would foster investment in exploration and development in REEs. REEs, have become vital components in computer hard drives, cell phones, hybrid vehicles, and other clean energy technology. As the global demand for REEs grows, the worldwide supply is starting to dwindle.

Finally, it is important to point out a key partnership that assists with developing a regional mining workforce. Vocational technical training and education to support mining is available at the University of Alaska Southeast through a partnership between the UAS School of Career Education, the UA Corporate Programs Mine and Petroleum Training Services, the Alaska Department of Labor, and the mining industry. Multiple classes and trainings are available that directly satisfy requirements to work in the industry.

Mining Strength/Constraints

Key strengths/opportunities

Mining and mining support is forecast for significant growth in Alaska due to the increased price for minerals on world markets and the presence of several large economically viable mineral deposits in the State.

There are two large mines in Southeast Alaska and several prospects under exploration (see map).

A successful partnership between the UAS School of Career Education, the UA Corporate Programs Mine and Petroleum Training Services, the Alaska Department of Labor, and the mining industry has enabled establishment of a vocational technical Mine Training Center to support mining.

A State of Alaska tax credit program directly makes possible corporate contributions to support this training through the Educational Tax Credit (ETC). ETC is valid for companies paying Income Tax, Insurance Premium Tax/Title Insurance Premium Tax, Mining License Tax, Oil & Gas Property Tax, Oil & Gas Production Tax, and Fishery Business Tax/Fisheries Landing Tax in the State of Alaska. During the 2010 Legislative Session the legislature expanded the Alaska Higher Education Tax Credit to increase the credit amount for corporations making contributions in support of education.

With Southeast Alaska's inexpensive and abundant renewable hydropower energy, deep water access, and world class mines, Southeast Alaska could be an attractive site for a smelter. China is a primary smelter destination as is Canada, but in the US there are various sized smelters in Arizona, Texas, Montana, Utah, Missouri, Illinois, Tennessee, and Pennsylvania, Iowa, Nevada, Connecticut (mostly for copper, nickel, zinc, lead, zinc, beryllium, molybdenum and tungsten).

Key constraints/obstacles

World mineral pricing primarily dictates economics and this is beyond Alaska's control.

Mines require very high front-end capital investment.

Mines always require careful environmental control but there is a high level of scrutiny in Southeast Alaska. Much of the surrounding land and resources are publically owned, so many parties from outside the region pay close attention to public assets here. Seafood and tourism are critical sectors of the economy and both depend on the image and reality of a clean environment.

There are no smelters in Southeast Alaska so all products are shipped out raw with limited value-added activity.

Health Care

Health care and social services employment represents 16 percent of all private sector employment in Southeast Alaska. In the private sector alone, there are nearly 3,600 employees in this industry regionally with a payroll of \$139 million.

The largest health care provider in the region is the Southeast Alaska Regional Health Consortium (SEARHC). SEARHC is a non-profit tribal consortium that provides health and wellness services to Native Alaskans and their families. SEARHC is also Southeast Alaska's largest private employer with a regional staff of nearly 800 in 18 communities around Southeast Alaska, including a Juneau staff of nearly 200 employees.

The Bartlett Regional Hospital is the region's next largest health care provider and offers a full range of medical services. The hospital has a staff of 407 full-time-equivalent employees and 55 inpatient beds. In 2009, Bartlett delivered 396 babies, discharged 2,240 patients after treatment, performed 4,040 surgeries, and treated 13,600 patients in the emergency room. The Bartlett Regional Hospital is considered part of City Government in employment statistics. The third largest health care provider in the region is the Ketchikan General Hospital with nearly 400 employees.

Private Southeast Health Care and Social Assistance Employment and Earnings, 2008 and 2009

	2009	2008	Change 2008-2009
Annual average Employment	3,576	3,489	2%
Annual average Wages	\$38,800	\$37,195	4%
Total Payroll	\$139 million	\$130 million	7%

Source: ADOL.

Health Care Outlook

According to the Alaska Department of Labor, the aging of Southeast Alaska's baby boomers is resulting in growth of health care services, as older people require more health care. As the state and region continue to age, the scale of the local and regional health care industries must grow to meet increasing demand.

Regional Health Care Facilities

In Southeast's 44 communities, there is a general acute-care facility located in 5; Juneau, Ketchikan, Sitka, Petersburg, and Wrangell. Residents not living in one of these communities must

travel by boat or plane to access secondary or advanced health care services. Small clinics and some private providers can be found in a few of the moderately-sized communities, but volunteer EMS is all that's available in the smaller of the region's communities. The major health care facilities in the region are as follows.

Hospitals -

- Ketchikan General Hospital - 46 beds
- Sitka Community Hospital - 13 beds
- SEARHC Hospital (Sitka) - 64 beds
- Bartlett Memorial Hospital (Juneau) – 55 in-patient/16 out-patient beds.

Medical Centers (resident doctors) -

- Petersburg Medical Center (14 beds)
- Wrangell Medical Center (8 beds)
- Craig Clinic (outpatient)
- Haines Clinic (outpatient)

Many other Southeast Alaska communities have local outpatient clinics that are generally staffed by a nurse practitioner or a physician's assistant, but no resident doctor. The following table shows community population compared to the medical services that are available in the region.

Community Population Size and Medical Facilities

Community	Clinics/Hospitals
Angoon	Angoon Health Center
Coffman Cove	Seaview Medical Center in Craig
Craig	Craig Medical Clinic & Craig/POW Public Health Center
Cube Cove	n/a
Edna Bay	n/a
Elfin Cove	n/a
Excursion Inlet	n/a
Game Creek	Hoonah Medical Clinic in Hoonah
Gustavus	Gustavus Community Clinic
Haines	SEARHC Haines Health Center & Haines Public Health Center
Hobart Bay	n/a
Hollis	Craig Family Medical Clinic or Seaview Medical Center in Craig & Alcia Roberts Medical Center in Klawock
Hoonah	Hoonah Medical Clinic
Hydaburg	Hydaburg Clinic
Hyder	Stewart Health Clinic, Stewart, BC, Canada
Juneau	Bartlett Regional Hospital, SEARHC Medical/Dental Clinic & Juneau Public Health Center
Kake	Kake Health Center
Kasaan	Kasaan Clinic
Ketchikan	Ketchikan General Hospital, Ketchikan Indian Community Tribal Health Clinic

Community	Clinics/Hospitals
	& U.S. Coast Guard Ketchikan Dispensary
Klawock	Alicia Roberts Medical Center
Klukwan	Klukwan Clinic
Kupreanof	Petersburg Medical Center in Petersburg
Lutak	Haines Medical Clinic in Haines
Metlakatla	Annette Island Family Medical Clinic
Meyers Chuck	n/a
Naukati Bay	n/a
Pelican	Pelican Health Center
Petersburg	Petersburg Medical Center, Petersburg Public Health Center
Point Baker	n/a
Port Alexander	n/a
Port Protection	n/a
Saxman	Ketchikan General Hospital in Ketchikan
Sitka	Mt. Edgecumbe/SEARHC Hospital, Sitka Community Hospital & U.S. Coast Guard Air Station
Skagway	Dahl Memorial Clinic
Tenakee Springs	Tenakee Springs Health Clinic
Thorne Bay	Thorne Bay Health Center
Whale Pass	Seaview Medical Center in Craig
Wrangell	Wrangell Medical Center & Stikine Family Clinic
Yakutat	Yakutat Community Health Center

Source: AKDCED

Forestry, Forest Products, and Forest Restoration

Timber Industry Overview

Timber production has decreased dramatically in the United States in the last decade. At the same time, however, US citizens consume 67 cubic feet per person per year (compared to a global average per capita consumption of 21 cubic feet). Despite the availability of timber in the Tongass and other national forests, most of the wood consumed in the United States is imported, and the majority of the wood building products used in Alaska are produced in the lower 48 States.

Southeast Alaska began its modern timber program in the 1940s by producing Sitka spruce logs for airplane construction. As the need for airplane spruce rapidly declined there continued to be a desire to provide economic stability and job opportunities in Southeast Alaska. The Tongass Timber Act of 1947 authorized the Forest Service to develop long-term timber supply contracts. The next year the Forest Service awarded a 50-year contract to a partnership between Puget Sound Pulp and Timber Co. and American Viscose Co. to produce rayon, which organized the Ketchikan Pulp Corporation (KPC) who opened a mill at Ward Cove near Ketchikan in 1954. That same year, another smaller long-term contract was given to a sawmill in Wrangell. Finally, the Japanese, who were in need of new sources of fiber and timber after WW II formed the Alaska Lumber and Pulp Company (APC). APC was awarded a 50-year, 5 billion board feet contract for timber from the northern southeast Alaska forest, and in 1959 built a pulp mill at Silver Bay, near Sitka. Many small communities in the region sprang up and began their lives as logging camps. The Ketchikan and Sitka mills anchored the forest products industry in Southeast Alaska until both mills closed in 1990s, leading to large job losses in Southeast Alaska. In 1990, 3,400 workers were employed in the timber industry in Southeast Alaska, in 2009 employment is at 238.

Timber issues in the 17 million-acre Tongass National Forest in Southeast Alaska remain contentious. An injunction from the Ninth Circuit Court of Appeals in 2005 reduced timber sales from the Tongass National Forest pending preparation of the 2008 Amended Tongass Land Management Plan (TLMP). On February 15, 2008, the USFS published for public comment its Record of Decision and Final Environmental Impact Statement for the 10-year update of the Tongass Land Use Management Plan (TLMP). It supported 267 million board feet (mmbf) of timber harvest. In 2008 there were 14 appeals to the new TLMP. Any timber currently in litigation is not available to local purchasers and mill operators. As a result, since 2001 Tongass timber harvests have been averaging less than 50 mmbf annually, much less than the allowable sale quantity (ASQ) of 267 mmbf. Most recently the 73 mmbf Logjam timber sale near Coffman Cove cleared litigation

hurdles to move forward in late 2009. Timber operators cite the instability of the timber supply as the greatest obstacle to receiving business loans.

The USDA Forest Service intends to help the Southeast Alaskan communities within the Tongass National Forest transition to more diversified economies by stimulating economic opportunity and job creation in a variety of areas including forest restoration. In the Forest Service's FY 2009 "The State of the Tongass National Forest," forest restoration is defined to encompass a wide variety of activities, from invasive species eradication to young growth thinning. What these projects have in common is their intent to improve forest health and diversify local economies.

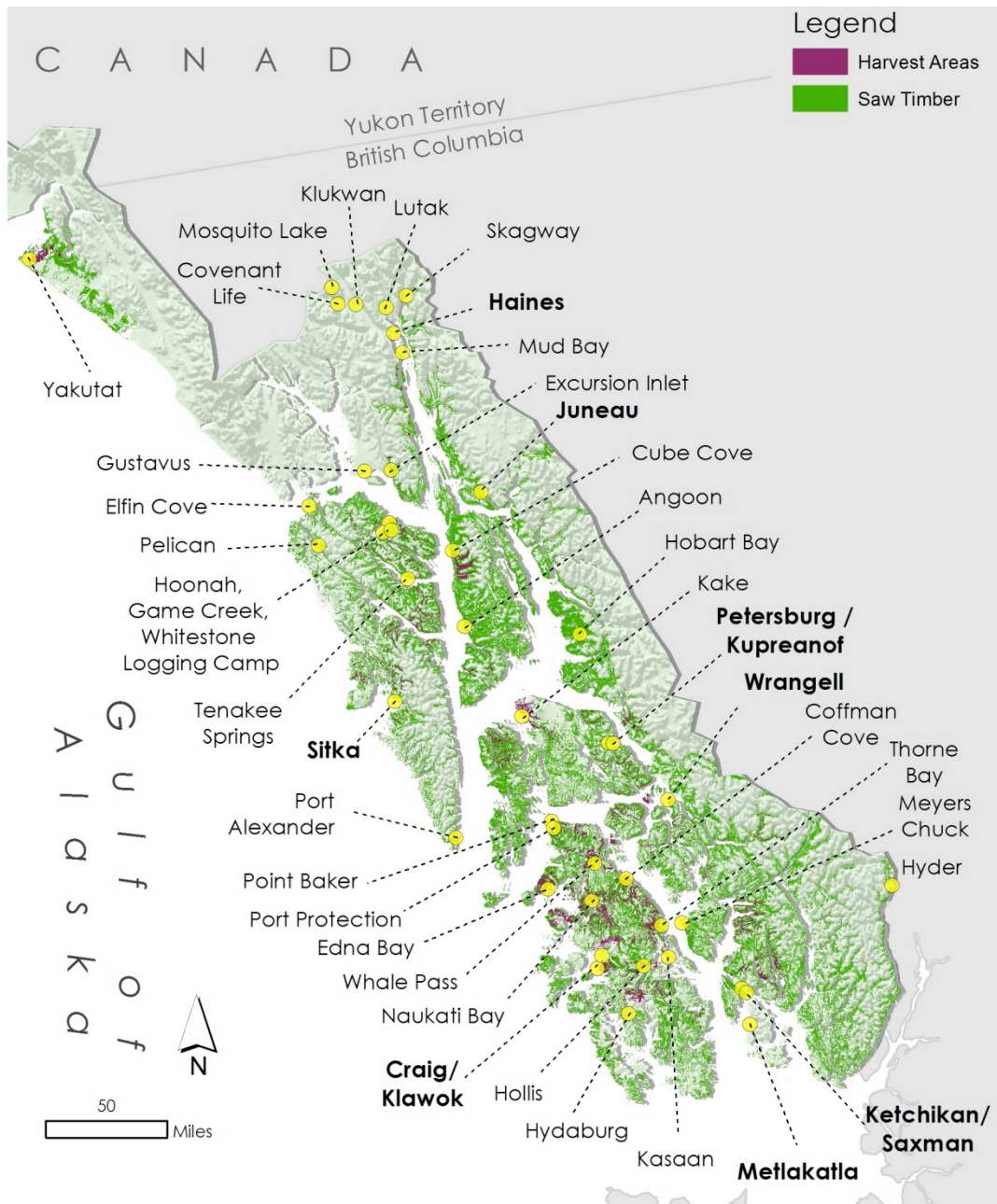
Restoration activities include silvicultural practices (pre-commercial thinning, basal pruning, and tree planting), habitat restoration and enhancement activities, old growth harvest, and opportunity for round log export. Combining a diversity of activities within one sale allows those that are more profitable to subsidize those that are less profitable and also adds flexibility to respond to changing market conditions. Businesses engaged in timber work that were interviewed for this Asset Map all felt that some old growth harvest must continue to be assured; that all mills including small mills creating jobs throughout rural communities, rely on old growth trees. Old growth is needed for value added wood manufacturing.

Sector Employment and Wages Overview, 2003 and 2009

Cluster/Industry Name	NAICS Industry Code	Annual Average Monthly Employment 2003	Annual Average Monthly Employment 2009	Change 2003-2009	Businesses 2009	Wages 2009	Avg wage
Forestry and Logging		510	238	-53%	32	11,759,446	\$49,375
Logging	1133	371	158	-57%	17	8,261,299	\$52,149
Support activities for forestry	1153	20	24	21%	6	1,374,076	\$56,858
Wood product manufacturing	321	119	56	-53%	9	2,124,071	\$38,214

Some forest restoration jobs are not counted in the forestry and logging cluster above. Forest restoration jobs at this time are primarily in forest thinning, stream restoration, and road storage or maintenance. Those engaged in the latter two activities are primarily heavy equipment operators. That type of employment is a NAICS code that falls under Construction, so this direct employment in forest restoration is likely not represented in the forestry and logging cluster.

Location of Harvested Areas and Available Saw Timber



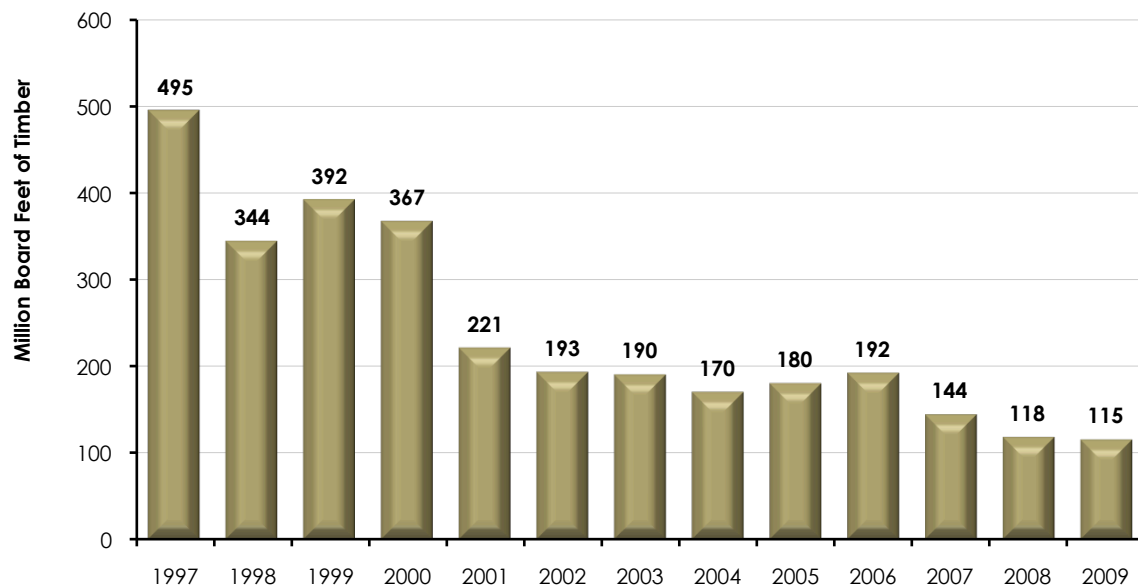
In November 2010, the Tongass Forest issued "The Integrated 5-Year Vegetation Plan: 2010-2014." This reflects feedback the Forest service has received from local and regional stakeholders over the past four years to begin the initial steps to integrate watershed restoration, habitat improvements, pre commercial and commercial thinning, as well as traditional timber sale opportunities. This five-year plan includes young growth projects for the first time and explicitly focuses on stewardship contracting opportunities to open up opportunities for small communities to grow local jobs. It should be noted that there is some disagreement over the Intergrated 5-Year Plan in timber groups. For example, the Forest Service posted the following comments from the Alaska Forest Association:¹

The 2008 Tongass Land Management Plan promised to deliver up to 267 mmbf (million board feet) annually, but the 2008 5-year timber sale schedule along with the four promised ten-year timber sales provided only about 190 mmbf of timber sales annually. This latest 5-year schedule, now called a "vegetative management schedule", cuts the scheduled volume about in half (it averages about 92 mmbf annually). Meanwhile, the implementation of TLMP is proceeding about as expected; the Forest Service has been able to make available only about 10% of the scheduled timber sale volume. This is primarily a result of economic deficiencies in the Forest Plan. Also, please note that two-thirds of this latest schedule is comprised of timber sale projects that appraise deficit. The primary cause of the reduced volume in the new schedule appears to be the avoidance of timber sales in roadless areas. Fully half of the timberlands scheduled for harvest in the 2008 TLMP are in roadless areas. Another quarter of the TLMP scheduled timberlands hold immature timber – timber that is growing very well, but will not be physically or economically mature for many decades.

In 2009, the total Southeast Alaska timber harvest was 114 million board feet (mmbf). This includes 51 mmbf from Sealaska land; 15 mmbf from Alaska Mental Health timber operations; 43 mmbf from the Tongass; and 6 mmbf from State timberlands. The total 2009 harvest is a 3.5 percent decrease from 2008, and represents a 77% decrease from the 1997 Southeast harvest of 495 mmbf.

¹ October 2010 comments by the AFA as posted on
http://www.fs.fed.us/r10/tongass/newsroom/newsroom_specialreports_5YearPlan.shtml

Total Southeast Timber Harvest, 1997-2009 (mmbf)



Source: Alaska Forest Association

Sealaska Corporation also has large timber holdings in southern Southeast Alaska and generally harvests between 50 and 70 mmbf annually, accounting for approximately two-thirds of the region's timber activities. At this time Sealaska estimates they will be out of timber in about two years unless Congressional Legislation in 2011 enables them to select land from beyond their current boundary. In 2010, the State Legislature constituted a new State forest in Southeast Alaska by joining together 10-12 scattered parcels totaling about 28,000 acres into the Southern Southeast State Forest. Several of these parcels were formerly logged USFS lands that are in need of pre-commercial thinning; Alaska DNR is working now to plan these activities. The other state forest in Southeast Alaska is in Haines, and active timber harvest and pre-commercial thinning occurs there. Haines companies compete for the thinning work.

A ban on export of unprocessed timber from Federal lands does not apply to State and private lands. Since the Asian market for round logs is strong, much of the timber harvested from non-Federal lands is exported in unprocessed form, and no local processing jobs are created in the region from this harvest. Many local areas are pursuing small-scale harvest to meet local and regional needs, and are seeking ways to increase value-added opportunities, rather than shipping raw logs out of the region.

The USFS has substantial holdings of timber suitable for harvest. Although the current political climate has hindered sales of many USFS timber stands, a few mills have been able to operate with what is available. Mills would prefer to have three year's worth of timber on contract, but that has

been difficult to obtain because nearly every timber sale has been subject to litigation. A recent study by the USFS and the University of Alaska Southeast outlined the conditions and need for a Medium Density Fiberboard (MDF) plant to utilize mill waste and low quality wood in the region. A plan for inventorying the second-growth timber is under way and will be completed in January 2011. This inventory is essential to determine when and where such timber will be commercially viable, so that a plan to transition to a second-growth timber economy can be made.

In 2009, the Forest Service began work to prepare and offer four, 10-year timber sales to stabilize the timber supply for the existing operations and induce new manufacturing investments.

A bright spot in the industry is that a small portion of wood waste is now successfully being used for fuel in the region. The City of Craig uses chips to heat the swimming pool and a school. There are also efforts underway, led by Sealaska Corporation and the Coast Guard, to replace boilers from oil-fired to wood pellet and thereby generate enough demand in the region to make construction and operation of a wood pellet plant on Prince of Wales Island economic. The USFS has an opportunity to contribute to the regional demand with its choice for heating fuel for its new Forestry Sciences Laboratory in Juneau. If a wood pellet plant is built this could be the first step in reestablishing markets for residuals and low grade logs. This could also be the start of rehabilitation of an integrated industry.

Between 2007 and 2009, logging and wood products manufacturing employment in Southeast Alaska dropped 43 percent—from 372 in 2007 to 214 in 2009—as two large and one small mill closed or became idle. The decline of the timber industry in Southeast Alaska has directly contributed to declines in the non-Juneau regional population (which decreased 8.7 percent between 2000 and 2009).

There are approximately 20 sawmills in Southeast Alaska today, most of which are very small and employ one or two people. The only significant sawmill remaining is Viking Lumber in Klawock on Prince of Wales Island. It is the largest private timber industry employer on the island with approximately 35 employees. There is a group of 7-9 small mills in the Thorne Bay area on Prince of Wales Island. A series of tables reviews activity at the mills in Southeast Alaska in detail at the end of this chapter.

Forest Restoration, Funding, and Contracting Tools

In May 2010, US Secretary of Agriculture Vilsack endorsed a Transition Framework for the Tongass National Forest to provide jobs and community stability for Southeast Alaskan communities. The Framework will include a series of potential economic development actions to stabilize communities in Southeast Alaska by providing jobs around forest restoration, renewable energy, tourism and recreation, subsistence, fisheries and mariculture. Further, it proposes a new approach

to forest management on the Tongass National Forest that moves timber harvesting into roaded, young growth areas and away from old-growth timber in roadless areas.

This shift to harvest of smaller diameter young growth trees requires forest restoration. In order to maintain the health and the resiliency of the forest, restoration must be conducted on thousands of acres of the Tongass. Approximately 8 percent of the forest land on the Tongass National Forest (400,000 acres) is in young growth, half of which is available for harvest under the Tongass Forest Plan. Without investment in commercial thinning, commercially viable young growth forest management could be possible by the 2030's. With restoration investment, young growth volume could be available in this decade. The hope is that by investing in young growth harvesting and restoration, an integrated wood products industry that produces Alaskan wood for Alaskan use as well as for export can be developed.

In the Forest Service's FY 2009 "The State of the Tongass National Forest," forest restoration is defined to encompass a wide variety of activities, from invasive species eradication to young growth thinning. What these projects have in common is their intent to improve forest health and diversify local economies. In Southeast Alaska forest restoration activities are occurring on Tongass, State and Native Corporation land. Funding for forest restoration work in Southeast Alaska comes primarily from the federal government. USDA Forest Service funding comes from both regular formula driven annual funding and special programs from many different internal sources.

- Federal ARRA stimulus funding contributed significantly last year to work on both public and private land.
- The USDA State and Private Forestry division provides funding for a variety of activities including restoration on private and state land.
- The State of Alaska general fund pays for DNR pre-commercial thinning.
- Two USDA Natural Resources Conservation Service (NRCS) programs are used to fund restoration work on private land, the Environmental Quality Incentives Program (EQUIP) and Wildlife Habitat Incentives Program (WHIP). WHIP provides funding for wildlife enhancement activities, such as Saan Seet's current work to improve habitat in Craig. EQUIP is generally used to fund pre-commercial thinning. Kasilco and Kake Tribal Corporations are using EQUIP money to conduct pre-commercial thinning in the Kasaan and Kake areas, and Sealaska Corporation uses these funds (and others) for pre-commercial thinning throughout Southeast Alaska.
- The US Fish and Wildlife Service funds stream and riparian restoration projects, many of which are in formerly logged areas.
- Private foundations have been providing matching funds to enable acquisition of federal funding, including The Nature Conservancy, National Forest Foundation, Gordon and Betty Moore Foundation, National Fish and Wildlife Foundation, and Trout Unlimited.

Other possible funders for restoration work are the ADF&G Sustainable Salmon Fund, and the USFS Resource Advisory Council (RAC) funding through secure schools. Other federal programs used to fund forest restoration in the US are not available to Southeast Alaska because they are geared toward reducing fire hazard and the Tongass is not a fire forest.

In its 2008 assessment of "The Economic Impact of Forest Restoration in Southeast Alaska," the McDowell Group attributed 160-190 direct jobs to forest restoration in 2007, of which 85-110 were due to contract spending and included 65-75 in thinning, 10-20 in road maintenance, and 10-15 in stream restoration work. Other jobs were USFS and private administrative positions. Direct spending in 2007 was \$8.4 million, of which \$5 million went to restoration contract work.

There are about 20-22 jobs created for each \$1 million spent on restoration projects. As restoration-related spending circulates through the economy, it creates additional indirect economic benefits leading to more jobs and income. Economic benefits from Southeast's restoration industry are estimated at more than \$10 million a year (McDowell Group, 2008). In FY 10 approximately \$3.6 million in thinning and \$3.1 million in road storage work is anticipated in the Tongass.

The 2008 "The Economic Impact of Forest Restoration in Southeast Alaska" by The McDowell Group mentioned restoration contract scale and duration² as being important determinant factors in whether Southeast Alaska businesses can effectively compete. Two USFS contracting tools, Stewardship Contracting and Integrated Resource Service Contracting, offer flexibility to address forest restoration contract scale and duration.

Current law authorizes the US Forest Service and the Bureau of Land Management (BLM) to undertake stewardship end results contracting projects, also known as stewardship contracting. The term of the stewardship contract may not exceed 10 years. The current authorization will expire at the end of FY 2013, when reauthorization will be needed.

Stewardship contracts are a means to achieve improved forest health and ecosystem benefits and simultaneously address rural community needs and economies. Restoration activities are part of a contract or agreement that may include multiple partners such as federal, tribal, state, and local agencies; non-governmental organizations; and other interested groups or individuals. Key elements of the stewardship contracting process include the following:

² Restoration contract scale: Offering contracts suitable for small, local contractors is necessary to support local economic benefit. If given enough work over a period of years, these small operators could eventually expand and realize some of the economies of scale enjoyed by larger operators. For local thinning operators with few employees, contracts of 40 to 100 acres are optimal. Smaller operators do not have the capacity to bid on 1,000-acre tracts. Large contracts attract large, outside firms (who find it uneconomical to bid on the smaller projects).

Restoration contract duration: Multi-year contracts could give businesses and their employees greater income stability. Owners of local heavy equipment operations need multiple-year contracts to invest in the equipment and manpower necessary to expand and compete with larger firms. From the perspective of the rural labor force, it can be more important to have multi-year job security than a higher wage for an unknown period.

- Collaboration occurs upfront and during the development and initiation of a project;
- Initiation may be started by agencies and organizations outside of the USFS and BLM;
- Retention of receipts from forest products collected as a result of restoration efforts may be applied to restoration needed in the project area;
- Provides authority to trade goods or services (such as restoration needs);
- Provides authority to use subcontractors; and
- Allows evaluation of a contractor's proposals by the Best Value contracting process (USFS), which are based on the quality of a proposal, expertise and past work history as a contractor as opposed to a single focus of lowest bid. This is the aspect of stewardship contracting that allows consideration and program design to benefit rural communities and economies.

Increased stewardship contracting will create Southeast Alaskan jobs and sustain communities.

Over time it is hoped that revenue from stewardship contracts will provide more direct funding for restoration work in Southeast Alaska by designing stewardship contracts that result in the forest receipts earned directly from the restoration work exceeding the cost of this work. To achieve profitability through stewardship contracting people and businesses in the region must have the correct equipment, training, and experience to conduct restoration work, and, projects must be designed where the value of the products exceeds the costs.

Another contracting tool in use now by the Tongass National Forest is Integrated Resource Service Contracts (IRSC), a new approach to implementing a restoration economy with an all-encompassing, multi-year service contract. The goal is to accomplish resource management activities on a selected landscape by offering projects suitable for small, local contractors to be accomplished over a 5-year period. This will allow business owners and their employees greater income stability for a longer time. The Forest Service is using an IRSC for a variety of projects on Revilla Island, on the Ketchikan-Misty Fjords Ranger District. This effort will maximize cost effectiveness, efficiency, and outputs. These IRSC projects are being funded through a variety of sources, including economic recovery funds (FY 09 State of the Tongass National Forest, June 2010, R10-MB-702).

Both of these tools will address some of the shortcomings that operators have pointed out with current Forest Service commercial thinning contracts which are not predictable, sometimes too large for smaller local contractors to handle, and by using a contracting procedure that favors price above all else bypasses opportunity to develop skilled, local workforce and sustainable relationships.

There is skepticism among both traditional timber harvesters, large and small mill owners, and others in the timber and logging industry about forest restoration and the opportunities and change it will bring. There is fear that shifting direction will decrease old growth harvest, which is high value wood used for value-added products and to subsidize less profitable parts of timber sales. It also simply represents more change and uncertainty in an industry that has been battered over the last 10-15 years by litigation delays, instability of timber supply, management shifts, and seeing many neighbors go out of businesses. Success will require active listening, open communication, and a willingness to design profitable, legally defensible, sales and contracts that will provide work for existing and new businesses in the logging and forestry cluster and thereby benefit rural communities in the Tongass.

Mill Capacity and Utilization Survey, Calendar Year 2009

A series of tables are now presented that review data on mills in Southeast Alaska.

During the spring and summer of 2010 mill production capacity and utilization information was gathered directly from major producers in southeast Alaska. Mills to be surveyed, data to be collected, and survey forms developed by the Forest Service Alaska Region and the PNW Research Station for use in previous survey years were used for the CY 2009 survey. Sampling was conducted on-site, in the field in most cases with the remainder conducted via telephone interviews. Originally, the twenty largest and/or most active sawmills were included in the survey, which began in 2001 (for CY 2000). In 2007 the 20 original mills became 22 with the partial subdivision and sale of one mill. Of those 22 mills, eleven were active in 2009, three were idle, and eight had been decommissioned or were no longer in production (i.e., "uninstalled").

Active Mills (11)

Icy Straits Lumber & Milling, Viking Lumber Co., D&L Woodworks, Thorne Bay Wood Products, Thuja Plicata Lumber, Porter Lumber, St. Nick Forest Products (formerly W.R. Jones & Son Lumber Co.), The Mill, Inc., Falls Creek Forest Products (formerly Southeast Alaska Wood Products), Western Gold Cedar Products, and Thorne Bay Enterprises³ (WGCP and TBE were part of the partial subdivision and sale of Northern Star Cedar)

Idle Mills (3)

Northern Star Cedar, Pacific Log and Lumber, and Silver Bay, Inc.

Uninstalled Mills (8)

³ While considered "installed" and active in CY 2009, Thorne Bay Enterprises had a mill fire in November 2009 that resulted in a total loss of all processing capacity. At the time of this survey, the owner had not yet decided whether to rebuild.

Ketchikan Renaissance Group (formerly Gateway Forest Products (veneer)), Gateway Forest Products (lumber mill), Herring Bay Lumber, Alaska Fibre, Annette Island Sawmill (formerly KPC Hemlock mill), Metlakatla Forest Products, Kasaan Mountain Logging and Lumber, and Chilkoot Lumber Co.

For the purposes of this report, "total installed capacity" includes the capacity of the eleven 11 active mills and the three idle mills. That capacity stands at 249,350 MBF.

Total installed capacity in CY 2009 decreased by 33,000 MBF board feet from CY 2008, which reflects a reduction of the installed capacities at Icy Straits Lumber and Milling (1,500 MBF) and Falls Creek Forest Products (1,500 MBF), and the decommissioning of the Ketchikan Renaissance Group veneer mill (30,000 MBF).

Mill production in CY 2009 amounted to approximately 13,422 MBF, down approximately 10,244 MBF from CY 2008. Three mills reported higher production in CY 2009 totaling approximately 93.5MBF and nine mills reported decreased production totaling approximately 10,337.4 MBF. Percent mill utilization, based on total installed capacity amounted to 5.38%, the lowest level since the survey began. Mill employment in CY 2009 amounted to 57.5 FTE including owner-operators, another precipitous decrease of 36.5 positions or nearly 39 percent from CY 2008, which witnessed huge losses (94 FTE) from CY07.

Southeast Alaska Sawmills, Calendar Year (CY) 2009

Mill Name	Location	Description	Status	# Employees
Icy Straits Lumber & Milling Co.	Hoonah	Conventional carriage, circle saw headrig, edger, bull edger, trim saw, log debarker & merchandiser, resaw, dry kiln, planer, moulder	Active	5
Viking Lumber Co.	Craig	Conventional carriage, band saw headrig, linebar and gang resaws, edgers, trim saw, log debarker and merchandiser, end-dogging circle saw scragg	Active	32
D&L Woodworks	Hoonah	Portable band saw mill and portable circle saw mill	Active	2
Gateway Forest Products (Lumber)	Ketchikan	Twin band mill with end-dogging carriage, resaws, edgers, trim saw, log debarker and merchandiser	Uninstalled	0

Mill Name	Location	Description	Status	# Employees
Ketchikan Renaissance Group, formerly Gateway Forest Products	Ketchikan	Rotary veneer mill, log debarker and merchandiser	Uninstalled	0
Northern Star Cedar	Thorne Bay	Shake/shingle mills, portable sawmills, trim saws, etc.	Idle (partially subdivided)	0
Western Gold Cedar Products (part of Northern Star Cedar break-up)	Thorne Bay	Shake & shingle mills	Active	2
Thorne Bay Enterprises (part of Northern Star Cedar break-up)	Thorne Bay	Portable circle saw mill, trim saw, log and lumber decks	Active	1
J. Peterson (formerly part of Northern Star Cedar break-up)	Thorne Bay	Portable circle saw mill	Ownership reverted to Northern Star Cedar	0
Herring Bay Lumber	Ketchikan	Conventional carriage, circle saw headrig, resaw edger, trim saw	Uninstalled	0
Alaska Fibre	Petersburg	Portable circle saw mill, horizontal band resaw, edger	Primary processing equipment sold in 2005 and 2008	0
Falls Creek Forest Products (formerly Southeast Alaska Wood Products)	Petersburg	Portable circle saw mill, trim saw, log and lumber decks, dry kiln, moulder	Active	1.50
Thorne Bay Wood Products	Thorne Bay	Portable circle saw mill, trim saw, log and lumber decks, dry kiln, planer/moulder	Active	5
Annette Island Sawmill (KPC Hemlock mill)	Metlakatla	Conventional carriage, single cut band saw headrig, linebar resaw, gang edger/resaw, edger, trim saw, log debarker and merchandiser	Uninstalled	0
Metlakatla Forest Products	Metlakatla	Conventional carriage, circle saw headrig with top saw, horizontal resaw, edger, log debarker and merchandiser	Uninstalled	0
Thuja Plicata Lumber	Thorne Bay	Portable circle saws mill, carriage mill and shake/shingle mill	Active	3
Porter Lumber Co.	Thorne Bay	Conventional carriage, circle saw headrig, gang resaw edger, trim saw, portable circle saw mill, dry kiln	Active	2

Mill Name	Location	Description	Status	# Employees
Silver Bay, Inc.	Wrangell	Conventional carriages, band saw headrigs, linebar resaw edgers, trim saw, planer mill, log debarker and merchandiser;	Idle	0
St. Nick Forest Products (formerly W.R. Jones & Son Lumber Co.)	Craig	Portable circle saw mill, dry kiln, planer/moulder	Active	3
Kasaan Mountain Lumber & Log	Kasaan	Conventional carriage, circle saw headrig, circle saw linebar resaw, edger, debarker	Uninstalled	0
The Mill	Petersburg	(4) portable circle saw mills	Active	1
Pacific Log & Lumber	Ketchikan	(2) conventional carriage mills with circle saw headrigs, horizontal band resaw, edger, trim saw, log debarker and merchandiser, dry kiln, planing mill. 60-ft bandmill added in 2006.	Idle	0
Chilkoot Lumber Co.	Haines	Conventional carriage, 8-ft band headrig, 6-ft and 7-ft band resaws, debarker, chipper, edger, etc.	Uninstalled	0

Estimated Mill Capacity and Estimated Mill Production Calendar Year 2009

Mill Name	Estimated Mill Capacity (log scale, MBF)¹	Estimated Mill Production (log scale, MBF)²	Percent Utilization of Installed Capacity
Icy Straits Lumber & Milling Co.	21,000	430	2.05
Viking Lumber Co.	80,000	11,698.36	14.62
D&L Woodworks	1,750	103.5	5.91
Northern Star Cedar (NSC)	5,000	Idle	0
Western Gold Cedar Products	6,500	200	3.08
Thorne Bay Enterprises	3,000	20	0.67
J. Peterson	Ownership reverted to Northern Star Cedar		
Falls Creek Forest Products (formerly Southeast Alaska Wood Products)	3,000	60	2.00
Thorne Bay Wood Products	5,000	500	10.00
Thuja Plicata Lumber	7,500	200	2.67
Porter Lumber Co.	2,500	40	1.60
St. Nick Forest Products (formerly W.R. Jones & Son Lumber Co.)	1,000	150	15.00
The Mill	8,500	20	0.24
Pacific Log & Lumber	39,600	Idle	0
Total	249,350	13,421.86	5.38

¹ Estimated Mill Capacity: an estimate of the processing capability of the mill based on the amount of net saw log volume (Scribner log scale) that could be utilized by the mill, as currently configured, during a standard 250-day per year, two shifts per day, annual operating schedule, not limited by availability of employment, raw materials or market.² Estimated Mill Production: the net saw log volume (Scribner log scale) that received primary manufacture during the calendar year. This is the estimated net saw log volume used during the year to manufacture sawn products.

Estimated Mill Production by Product, CY 2009

Mill Name	Total Est. Mill MBF Production	Dimension Lumber	Shop Lumber	Cants Timbers	Other
Icy Straits Lumber & Milling Co.	430.0	175.0	60.0	195.0	
Viking Lumber Co.	11,698.36	2,880.01	5,539.66	3,278.69	
D&L Woodworks	103.5	33.35	70.15		
Northern Star Cedar	Idle				
Western Gold Cedar Products	200.0				200.0
Thorne Bay Enterprises	20.0	20.0			
J. Peterson	Ownership reverted to Northern Star Cedar				
Falls Creek Forest Products (formerly Southeast Alaska Wood Products)	60.0	20.0		10.0	30.0
Thorne Bay Wood Products	500.0	217.0	283.0		
Thuja Plicata Lumber	200.0	160.0	26.67	13.33	
Porter Lumber Co.	40.0	14.0	11.0	15.0	
Silver Bay, Inc.	Idle				
St. Nick Forest Products (formerly W.R. Jones & Son Lumber Co.)	150.0	22.5	127.5		
The Mill	20.0	20.0			
Total	13,421.86	3,561.86	6,117.98	3,512.02	230.00

Sources of logs processed (source of volume included in actual mill production), CY 2009

Mill Name	National Forest MBF	State of Alaska	Private Other	Total
Icy Straits Lumber & Milling Co.	21.5	408.5		430.0
Viking Lumber Co.	8188.85	3509.51		11,698.36
D&L Woodworks	103.5			103.5
Northern Star Cedar	Idle			
Western Gold Cedar Products	40.0	160.0		200.0
Thorne Bay Enterprises	20.0			20.0
J. Peterson	Ownership reverted to Northern Star Cedar			
Falls Creek Forest Products (formerly Southeast Alaska Wood Products)	60.0			60.0
Thorne Bay Wood Products	125.0	250.0	125.0	500.0
Thuja Plicata Lumber	200.0			200.0
Porter Lumber Co.		40.0		40.0
St. Nick Forest Products (formerly W.R. Jones & Son Lumber Co.)	150.0			150.0
The Mill	20.0			20.0
Total	8,928.85	4,368.01	125.0	13,421.86

Source: Alaska Dept of Natural Resources, Div. of Forestry unless noted otherwise

Primary Manufactured Product by Species, Included in Actual Mill
Production Calendar Year 2009

Mill Name	Total Est. Mill MBF Production	Sitka Spruce	Western Hemlock	Western Red cedar	Alaska Yellow Cedar
Icy Straits Lumber & Milling Co.	430.0	200.0	100.0	100.0	30.0
Viking Lumber Co.	11,698.36	4,098.36	4,800.00	2,666.67	133.33
D&L Woodworks	103.5	69.0	11.5		23.0
Northern Star Cedar	Idle				
Western Gold Cedar Products	200.0			190.0	10.0
Thorne Bay Enterprises	20.0	20.0			
J. Peterson	Ownership reverted to Northern Star Cedar				
Falls Creek Forest Products (formerly Southeast Alaska Wood Products)	60.0	30.0	25.0		5.0
Thorne Bay Wood Products	500.0	100.0	350.0	40.0	10.0
Thuja Plicata Lumber	200.0	20.0	1.33	162.0	16.67
Porter Lumber Co.	40.0		36.0	4.0	
Silver Bay, Inc.	Idle				
St. Nick Forest Products (formerly W.R. Jones & Son Lumber Co.)	150.0	22.5	15.0	105.0	7.5
The Mill	20.0	5.0	14.0		1.0
Pacific Log & Lumber	Idle				
Chilkoot Lumber Co.					
Total	13,421.86	4,564.86	5,352.83	3,267.67	236.50

Primary manufactured product by species, NOT included in actual
mill production, CY 2009

	Total MBF	Sitka Spruce	Western Hemlock	Western Red cedar	Alaska Yellow Cedar
Total	1,250.00	233.33	1,005.55		11.12

NOTE: "Primary manufactured products NOT included in actual mill production" consists of all non-sawn products (e.g., chips, firewood, poles, house logs) that are manufactured independently of normal sawmill operations (in other words, products from logs that do not go through the sawmill). Non-sawn products, such as chips or firewood that result from processing sawmill residues and by-products are not included in this category.

Forestry, Forest Products, and Forest Restoration Strength/Constraints

Key strengths/opportunities

As it has in the past, the Tongass National Forest timber industry can provide a higher number of year round wage earning jobs, sustainable businesses, and livelihoods for the people that live within its rural communities. These jobs are more important than ever in the face of the current economy. A spectrum of timber related activities, from responsible sustainable harvest in the forest, to milling and value-added use of that harvest, to forest restoration activities, to harvest and use of berries, edible and medicinal plants can provide opportunity for people living in Southeast Alaska. These concerns are magnified by a desire to increase exports nationally, to lessen our reliance on countries that do not have concern for US national interests, and to not shift industries to countries with less concern for the well being of our planet. Ways to allow businesses, residents, and communities within the 17 million acre Tongass National Forest to utilize its wood in responsible, economical ways is desired.

Over time it is hoped that revenue from stewardship contracts will provide more direct funding for restoration work in Southeast Alaska. This will occur by designing stewardship contracts that result in the forest receipts earned directly from the restoration work exceeding the cost of this work. To achieve profitability through stewardship contracting people and businesses in the region must have the correct equipment, training, and experience to conduct restoration work, and, projects must be designed where the value of the products exceeds the costs.

In 2010, the State Legislature constituted a new State forest in Southeast Alaska by joining together 10-12 scattered parcels totaling about 28,000 acres into the Southern Southeast State Forest. Several of these parcels were formerly logged USFS lands that are in need of pre-commercial thinning; Alaska DNR is working now to plan these activities.

One mill on Prince of Wales Island has invested in a pole peeler, this equipment allows production of small diameter (young growth) wood poles.

If the number of wood pellet heat systems in Southeast Alaska increases through large facility boiler conversion to generate at least a 10,000 ton/year demand this would provide enough demand to sustain a local wood pellet plant. If a wood pellet plant is built this could be the first step in reestablishing markets for residuals and low grade logs. This could also be the start of rehabilitation of an integrated industry.

Key constraints/obstacles

The absence of a predictable steady economic timber supply is cited as the top obstacle by most involved in the forestry industry. This is a critical factor for success of any Tongass timber industry, including young growth, restoration, or traditional timber harvesting. Businesses need to know there will be a ten year wood supply to make investments, assume risk, and to obtain financing. Timber operators cite the instability of the timber supply as the greatest obstacle to receiving business loans.

Litigation creates instability in the timber supply and reduces harvest levels. While 267 mmbf annually is allowed under the 2008 TLMP there has only been an average of about 50 mmbf harvested since 2001.

It can be hard for businesses to 'get through' the Forest Service bureaucracy. Operators suggest that at higher levels Forest Service ideas and people are responsive and conversations collaborative, but policy and direction gets lost internally and doesn't make it down to the 'rank and file' employees that businesses deal with on a daily basis. At this level rule interpretation and application can seem arbitrary.

There is young growth wood opportunity in Southeast Alaska but it is 20-30 years out.

Current USFS contracting procedures put primary emphasis on price. This has resulted in restoration and pre-commercial thinning work sometimes going to those from outside the region. Other impediments cited to developing a trained, local, sustainable workforce and building relationships are letting contracts out on an unpredictable basis. As an alternative, the USFS could identify a schedule of 5+ years of thinning work in advance, and work and negotiate with a few contractors to build relationships. This would allow contractors to guarantee several months of work each year to employees, which results in building a local workforce that is trained, skilled and loyal because it allows work to be predictable. This means that Southeast workers wouldn't have to move away from their home community to find a job because they could count on the thinning work each year and could piece together other work around this.

Southeast Alaska's sawmills are not well equipped to process smaller second growth trees. The 2008 McDowell study cited a barrier to expanding the restoration industry in Southeast as USFS capacity. Restoration projects on the Tongass require significant staff involvement in planning, inventory, assessment, project design and monitoring.

Local Tax and Regulatory Environments

In this section the local tax and regulatory environments that businesses must address in Southeast Alaska is reviewed.

Local Tax Environment

In Alaska only incorporated municipalities (cities or boroughs), usually called 'local government' can levy taxes. Cities and boroughs levy taxes to generate revenue to run local government, pay for education, utilities (solid waste, water, sewer, etc) and pay for services (police, public works, streets, etc.).

The local tax burden per capita in Southeast Alaska ranges from \$0 for unincorporated communities that cannot levy taxes to \$9,697 per capita in the Municipality of Skagway, the 4th highest in the state. Skagway is anomalously high due to the sales tax revenue collected when cruise ship visitors are spending in town combined with its small population. The per capita average local tax burden in Southeast Alaska is \$2,148, or if Skagway is excluded, \$2,062 per person. The statewide average (excluding North Slope Borough, also anomalously high due to oil revenue) is \$1,682. On a per capita basis, Southeast Alaska's local tax burden is higher than the statewide average, Anchorage, Mat-Su Borough, or Fairbanks. This suggests some economies of scale as population increases, as level of service is approximately the same in Southeast communities while populations are much smaller.

While Southeast Alaska's average local tax burden in 2009 was about 22% higher than the statewide local tax burden, only Juneau, Skagway and Haines per capita rates were higher than the State's per capita average. (Because Juneau's population is so large it raises the average for the region.) The City of Ketchikan, with its relatively larger regional population, is also close to the statewide per capita average. However, Juneau and Ketchikan, as with Skagway, benefit from the sales tax collected from the influx of summer tourists. Both have structured their tax revenue collection such that property taxes are lower per capita than Anchorage and Fairbanks, with sales tax providing more than half of the per capita tax revenue. The types of local government taxes that are levied in each community in the region are listed in the table below.

Local Tax Burden, Southeast Alaska and Statewide, 2009

Southeast Alaska Community	Sales Tax Revenue	Property Tax Revenue 2009	Other Local Taxes 2009	Total All Local Tax Revenue 2009	2009 pop	per capita tax
Angoon	\$58,500	\$0	\$12,000	\$70,500	442	\$160
Craig	\$1,450,799	\$450,665	\$103,666	\$2,005,130	1,117	\$1,795
Haines Borough	\$2,656,544	\$2,385,462	\$77,872	\$5,119,878	2,310	\$2,216
Hoonah	\$251,644	NA	NA	\$251,644	764	\$329
Hydaburg	\$26,000	\$0	\$0	\$26,000	340	\$76
Gustavus	\$185,000	\$0	\$0	\$185,000	451	\$410
Juneau Borough	\$41,577,389	\$40,490,841	\$2,465,000	\$84,533,230	30,427	\$2,778
Kake	\$138,341	NA	NA	\$138,341	519	\$267
Ketchikan City (note this pop is also part of KGB below)	\$10,381,936	\$4,436,520	\$444,862	\$15,263,318	7,508	\$2,033
Ketchikan Gateway Borough (KGB)	\$8,397,300	\$8,016,451	\$47,979	\$16,461,730	12,984	\$1,268
Klawock	\$550,000	\$0	\$65,000	\$615,000	782	\$786
Pelican	\$58,601	\$85,270	\$2,303	\$146,174	113	\$1,294
Petersburg	\$2,870,844	\$2,626,075	\$51,632	\$5,548,551	3,009	\$1,844
Port Alexander	\$22,221	NA	\$2,624	\$24,845	61	\$407
Saxman	\$94,807	NA	NA	\$94,807	434	\$218
Sitka Borough	\$9,761,477	\$5,882,939	\$845,892	\$16,490,308	8,615	\$1,914
Skagway Borough	\$6,272,760	\$1,763,316	\$167,223	\$8,203,299	846	\$9,697
Tenakee Springs	\$6,843	NA	\$620	\$7,463	99	\$75
Thorne Bay	\$268,478	NA	\$17,278	\$285,756	424	\$674
Wrangell Borough	\$2,266,131	\$1,411,471	\$39,960	\$3,717,562	2,112	\$1,760
Yakutat Borough	\$742,752	\$400,831	\$193,020	\$2,336,603	592	\$3,947
Southeast wide totals	\$88,038,367	\$67,949,841	\$4,536,931	\$161,525,139	75,190**	
Southeast wide average						\$2,148
Southeast wide average (excluding Skagway)						\$2,062
Municipality of Anchorage						\$1,547
Alaska average (excluding North slope Borough)						\$1,682
Alaska average (including North Slope Borough)						\$2,107

sources: 2009 Alaska Taxable DCCED; Angoon FY10 Budget; Gustavus FY 09 Budget; Klawock FY 09 Budget; Hydaburg FY 09 Budget; Pop data: ADOL

** all SE pop, not just taxing places

The following table shows the tax structure for each community in Southeast Alaska. A discussion regarding the table follows.

Tax Structure for Each Southeast Alaska Community, 2010

Southeast Alaska Community	Property Tax Mill Rate 2010	Special Tax Rate 2010	Sales Tax Rate 2010
Angoon	None	None	6 %
Coffman Cove	None	None	0%
Craig	6 mills	6% Liquor Tax	5%
Edna Bay	N/A	N/A	No taxing authority
Elfin Cove	N/A	N/A	No taxing authority
Game Creek	N/A	N/A	No taxing authority
Gustavus	None	4.0% Bed Tax	2%
Haines Borough	11.26 mills	4% Bed Tax	5.5%
Hollis	N/A	N/A	No taxing authority
Hoonah	None	None	6%
Hydaburg	None	None	4%
Hyder	N/A	N/A	No taxing authority
Juneau Borough	10.6 mills	7% Bed Tx/ 3% Liquor Tx/ 12% Tobacco Tax	5%
Kake	None	None	5%
Kasaan	None	None	0%
Ketchikan City	12.1 mills	7% Bed Tax	3.5% (city); 2.5% (borough)
Ketchikan Gateway Borough	6 mills	4% Bed Tax	2.5% Sales Tax
Klawock	None	6.0% Bed Tax	6%
Klukwan	N/A	N/A	No taxing authority
Kupreanof	None	None	0%
Metlakatla	None	None	0%
Naukatli Bay	N/A	N/A	No taxing authority
Pelican	6 mills	10% Bed Tax	4%
Petersburg	9.07 mills	4% Bed Tax	6%
Point Baker	N/A	N/A	No taxing authority
Port Alexander	None	6% Bed Tax	4%
Port Protection	N/A	N/A	No taxing authority
Saxman	Pay KGB tax	4% Bed Tax (borough portion)	3.5% (city); 2.5% (borough)
Sitka Borough	6 mills	6% Bed Tax / 5.0% Tobacco Tax	5% from Oct-Mar.; 6% from Apr. - Sept.
Skagway Borough	8 mills	8% Bed Tax	3% from Oct. - Mar.; 5% Apr. - Sept.
Tenakee Springs	None	6.0% Bed Tax	2%
Thorne Bay	None	Bed Tax 4%	5%
Whale Pass	N/A	N/A	No taxing authority
Whitstone	N/A	N/A	No taxing authority
Wrangell Borough	12.75 mills	Bed Tax 6%	7%
Yakutat Borough	10 mills	1% Fish Tax/8% Bed & Car Rent/4% Severance Tax	4%

Source: 2009 Alaska Taxable DCCED

There are 11 places in Southeast Alaska that have a property tax with mill rates varying from 6 to 12.75 mills. (A six mill rate levied against a building assessed at \$100,000 in value would generate an annual tax bill of \$600.) Of the places that levy property taxes only Juneau, Ketchikan, Sitka, and Pelican levy a property tax on business machinery (however, Juneau exempts the first \$100,000 of assessed value); only Pelican levies it on business inventory; and Ketchikan, Pelican and Sitka levy an optional flat fee in lieu of property tax on boats and vessels.

There are 21 places in Southeast that levy a sales tax. Rates vary from 2% in Gustavus and Tenakee Springs to 7% in the City and Borough of Wrangell. Other local taxes in Southeast region are bed taxes, local fish tax, liquor tax, tobacco tax, and a car rental tax.

Federal and State Regulatory Environment

Regulatory environment cannot be separated from near 100% public ownership of land and resources

Existing and new business in Southeast Alaska must follow a web of federal, state, and local laws and implementing regulations. Depending upon the industry sector, the regulations and lead agencies vary; but all must contend with an increasingly complex and costly system of rules. There is a sense among some that requirements among federal, state, and local programs can be duplicative.

Both the online business survey and individual interviews highlighted federal and state regulations, and the changing regulatory environment, as significant challenges to business success in Southeast Alaska. This is not surprising given the large public land, management, and regulatory presence in the region. Successful business owners in Southeast Alaska note that constantly changing regulations require a business to be flexible and adapt to survive. It can be problematic when regulators (sometimes inadvertently) set up a requirement that prevents a business from making quick changes to respond to new conditions or information.

Over 95 percent of Southeast Alaska is in public ownership (federal, state and local) including the land, water, animals and fish. This necessitates active engagement of the government to "permit" any private sector business activity within the area. However, most governmental entities are not structured to actively engage in private sector business creation. Government is generally set up to "manage" through the use of regulations and permits. The challenge is to find mechanisms to encourage and support the creation of private sector business within this constraint. Both federal and state agencies must be positive, engaged players for success in Southeast Alaska.

There are numerous state and federal agencies involved in any economic activity in Southeast Alaska. Each agency has a unique mission statement to direct the specific activity of their agency. Very few if any of the core mission statements of the agencies address the support, creation or

assistance in building and sustaining private business activities. The lack of coordination between agency policies is a major restraint to effective government assistance in building a solid economic base.

A major problem is the 'silo' effect where each agency is focused on their mission statement and there is little coordination between agencies to implement or affect a policy. For example, the Alaska Departments of Fish and Game, Natural Resources, Environmental Conservation, Commerce-Community and Economic Development, Public Safety's Fish and Wildlife Enforcement, Department of Labor, and the Governor Office all impact businesses but there is no coordination among departments and no department has a primary mission to work to ensure private business success. Some Governors have had regular Resource Cabinet meetings to set out consistent policy and communication on resource development issues, but regular coordination has not occurred in the context of business development. These concerns are also true for the federal government; for example within the USDA there is little coordination for business support among Natural Resource Conservation Service (NRCS), Farm Service Agency (FSA), Rural Development (RD) and Forest Service (FS).

Coordination of USDA NRCS, FSA, RD, and FS agency policy to create effective direction to support sustainable economic activity and the creation of private business within the Tongass would be very beneficial.

Business working with the USFS are sometimes frustrated that it is so bureaucratic. At higher USFS levels there are good ideas and people, but policy and direction get lost in the bureaucracy and don't make it down to the rank and file that businesses deal with on a daily basis. There is a sense that rules are not uniformly enforced at times and that the 'hoops' that staff on the ground sometimes require seem arbitrary.

On the positive side, several state and federal grant, loan or guarantee programs are identified as being helpful to businesses in Southeast Alaska. This is actually a critical role for both the federal and state government in Southeast Alaska because public ownership of the land and resources upon which business in Southeast Alaska depend means that typically traditional collateral guarantees that private lenders require cannot be met, so public programs to help fill this gap due to public land and resource ownership are critical.

Government's Role

In general, interviews with business leaders in Southeast Alaska stuck similar themes regarding the desired role for government, and specifically, for the State in some cases. Most felt the State of Alaska could be doing more to assist with private business development. Following are a variety of

comments on the appropriate roles and actions for government in supporting business development.

1. Government's role is to put the infrastructure in place so that industry can follow. This theme was repeated by several business leaders.
2. State of Alaska needs a strategic plan. Identify the barriers to growth, then develop policies to invest in key areas to overcome these obstacles in order to support jobs and break barriers.
3. State needs investment policies that are of longer duration than the next Legislative session.
4. The most important need is a comprehensive State energy plan to get off diesel by a date certain. Utilize hydro, current, solar, wind, geothermal etc. Solve the energy problem; cost of energy crushes business.
5. There should be State policies to incentivize business development, encourage industry, and support relocation to the State.
6. State government and University should be leading and funding technology, innovation and research.
7. State can assist with and help make funding available to support marketing. Some of this occurs now for seafood (ASMI) and tourism, and very occasionally with trade missions. This is a great place to live, but the State doesn't market itself to businesses or to families as such; this is in contrast to other State campaigns.

Local Tax and Regulatory Environments Strength/Constraints

Key strengths/opportunities

Several state and federal grant, loan or guarantee programs are identified as being helpful to businesses in Southeast Alaska. This is actually a critical role for both the federal and state government in Southeast Alaska because public ownership of the land and resources upon which business in Southeast Alaska depend means that typically traditional collateral guarantees that private lenders require cannot be met, so public programs to help fill this gap due to public land and resource ownership are critical.

There is a feeling that both the federal and State of Alaska government could be doing more to assist with private business development. A variety of comments on appropriate roles and actions for government to support business development are offered by business leaders. Several cite a primary role to put the infrastructure in place so that industry can follow.

Key constraints/obstacles

Existing and new business in Southeast Alaska must follow a web of federal, state, and local laws and implementing regulations. Depending upon the industry sector, the regulations and lead agencies vary; but all must contend with an increasingly complex and costly system of rules. Coordination of USDA NRCS, FSA, RD, and FS agency policy to create effective direction to support sustainable economic activity and the creation of private business within the Tongass would be very beneficial.

Successful business owners in Southeast Alaska note that constantly changing regulations require a business to be flexible and adapt to survive. It can be problematic when regulators (sometimes inadvertently) set up requirements that prevent a business from making the quick changes necessary to respond to new conditions or information.

Over 95 percent of Southeast Alaska is in public ownership (federal, state and local) including the land, water, animals and fish. This necessitates active engagement of the government to "permit" any private sector business activity within the area. However, most governmental entities are not structured to actively engage in private sector business creation. Government is generally set up to "manage" through the use of regulations and permits. The challenge is to find mechanisms to encourage and support the creation of private sector business within this constraint. Both federal and state agencies must be positive, engaged players for success in Southeast Alaska.

The numerous state and federal agencies involved in any economic activity in Southeast Alaska each have a unique mission statement to direct the specific activity of their agency. This results in a 'silo' effect, with each agency focused on its mission statement and little coordination between agencies to implement or affect a policy. Some Alaska Governors have had regular Resource Cabinet meetings to set out consistent policy and communication on resource development issues, but regular coordination has not occurred in the context of business development. This concern is also true for the federal government; for example, within the USDA there is little coordination for business support among Natural Resource Conservation Service (NRCS), Farm Service Agency (FSA), Rural Development (RD), and Forest Service (FS).

Very few if any of the federal or state agencies active in Southeast Alaska have a core mission that involves the support, creation or assistance in building and sustaining private business activities. If growth of private sector businesses is desired, perhaps this would be appropriate in a region where so much of the land base is publically owned and many businesses are navigating multiple agency regulations due to this fact.

Quality of Life

Southeast Alaskans Generally Enjoy Living Here

Quality of life is a subjective rating about satisfaction with the conditions under which one lives. Quality of life is used to evaluate the general well-being of individuals and societies. It should not be confused with the concept of standard of living, which is based primarily on income. Instead, when asked about their overall quality of life, people blend their general sense of not only wealth and employment, but also the surrounding environment, physical and mental health, education, recreation and leisure time, safety, and social belonging.

The JEDC is not aware of any consolidated Quality of Life data for Southeast Alaska as a whole, however, from individual community plans done for Yakutat, Skagway, Wrangell, Klawock and Sitka,¹ common factors emerge for how residents define their quality of life and for what the community wishes to achieve to promote its community's vision. When thinking about their quality of life, Southeast Alaskans tend to emphasize their community's natural beauty, the small town atmosphere, access to fish and wildlife resources, and the ability have a good paying job.

Top factors listed in these Southeast Alaskan community plans can be reviewed in the table below.

Factors that Contribute to High Quality of Life from Individual Southeast Communities

	Sitka	Klawock	Wrangell	Skagway	Yakutat
Beauty of area		X	X	X	X
Personal safety			X	X	
Quality education for youth			X		
Clean air and water, healthy environment	X	X			
Small town close community atmosphere	X		X	X	X
People, family and friends				X	
Abundant recreational opportunities and activities			X	X	
Good jobs, healthy economy, ability to make a living	X		X	X	
Abundance of wild lands and natural resources that support local subsistence, fishing, hunting, and gathering. Access to subsistence foods	X	X			X
Affordable housing and cost of living for families	X				
Affordable quality health care	X				

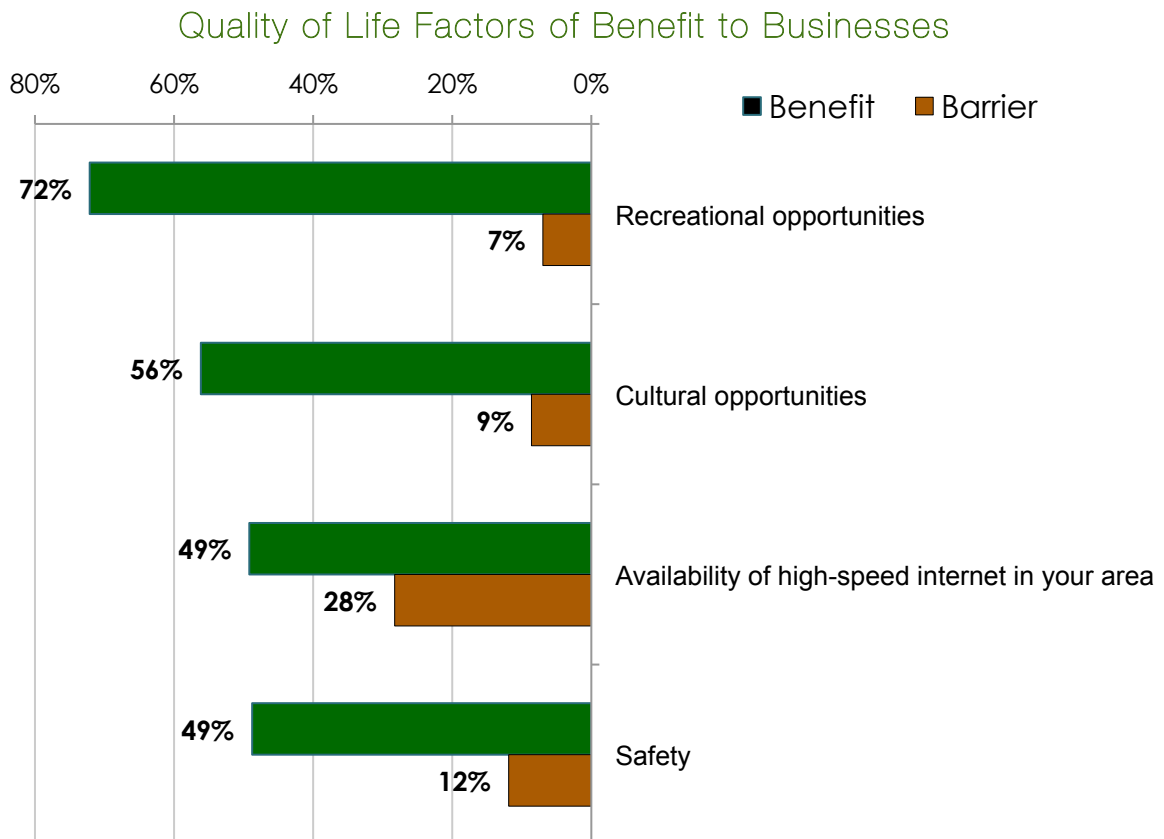
¹ Klawock Community Plan 2007, RAI Development Solutions; Skagway Comprehensive Plan 2009, Sheinberg Associates; Yakutat Comprehensive Plan 2010 Community Opinion Survey (2005), Sheinberg Associates; Sitka Comprehensive Plan 2007, City and Borough of Sitka; Wrangell Comprehensive Plan 2010, Sheinberg Associates

Given the links between quality of life, affordable housing and affordable health care, it is important to note that the lack of affordable housing for employees is cited by 56 percent of the online business survey responders and several of those interviewed as a significant or moderate obstacle to business. This is particularly an issue since it is young people, sometimes new to the region, who are often affected by lack of affordable housing; and they are often the source of innovation, new ideas and entrepreneurial energy.

Business Survey

The online business survey conducted for this Regional Asset Map report did not ask specific Quality of Life questions. However, it did ask businesses how significant 30 different factors were to operating their businesses in Southeast Alaska.

Only four factors were rated as providing a higher net benefit than net barrier; three of these were related to quality of life: the region's recreational opportunities, cultural opportunities, and safety. The fourth was access to high speed internet.



Source: JEDC Business Climate Survey

Quality of Life Strength/Constraints

Key strengths/opportunities

When thinking about their quality of life, Southeast Alaskans tend to emphasize their community's natural beauty, the small town atmosphere, access to fish and wildlife resources, and the ability have a good paying job.

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Key constraints/obstacles

Given the links between quality of life, affordable housing and affordable health care, it is important to note that the lack of affordable housing for employees is cited by 56 percent of the online business survey responders, and several of those interviewed, as a significant or moderate obstacle to business.

This is particularly an issue since it is young people, often times new to the region, who are most affected by lack of affordable housing. And it is young people who are commonly the source of innovation, new ideas, and entrepreneurial energy.

Research and Development

Three world class research facilities exist in Southeast Alaska, the Alaska Coastal Rainforest Center (ACRC), the Pacific Northwest Research Station's Forestry Sciences Laboratory, and the Ted Stevens Marine Research Institute, all in Juneau. The Forest Service management side (Tongass National Forest) has ties with business interests through the Tongass Futures Roundtable, as does the Forest Service Regional Office, with ties to energy development and forest management. ACRC has initiated dialog with business interests in energy and tourism. There is also a national Department of Defense technology transfer office, SpringBoard, headquartered in Juneau. These facilities are described below.

The Alaska Coastal Rainforest Center

The Alaska Coastal Rainforest Center was established August 13, 2009 to stimulate and develop temperate rainforest education and research. The center will provide a framework for synthesizing ecological, geophysical, social, traditional, and economic knowledge and thus serve to improve the environmental and economic health of Southeast Alaska communities. The center will enhance cooperative research at the new Héén Latinee experimental forest near Juneau, and in other locations across the coast temperate rainforest ecosystem. Founded by the Forest Service Pacific Northwest Research Station and Alaska Region, the US Fish and Wildlife Service Alaska Region, the City and Borough of Juneau, the University of Alaska Fairbanks and the University of Alaska Southeast the Center has already grown to accept new partners, while serving as a collaborative environment for researchers, faculty, graduate students, and visiting scholars. The Director was hired in May 2010 under a two-year agreement with the Forest Service and the University of Alaska Southeast.

The Ted Stevens Marine Research Institute

The Alaska Fisheries Science Center's Auke Bay Laboratories (ABL) conducts scientific research throughout Alaska on fish stocks, fish habitats, and the chemistry of marine environments. Information from this research is widely used by commercial interests such as fishing industries, and governmental agencies involved in managing natural resources. Marine survey data from ABL research on commercially marketable species such as rockfish, sablefish, and salmon, and on non-marketable and/or protected species such as eel grass, plankton, Steller sea lions, and harbor seals are packaged in information products essential to fishing industries, state and federal regulators, and international treaty bodies.

The Juneau Forestry Sciences Laboratory

The Juneau Forestry Sciences Laboratory is one of 11 laboratories of the Forest Service Pacific Northwest Research Station. Scientists at the FSL provide scientific information to land managers, policymakers, and citizens on natural resources and the environment. It conducts research on how to balance the conflicting needs of the logging, fishing and sport hunting industries with the need to preserve the habitat of all forms of wildlife. Research areas include old-growth forests, global climate change, invasive species, aquatic and terrestrial organisms, soils, watershed condition and carbon sequestration.

Juneau Economic Development Council SpringBoard Program

As a partner of the US Department of Defense (DoD), SpringBoard's purpose, nation-wide, is to develop partnerships that result in transfer, commercialization and transition of technologies developed by Department of Defense laboratories and private industry. Its additional task is to support and facilitate K-16 educational programs in science, technology, engineering and mathematics (STEM) in Alaska.

What SpringBoard does:

- Help existing companies identify and screen appropriate Department of Defense (DoD) technologies that can be licensed and commercialized.
- Facilitate joint projects between DoD and private companies, as well as between agencies and academic institutions - to further commercialize Department of Defense technologies.
- Assist entrepreneurs in the start-up of new companies and the commercialization of DoD technologies by providing intensive business assistance.
- Provide teachers with the support and tools they need to effectively and engagingly teach math and the sciences in K-16 classes in Alaska.

Research centers

The table on the following page provides an inventory of research center contacts throughout the region of Southeast Alaska.

Southeast Alaska Research Centers

Southeast Alaska Research Centers					
Name	Address	Locale	Contact Information	Areas of Research Focus	Overall Budget
Ted Stevens Marine Research Institute (NOAA Auke Bay Laboratories)	17109 Pt. Lena Loop Road	Juneau, AK 99801	Phil Mundy; 907-789-6001	Marine Ecology and Stock Assessment; Habitat and Marine Chemistry; Marine Salmon Interactions; Ocean Carrying Capacity	FY 2000 - \$8.5 million
NOAA National Weather Service				Weather research and reporting	
UAF-School of Fisheries and Ocean Sciences (Lena Point)		Juneau, AK	http://www.sfos.uaf.edu/	Fisheries and Ocean Sciences	
Alaska Coastal Rainforest Center	11305 Glacier Highway	Juneau, AK 99801-8545	Mike Goldstein, 907-796-6269	Temperate rainforest science, education and policy development	
Juneau Forestry Sciences Laboratory (Forest Service Research)	11305 Glacier Highway	Juneau, AK 99801-8545	Paul Brewster, 907-586-7801	Aquatic and terrestrial organisms, soils, watershed condition, affects of climate change, carbon sequestration, human dimensions	FY2000 - \$3.6 million
Alaska Wood Utilization Research and Development Center (Forest Service Research)	204 Siginaka Way	Sitka, AK 99835-7316	907-747-4308 http://www.fs.fed.us/pnw/sitka/	Goods, services, and values (GSV) of wood products	
UAS Juneau Campus	11120 Glacier Highway	Juneau, AK 99801	Barbara Hyde; Director: Budgets, contracts, etc, 796-6494	(FY07 most recent) http://www.uas.alaska.edu/provost/docs/applied-research/FY07-Applied-Research.xls	FY10 - \$0.878 million for research in 13 facilities UAS wide
UAS Ketchikan Campus	2600 Seventh Ave	Ketchikan, AK 99901			
UAS Sitka Campus	1332 Seward Ave	Sitka, AK 99835			
ADFG offices located throughout SE					
Héen Latinee Experimental Forest (site at north end of Juneau road system)	11305 Glacier Highway	Juneau, AK 99801-8545	Richard T. Edwards; 907-586-8801		
Maybeso Experimental Forest (on POW)	11305 Glacier Highway	Juneau, AK 99801-8545	Mike McClellan; 907-586-7924		
Southeast Alaska Acoustic Measurement Facility (U.S. Navy)		Ketchikan vicinity	247-6289	Navy's primary acoustic engineering measurement facility in the Pacific	
The Nature Conservancy (a research NGO)	416 Harris Street, Suite 300	Juneau, AK 99801	(907) 523-8157	sustainability, climate change, forest conservation	900k (850k in Juneau; 50k in Craig)

Industrial Parks

There is one industrial park in Juneau with limited land availability. There is one industrial park in Sitka, the Sawmill Cove site, with potential for a deep-water dock and manufacturing facilities.

Research Strength/Constraints

Alaska ranks near the bottom of all 50 states, District of Columbia, and Puerto Rico in terms of the amount of Federal R&D dollars received annually. In 2005, Alaska received approximately \$249 million of research funds. Southeast Alaska received approximately 9% of this share. Further, there are significant barriers to technology transfer from the research faculties located in the region, or coming from DoD through SpringBoard, to those within the region who would be willing to develop the technology into new products, processes or materials. The majority of businesses in Southeast Alaska are too small to have the financial resources and technical personnel to commit to new product development. In addition, there is no business center or business incubator available to provide start-up support to the entrepreneur who would like to take on new product development. There is no research university which could provide technical expertise and no technical library available locally. Further constraints in new product development come from a lack of industrial electronic shops and only limited machine shop capability in the region.

Financial Assets

Since the mid-1980's collapse of seven out of the eleven commercial banks operating in Alaska, the condition of commercial financial institutions based in Alaska has been very stable and there has been growth but it has been primarily based outside of the region. Of the eleven commercial banks that do business in Alaska, five have a significant presence in the region. Wells Fargo Bank (formerly National Bank of Alaska), First National Bank Alaska and Key Bank all have a significant statewide presence as well. Juneau's Alaska Pacific Bank (formerly Alaska Federal Savings & Loan Association) is federally chartered. State chartered First Bank, is based in Ketchikan.

Southeast Alaska also has six credit unions operating which provide a broad range of consumer loans, mortgages and personal lines of credit. On a per capita basis, the area's residents are well served by depository lending institutions. Sixty-eight percent of the towns in the region have one or more banks or credit unions offices. All census areas have at least one banking facility.

Depository Financial Institutions by Southeast Alaska Census Area

	Alaska Pacific Bank	First Bank	Wells Fargo	Key Bank	First Nat'l Bank Alaska	Alaska USA FCU	True North FCU	ALPS FCU	Tongass FCU	Denali Alaskan FCU	Credit Union 1	Total
Total AK branches	5	8	50	17	30	35	5	1	5	16	7	179
Total Regional branches	5	8	11	3	5	4	3	1	5	1	1	47
% Branches in SE AK	100%	100%	22%	18%	17%	11%	60%	100%	100%	6%	14%	26%
% SE Towns with branch	9%	18%	21%	6%	9%	6%	6%	3%	12%	3%	3%	32%
% Census Area Coverage	43%	71%	86%	29%	43%	29%	29%	14%	29%	14%	14%	100%
Juneau City & Borough	2	2	3	2	3	3	2			1		18
Ketchikan Gateway Borough	2	2	3	1		1			2		1	12
Prince of Wales - Outer Ketchikan		1	1		1				3			6
Sitka City & Borough	1	1	1		1			1				5
Skagway-Hoonah-Angoon			1									1
Wrangell-Petersburg		2	2									4
Yakutat City & Borough							1					1

Because of the small size of the market, banks operating in Alaska have significantly higher costs and are less efficient than national averages. These banks, primarily focused on traditional small business and community lending, avoided most of the speculative risk associated with financial derivatives that impacted the nation's banking industry. Nonetheless, they are entering a period of increased regulatory stringency, which will increase operating costs and limit competitive flexibility. Distances between communities, high transportation costs, and the fact that many of the region's banks are quite venerable

institutions¹ has meant heavier reliance on place-based banking, and more capital investment and staff per dollar loaned. Below is some selected bank financial data collected by the Federal Deposit Insurance Corporation (FDIC) for the nation and various subsets of commercial banks operating in the state and the region.

FDIC Statistics on Depository Institutions Report as of September 30, 2009 - \$ in 000's

	All Institutions - National	All Alaska-based Banks²	Alaska-based Banks Active in Southeast Alaska³	Southeast Alaska-based Banks⁴
Number of institutions reporting	7760	6	3	2
Total employees (full-time equivalent)	2,042,030	1,310	881	202
Total assets	13,383,290,708	5,041,123	3,446,887	651,682
Cash and due from depository institutions	1,027,872,264	366,393	240,631	49,171
Interest-bearing balances	826,961,043	260,412	164,872	29,892
Securities	2,641,606,691	1,903,756	1,484,167	177,769
Net loans & leases	7,147,372,875	2,493,244	1,570,138	377,575
Loan loss allowance	241,861,210	39,447	20,818	4,818
Bank premises and fixed assets	119,495,573	121,768	64,045	22,134
Other real estate owned	53,320,124	37,403	25,821	6,848
Total liabilities and capital	13,383,290,716	5,041,123	3,446,887	651,682
Total liabilities	11,858,729,304	4,357,250	2,966,587	591,236
Total deposits	9,273,623,093	3,687,539	2,325,835	575,921
Interest-bearing deposits	7,587,856,080	2,405,326	1,452,194	472,361
Deposits held in domestic offices	7,738,035,014	3,687,539	2,325,835	575,921
% insured	54.98%	75.57%	76.81%	80.78%
Federal funds purchased & repurchase agreements	613,810,482	581,064	571,068	0
Trading liabilities	318,488,252	0	0	0
Other borrowed funds	1,155,829,374	21,593	15,085	13,000
Subordinated debt	150,822,674	0	0	0
All other liabilities	346,155,429	67,054	54,599	2,315
Total equity capital	1,524,561,412	683,873	480,300	60,446
Total bank equity capital	1,505,516,433	683,831	480,300	60,446
Perpetual preferred stock	8,503,743	0	0	0
Common stock	47,275,952	44,732	34,221	1,016
Surplus	1,114,954,865	128,608	60,095	20,095
Undivided profits	334,781,873	510,491	385,984	39,335
Noncurrent loans and leases	378,341,543	54,772	38,680	1,409
Noncurrent loans that are wholly or partially guaranteed by the U.S. government	82,762,951	110	0	0
Income earned, not collected on loans	51,056,030	23,430	17,009	2,801
Earning assets	11,546,575,136	4,657,412	3,219,177	585,236

¹ First Bank was opened in 1924, Alaska Pacific Bank in 1935, First National Bank Alaska in 1922 and National Bank of Alaska (now Wells Fargo) was acquired by EA Rasmussen in 1918.

² These include: Denali State Bank, First Bank, Mt. McKinley Bank, Northrim Bank, and Alaska Pacific Bank, First National Bank Alaska.

³ These include: First Bank, Alaska Pacific Bank, and First National Bank Alaska.

⁴ These include: First Bank and Alaska Pacific Bank.

	All Institutions - National	All Alaska-based Banks ²	Alaska-based Banks Active in Southeast Alaska ³	Southeast Alaska-based Banks ⁴
Long-term assets (5+ years)	2,718,707,252	1,225,835	779,303	121,074
Volatile liabilities	3,735,735,947	971,070	782,785	119,822
Insider loans	38,255,893	13,157	9,024	8,875
FHLB advances	402,425,405	14,000	13,000	13,000
Loans and leases held for sale	159,129,989	53,120	26,783	12,389
Unused loan commitments	6,041,482,410	665,947	432,542	33,883
Tier 1 (core) risk-based capital	1,159,120,961	652,773	458,853	56,034
Tier 2 risk-based capital	240,562,525	35,674	20,823	4,823
Total risk weighted assets	9,138,571,228	3,370,983	2,161,764	411,569
Total unused commitments	6,047,298,241	665,947	432,542	33,883
Restructured Loans and leases	80,269,998	8,054	7,250	7,250
Derivatives	236,386,454,799	109,959	109,959	36,829
Selected Performance Ratios				
Past due and nonaccrual assets including Other Real Estate Owned / Total Assets	4.897%	2.485%	2.532%	1.889%
Non Current Loans / Net Loans & Leases	6.45%	2.20%	2.46%	0.37%
Net Loans as % of Assets	53.41%	49.46%	45.55%	57.94%
Net loans per employee	3,500	1,903	1,782	1,869
Net loans per bank reporting	921,053	415,541	523,379	188,788
Net Loans & Leases / Bank premises & fixed assets	59.8	20.5	24.5	17.1

Source: FDIC maintains a searchable, downloadable database of bank financial data at <http://www2.fdic.gov/SDI/>. The Selected Performance Ratios above were calculated from that data by JEDC.

Other private institutional lenders operating in the region include credit unions, both federal and state chartered. The National Credit Union Administration (NCUA) also publishes credit union financial performance data. Credit unions historically have offered low-cost consumer focused loan products. Changes to regulations that restricted credit unions from lending to businesses have allowed credit unions to expand in this area, and True North Credit Union, based in Juneau is pursuing a strategy of growth in that area. It started making business loans mid 2000's, with an underwriting partner, and has recently added experienced commercial lending staff and is pursuing underwriting and guarantee agreements with the SBA and other public lending partners.

While the NCUA collects and makes available a great deal of financial information on the credit unions which are based in Alaska, and the region, the data is skewed by the presence of Alaska USA Federal Credit Union, which is active in the region but also has many other branches – 56 branches around Alaska but also in Washington and California.

With the exception of Alaska USA FCU, which has over 65% of the state's and 85% of the region's assets and loans, the region's credit unions are quite small.

Credit Union performance as of the year ending December 31, 2009 - \$ in 000's

	Assets	Loans	Net Worth Ratio	% Share Growth	% Loan Growth	Loans/ Assets Ratio	Invest/ Assets Ratio	# Members	# FTE
Alaska USA	3,974,803	2,779,641	8.45	14.03	1.30	69.93	19.29	377,307	1,194
ALPS	42,933	29,876	13.77	11.39	10.50	69.59	26.25	2,870	13
Credit Union 1	703,509	432,477	9.43	12.34	10.43	61.47	30.82	57,647	247
Denali Alaskan	516,904	370,096	6.15	14.32	8.92	71.60	21.59	55,999	275
Tongass	45,950	26,989	7.43	9.46	10.32	58.74	33.62	5,601	27
True North	107,825	64,831	5.91	8.09	3.31	60.13	27.76	10,737	51

Source: 2010 Directory of Federally Insured Credit Unions, National Credit Union Administration

As the credit unions move into commercial financing and all of the financial institutions and their customers move toward electronic banking applications, such as desktop-based paperless deposit of payments received, online banking, bill pay, ACH-based payroll, payable and tax payments and the use of purchase cards, and as access to high-speed internet expands, the obstacles posed by the region's geography will disappear.

Participation in networks that support lending include the Alaska Bankers Association, the Alaska Credit Union League, the Alaska Mortgage Bankers Association and a broad range of business, community service and charitable groups such as Chambers of Commerce, and Rotary. According to a senior regional credit officer, volunteer activities get lenders out into the community where they are more accessible to make the connections that lead to deals. At least one bank not only helps with employee expenses related to volunteerism, but there is a direct relationship between logged volunteer hours and the bank's cash contributions to the organizations that claim its employee's time. Tourism groups such as the Alaska Travel Industry Association and the Juneau Convention and Visitor Bureau, with their membership comprised of small business owners, generate the most deal flow.

Below are Chief Executives and bank or regional headquarter locations for the depository institutions located in Southeast Alaska.

Alaska Pacific Bank
Craig Dahl, President
(907) 790-5101
2094 Jordan Ave.
Juneau AK 99801
cdahl@alaskapacificbank.com
<http://www.alaskapacificbank.com>

First Bank
William Moran, Jr., President
(907) 228-4220
(800) 478-6101 Toll free
2030 Sea Level Drive, Suite 300
Ketchikan AK 99901
bill.moran@firstbankak.com
<http://www.firstbankak.com>

First National Bank of Alaska
D.H. Cuddy, Chairman & President
(907) 777-6300 x 4362
(800) 856-3622 x 4362 Toll free
101 West 36th Avenue
PO Box 100720
Anchorage, AK 99510-0720
www.FNBAlaska.com

Key Bank National Association (an Interstate Branch)
Brian G. Nderland, President
(907) 564-0291
101 West Benson Blvd.
PO Box 100420
Anchorage, AK 99510-0420
Brian_G_Nerland@Keybank.com
www.key.com

Wells Fargo Bank, N.A.
Richard Strutz, Alaska Regional President
(907) 265-2948
(800) 869-3557 Toll free
310 W. Northern Lights Blvd.
PO Box 196127
Anchorage, AK 99519-6127
www.wellsfargo.com

Alaska USA Federal Credit Union
William B. Eckhardt, President
(907) 563-4567
(800) 525-9094 Toll free
4000 Credit Union Drive

PO Box 196613
Anchorage, AK 99519-6613
w.eckhardt@alaskausa.org
www.alaskausa.org

ALPS Federal Credit Union
Al Strawn, Interim CEO
(907) 747-6454
401 Halibut Point Road
PO Box 1889
Sitka, AK 99835-1889
al@alpsfcu.org
<http://www.alpsfcu.com/asp/home.asp>

Credit Union 1
Leslie Ellis, President
(907) 339-9485
(800) 478-2222 Toll free
1941 Abbott Road, Fifth Floor
Anchorage, AK 99507
ellisl@cu1.org
President@cu1.org
www.cu1.org

Denali Alaskan Federal Credit Union
Robert Teachworth, President & CEO
(907) 257-9408
(800) 764-1123 Toll free
440 E. 36th Ave.
Anchorage, AK 99503
info@denalifcu.com
<https://www.denalifcu.org>

Tongass Federal Credit Union
Susan Fisher, CEO/President
(907) 225-9063
2000 Tongass Avenue
Ketchikan, AK 99901
CEO@tongassfcu.com
www.tongassfcu.com

True North Federal Credit Union
Lauren MacVay, CEO / President
(907) 523-4778
2777 Postal Way
PO Box 34157
Juneau, AK 99803-4157
lmacvay@truenorthfcu.org
www.truenorthfuc.org



Non Depository Institutional Loan and Guaranty Programs

Below are the most significant non-depository lending institutions operating in the region with descriptive information about their financing programs and contact information.

U.S. Department of Agriculture - Rural Development
Dean Stewart, Director Business Programs
800 W. Evergreen Suite 201
Palmer, AL 99654
(907) 761-7722
dean.stewart@ak.usda.gov
<http://www.rurdev.usda.gov>

USDA's Business and Industry Guaranteed Loan Program provides lenders a government guaranty of up to 90% of the loan amount. Loans may be up to \$25,000,000. Loans can be used for financing business construction, conversion, and modernization as well as for equipment, facilities, machinery, supplies, debt restructure, transfer of ownership, and working capital. Projects which create or save jobs have the highest priority. The borrower works with a lender, then the borrower and lender jointly apply for a loan guaranty. Borrowers may be individual, partnership, LLC, for-profit or non-profit corporation, cooperative, or Alaska Native entity. All communities in Southeast Alaska are eligible for this program. Last year six projects in Southeast Alaska totaling \$6,082,610 were guaranteed. This represents 30% of the program's guarantees and 22% of statewide guaranty volume.

USDA's Rural Energy for America Program (REAP) program gives grants and guarantees loans to business installing renewable energy systems and/or energy efficiency improvements. Grants can meet equity requirements concurrent with loan guaranty. Grants can be up to 25% of total project (\$2,500 minimum to \$500,000 maximum) for wind, solar, biomass, geothermal, hydroelectric, ocean and energy efficiency projects using commercially available technologies. Loan guarantees can be up to 85% of loan amounts. Eligible facilities must be agricultural or small business, not including residential properties. All communities in Southeast Alaska are eligible for this program. For grants the applicant must demonstrate financial need. One \$20,000 REAP energy efficiency grant was awarded in SE Alaska last year. This is 6% of statewide projects and 8% of lending volume.

Small Business Association (SBA)
Karen Forsland, District Director
U.S. Small Business Administration
510 L St., Suite 310
Anchorage, AK 99501-1952
(907) 271-4027 or (800) 755-7034
karen.forsland@sba.gov
<http://www.sba.gov>



The SBA's 7(a) Term Loan, SBA Express, and CDC-504 Term Loan programs offer loan guarantees and advisory services and counseling, administered primarily through partnerships between the SBA and banks or private entities. SBA Guaranty Loans: All of SBA's financial assistance programs are under this section. The borrower initiates the loan request to a local lender, who applies to SBA for its guaranty. SBA will guaranty 85% on loans of \$150,000 or less and 75% on loans over \$150,000 up to \$2 million. Specialized Loans: These include the 7(a) Loan Program, Express Loan Program, 504 Loan Program, Export Loan Program, Capline Loan Program, and Surety Bond Program. Applicants must meet SBA size standards for small businesses. Credit criteria are much the same as used by banks. Eligible projects are business real estate, inventory purchases, machinery and equipment, leasehold improvements, working capital, and, in some circumstances, debt consolidation. The SBA guaranteed loans for 44 projects in Southeast last year for a total of \$7,172,800. This represents 31% of SBA projects and 14% of SBA's statewide lending volume. The most active lender in the region is Alaska Pacific Bank, followed by Key Bank.

Office of Indian Energy and Economic Development (IEED)
Jennifer Cesar, Supervisory Financial Analyst
Alaska Region Credit Office Service Center
1010 E. Tudor, Suite 153
Anchorage, AK 99503
907-271-4021
jennifer.cesar@bia.gov
<http://www.bia.gov/WhoWeAre/AS-IA/IEED/DCI/index.htm>

The **Indian Loan Guaranty Program**, guarantees bank loans for working capital, equipment purchases, business refinance, building construction, and lines of credit. Borrowers must be a member of a federally recognized Tribe or Alaskan Native Group. If the loan is to a business the borrower must be at least 51% Indian-owned for the entire term of the loan guarantee. No IEED loans were initiated in the region last year, but historically 25% of Alaska loan volume has been based in Southeast Alaska.

NOAA Fisheries Finance Program
Financial Services Branch, F/MB53
7600 Sand Point Way NE
BIN C15700, Bldg. 1
Seattle, WA 98115-6349
206-526-6122
NW.Finance@noaa.gov

The Fisheries Finance Program (FFP) is a direct government loan program that receives an annual appropriation from Congress to provide long-term loans to the aquaculture, mariculture, and commercial fisheries industries (primarily for shore side facilities and vessels). Applicants must have at least a 3-year history of owning or operation the fisheries project which will be the subject of the proposed application or a 3-year history of owning or operating a comparable project.



The Halibut-Sablefish Quota Share Loan Program (HSQS) program provides long-term loans to individual fishermen for the purchase or refinancing of Alaska Halibut and Sablefish Quota Shares (IFQ). The loan amount cannot exceed 80% of the purchase price. Loans are long-term, fixed rate with interest rates 2% over the U.S. Treasury's cost of funds. Loan maturities are up to 25 years. Loans cannot extend a borrower beyond 50,000 lbs. of quota shares. Applicants must be U.S. citizens with a good earnings record, net worth and liquidity. The applicant must have or be able to obtain a Transfer Eligibility Certificate (TEC), cannot own more than 50,000 lbs. of quota shares, and cannot own a vessel larger than 60 feet long.

Alaska Division of Investments
Geoffrey Whistler, Loan Manager
State of Alaska
Division of Investments
Department of Commerce, Community, and Economic Development
P.O. Box 34159
Juneau, AK 99803-4159
(907) 465-2510 or (800) 478-5626
investments@alaska.gov
<http://www.commerce.state.ak.us/investments>

The Rural Development Initiative Fund was set up to finance the start-up and expansion of businesses that will create significant long-term employment. This program makes direct loans for working capital, equipment purchase, purchase or construction of commercial buildings and other commercial purposes.

Projects must be located in a community with a population of 5,000 or less that is not connected by road or rail to Anchorage or Fairbanks. Financing must result in the creation of new jobs or the retention of existing jobs in the eligible community. A reasonable amount of non-state funding must be included as part of the total project cost.

The Small Business Economic Development Revolving Loan Fund's purpose is to create significant long-term employment and diversify the economy by providing start-up and expansion capital for small businesses that are unable to obtain private financing for entire project. All communities in Southeast except Juneau qualify.

The Commercial Fishing Revolving Loan Fund promotes development of predominantly resident fishing businesses with loans for vessel and gear upgrades, especially those needed to improve the quality of Alaska seafood products. Eligible loan purposes include the acquisition of Limited Entry Permits, vessel purchase or refinance, product quality upgrades, engine fuel efficiency improvement, gear, IFQ purchase, and even funding to pay past due IRS obligations. This program is for Alaskans with recent fishing experience in Alaska, economically dependent on fishing, with two-year state residency who are not delinquent in child support.



The Alaska Capstone Avionics Loan Program provides long-term, low interest loans for the purchase and installation of Capstone avionics equipment for aircraft operating in Alaska.

Alaska Industrial Development and Export Authority (AIDEA)
Chris Anderson, Deputy Director - Commercial Finance
813 W. Northern Lights Blvd.
Anchorage, AK 99503
(907) 771-3030 Toll-Free in-state only: (888) 300-8534
canderson@aidea.org
<http://www.aidea.org/>

The state of Alaska created AIDEA in 1967, originally to be a conduit for low-interest and tax advantaged financing to promote the development of the state. AIDEA has two main development tools: Credit Programs including the Revenue Bond Program and Loan Participation Program, and its Development Finance Program.

AIDEA's Loan Participation Program can provide up to 90% participation in a bank originated loan up to \$20 million. The Loan Participation Program provides Alaskans with long-term financing for new or existing projects, or for the refinancing of existing loans.

Through its **Business and Export Assistance Program**, designed to assist small to medium-sized Alaskan businesses, AIDEA can guarantee up to 80% of a business loan originated through a commercial lender, not to exceed \$1 million on the principal of the loan. Guarantees issued for export transactions guarantee both commercial and political risk. AIDEA's support can make project financing, refinancing, and working capital loans possible for those borrowers who might not otherwise obtain commercial financing. Guarantees are available to eligible Alaska businesses for real property, tangible personal property, working capital, and export transactions. Loans must be originated by an eligible financial institution. The guarantee extends to the principal balance, accrued interest and liquidation expenses. AIDEA assistance, aimed at small businesses and entrepreneurs in rural Alaska, allows unsecured loans for up to \$100,000 for qualifying borrowers and projects.

With the **Conduit Revenue Bond Program**, AIDEA acts as a conduit for the issuance of either taxable or tax-exempt bonds to finance a project.

Juneau Economic Development Council
Southeast Alaska Revolving Loan Fund
Margaret O`Neal, Director of Operations
612 West Willoughby Avenue, Suite A
Juneau, AK 99801
(907) 562-2326
moneal@jedc.org
www.jedc.org



The Southeast Alaska Revolving Loan Fund was established by JEDC in 1987 as a response to the economic collapse of the Southeast Alaskan timber industry. JEDC manages two community funded loan funds (for projects in the Boroughs of Juneau or Haines) and has set up one small fund for Hoonah and a regional micro loan fund with residual grant funds and program income. It is also a lender within the USDA's Intermediary Relending Program and can make loans up to \$150,000 throughout Southeast Alaska outside of Juneau with this program. The RLF provides financing for most business needs including debt refinancing, purchase of fixed assets, permanent working capital, construction, and leasehold improvements. Loans are short term and priced to reflect risk and to encourage businesses to 'graduate' to conventional bank financing as early as possible. Each financing package is customized to meet the overall cash flow needs of the business. One full-time equivalent position is required for each \$30,000 of RLF loan funds. Preference is given to applicants providing manufacturing or highly paid jobs. Juneau-based loans usually require bank participation.

Private Investment

There is no organized network of "angel" or venture capitalists financing projects in Southeast Alaska. Nor are there any venture capital firms operating in the region. However, there are some interesting developments that show promise of investments yet to come.

Sealaska Corporation. Juneau's regional Alaska Native Claims Settlement Act corporation, launched Haa Aaní, LLC in 2009 as a vehicle for regional economic development with \$5 million of its own funds and the expectation the company will generate another \$5 million each in grants and loans to reach \$15 million in capital which it will invest primarily in Southeast Alaska. In August 2010, Russell Dick, who previously served as a corporate development officer of Sealaska and Board Chair of Hoonah's village corporation, Huna Totem, was hired to run Haa Aani. Russell Dick has a background in engineering and business. According to Sealaska's, Rick Harris, the company expects to have all \$15 million invested within 3-5 years.

The type of projects the company seeks to support will satisfy a well-defined investment criteria including: affiliation with Sealaska's existing natural resource businesses, enhancement of shareholder dividends and benefits (jobs, training, and tie-ins with shareholder owned businesses), and opportunities to employ or maximize competitive advantages under 8A and corporate diversity procurement programs.

Generally these investments will include control as well as capital, but Haa Aani can use joint venture agreements, direct investment, loans and flexible arrangements to support its initiatives. Illustrative of its investment strategy is \$400,000 in funding to support Kake and Yakutat "co-op" oyster farming operations with plant, oyster seedling incubation equipment and working capital. This infrastructure should support the growth of multiple oyster farming businesses and Sealaska

hopes to develop a centralized marketing and distribution system to develop the regional oyster industry as a whole.

Another focus is renewable energy systems such as the high efficiency pellet system Sealaska recently installed in its Juneau headquarters. Helping businesses and other large building owners leverage this technology to create a regional demand sufficient to support wood pellet manufacture in the region is a goal.

Acquisitions underway involve technology transfer to upgrade and reuse existing facilities within the region or create import substitution and enhance food, energy and employment security. These include fish processing, greenhouse technology and a call center.

Local Investors. According to Sam Skaggs, a Juneau-based investment advisor, who also directs the Skaggs Foundation, there is a growing interest in local investment. Of his 55-60 clients with \$60 million investments, approximately half are located in Southeast Alaska. Many would like to invest locally and stay away from Wall Street. He has also informally facilitated a small amount of short-term private financing -- \$500,000 over six years between private investors and small business owners. Recent investments include two food co-ops. Clean, renewable energy projects are also attractive investments to his clients.

As Wall Street has transitioned into more and more of a transaction or trading-based industry, the returns for "buy and hold" investors have all but vanished. Skaggs asserts that, "Cheap oil and energy has been the basis of our economy. Now the easy resources are gone, GDP will be flat. People will have to save more and invest locally." As the focus of business and personal financial management shifts away from consumption, there will develop a "resilience based economy" focused on minimizing carbon, water and emissions imprints to ensure sustainability. All of that means strengthening local and regional economic systems. To this end, the Skaggs Foundation has provided The Nature Conservancy \$25,000 a year to develop a map of the estuary system of Southeast Alaska which includes all of the relevant physical and natural components and will have an overlay of economic activity. He sees the Southeast estuaries as a "bank" funding the region's economy.

Juneau projects such as a cold storage and/or fish processing facility that could be used by smaller fishing businesses and a harbor-based cooperative fish market, could receive multiple small investments from local individuals of the type that funded the Alaskan Brewing Company.

Philanthropy in Southeast Alaska

There is a wide variety of corporate and private/family foundations providing grants to individuals, non-profits and groups in Southeast Alaska. Nearly all of the region's ANCSA corporations also have

heritage foundations, devoted to cultural preservation and educational activities, including academic and vocational scholarships. Additionally, local governments provide funding for the arts and service organizations. Some of the foundations and their grant making programs are below, including information about foundation grants awarded in Southeast for \$10,000 and over. Data was obtained from 2009 990 tax returns posted online. Smaller grants are not listed, but can be found on the 990 returns.

Corporate Foundations

Alaska Airlines Foundation
4750 International Airport Blvd.
Anchorage, AK 99502
(907) 266-7230
<http://www.alaskaair.com/as/www2/company/csr/as-foundation.asp>

The Alaska Airlines Foundation provides a small number of cash grants ranging on average from \$5,000 to \$15,000. They are given in Alaska and Washington. These grants focus on educational efforts that address a unique need or value to a community. In 2009, the foundation made grants totaling \$60,000 to four non-profit organizations. One grant was made in Southeast for \$15,000, to the Alaska Raptor Center in Sitka.

Key Bank Foundation
101 West Benson Boulevard, Suite 414
Anchorage, AK 99503
(907) 564-0251
<https://www.key.com/html/key-foundation-philanthropy-banking.html>

Key Bank Foundation promotes economic self-sufficiency through financial education and workforce initiatives in the following states: Alaska, Colorado, Idaho, Indiana, Kentucky, Maine, Michigan, New York, Ohio, Oregon, Utah, Vermont, and Washington. No grants over \$10,000 were shown for Alaska in 2009. In 2008, total charitable contributions came to \$12,449,003.

Hecla Charitable Foundation
6500 N Mineral Drive, Suite 200, Coeur d'Alene, ID 83815-9408
(208) 769-4177
hmc-foundation@hecla-mining.com
http://www.hecla-mining.com/hmc_corp_foundation.html

Hecla Charitable Foundation has a focus on educational and historic programs, youth activities and programs, and health and human services. In 2009, 41 awards were given totaling \$193,699. Seven awards were made in Southeast for a total of \$19,800. None were over \$10,000. Apart from its activities funded through its foundation, Hecla supports the community of Angoon with on-the-job training, summer internships at Greens Creek mine for high school youth and provides turkeys for Angoon's senior center during the holidays.



Wells Fargo Foundation
 Wells Fargo Bank Alaska, MAC# K3407-011
 123 Seward St.
 Juneau, AK 99801
 (907) 586-2460
 karen.m.west@wellsfargo.com
 www.wellsfargo.com/donations

The twin foci of Wells Fargo's foundation are community development including economic development and programs for small businesses and education, including K-12 math/science and financial literacy programs. Wells Fargo Bank also supports its employees' volunteer-related expenses and ties its charitable contributions to the actual time volunteered. In 2009, total charitable contributions were \$68,367,615.

Alaska Family Foundations

Rasmussen Foundation
 301 West Northern Lights Blvd. Suite 400
 Anchorage, AK 99503
 (907) 297-2700
 rasmusonfdn@rasmuson.org
 http://www.rasmuson.org

Since its founding and first grant of \$125 in 1955, the Rasmussen Foundation has supported Alaskan non-profit organizations in the pursuit of their goals, with particular emphasis on organizations that demonstrate strong leadership, clarity of purpose, and cautious use of resources. The vision and values established by Elmer Rasmussen continue to guide the Foundation today. The Foundation awards approximately \$20 million annually to help improve the quality of life in Alaska. Its website provides a wealth of detailed current historic information about its awards. In 2010, 30 grants were made for projects in Southeast Alaska totaling \$2,088,095. From the foundation's website, these grants are below:

Location/Recipient & Description	Award
HAINES Haines Borough Public Library www.haineslibrary.org Collection development of print and non-print materials	\$15,000
Hotch, Lani S., Project Award (Folk & Traditional/Weaver) to participate in a contemporary textile arts show, "Time Warp."	\$5,000
Sheldon Museum and Cultural Center www.sheldonmuseum.org Funds to finish a documentary film, 'The Salmon People'	\$15,000
Sheldon Museum and Cultural Center Upgrade of technology components	\$17,834
Southeast Alaska State Fair www.seakfair.org Renovations to Harriet Hall	\$66,692
Southeast Alaska State Fair Travel support to bring 'Nanda' to Southeast Alaska State Fairgrounds	\$2,448



Location/Recipient & Description	Award
JUNEAU Alaska State Museums www.museums.state.ak.us Cultural Leadership grant to attend International Council of Museums Conservation Committee Wet Organic Archaeological Materials Working Group conference May 24-29, 2010 in Greenville, NC	\$2,075
Association for the Education of Young Children - Southeast Alaska www.aeyc-sea.org To complete development of and launch a state-wide distance training program for early care and education providers	\$17,180
Catholic Community Services www.ccsjuneau.org Two vehicles to provide accessible transportation for senior citizens and persons with disabilities in Juneau and Sitka	\$22,400
Fowler, Quentin James (www.jimfowler.us) Artist Fellowship (Visual Arts/Painter) to provide time to paint, and professionally document his work	\$12,000
Juneau Arts and Humanities Council www.jahc.org Effective Organizations	\$60,000
Kane, Jeremy Artist Fellowship (Visual Arts/porcelain/clay) to build a home studio and kiln(s)	\$12,000
REACH, Inc www.reachak.org Self-assessment of organizational capacity and sustainability	\$19,125
Rohrbacher, Phoebe Project Award (Visual Arts/Mixed Media) to rent studio space for one year, purchase materials and supplies, and document work in preparation for an exhibit at the Juneau Douglas City Museum, February 2011	\$5,000
Southeast Alaska Guidance Association www.servealaska.org Passenger vans for youth corps programs	\$24,500
Alaska Arts Education Consortium www.uas.alaska.edu/education/partners/arts/index.html Management Assistance grant for board retreat in Anchorage	\$5,000
Perseverance Theatre www.perseverancetheatre.org A Capacity building grant to support a performance season in Anchorage	\$250,000
KASAAN Organized Village of Kasaan www.kasaan.org Production of a film to document the Chief Son-I-Hat Whale clan house	\$15,550
PETERSBURG Rainbird Community Broadcasting www.krbd.org Purchase broadcasting equipment	\$19,072
Clausen Memorial Museum www.clausenmuseum.org Management Assistance grant to bring paper conservator to Petersburg, AK	\$5,000
Petersburg Medical Center www.pmc-health.com Remodel and expansion of a primary care clinic	\$200,000
Alaska Community Foundation - Petersburg Community Foundation Challenge grant to the Petersburg Community Foundation for cash donations received between May 15, 2010 and July 6, 2010	\$50,000
SITKA Betty Eliason Child Care Center Replacement and construction of a deck	\$15,000
Greater Sitka Arts Council Travel support for The Marriage of Figaro, April 29 - May 1, 2010	\$3,544
Raven Radio Foundation www.ravenradio.org Replacement broadcast equipment	\$23,675
Sheldon Jackson Child Care Center Purchase of child care facility	\$300,000
Sitka Cancer Survivor's Society Installation of the Book of Hope Sculpture in the Path of Hope Inspirational Park	\$10,000
WRANGELL Wrangell Medical Center www.wrangellmedicalcenter.com A top-off grant for furnishings and medical equipment for the new hospital and nursing home	\$500,000
YAKUTAT Yakutat School District www.yakutatschools.org Pool renovation	\$150,000
Yakutat Tlingit Tribe Construction of a community senior center	\$245,000

Leighty Foundation

PO Box 37
Cascade CO 80809
(719) 684-9739
jane@leightyfoundation.org
<http://www.leightyfoundation.org/index.php>

The Leighty Foundation is primarily interested in protection of the earth, education and supporting volunteerism and civic engagement. In 2010 it contributed to 7 organizations in Southeast. None of these grants were over \$10,000.

Douglas-Dornan Foundation

5050 Thane Road
Juneau, AK 99801-7707
(907) 463-3042

The Douglas-Dornan foundation supports local arts, education and health through its Youth Action Committee in Juneau and Sitka. In 2009, \$136,786 was awarded to 18 non-profit organizations.

Gaguine Foundation

10117 Silver Street
Juneau, AK 99801-8745

This foundation supports social service agencies in Juneau and some national organizations including Saint Vincent De Paul, Catholic Community Services and SAGA. In 2008, \$623,491 in grants was awarded to 14 non-profit organizations. \$116,500 was distributed in Juneau to 5 organizations.

Skaggs Foundation

P.O. Box 20510
Juneau, AK 99802-0510
(907) 463-4843

The Skaggs Foundation supports environmental and conservation initiatives in Juneau and the Northwest. In 2009, \$71,500 was awarded to 18 organizations, including \$57,000 for regional projects including Sitka Fine Arts Camp, the Glory Hole, Sitka's Island Institute, the Juneau School District, Perseverance Theatre, REACH, Sitka WhaleFest, Sitka Conservation Society, St. Vincent de Paul, Rivers Without Borders (all based in Southeast Alaska), and to Anchorage-based The Nature Conservancy for the Southeast Alaska estuary mapping project described above.

Community Foundations

Alaska Conservation Foundation (ACF)
441 West 5th Ave., Suite 402
Anchorage, AK 99501-2340
(907) 276-1917
acfinfo@alaskaconservation.org



Alaska Conservation Foundation works to build broad-based public support for environmental protection and for institutionalizing a sound conservation ethic, through grant making to the most effective grassroots conservation organizations in Alaska. It provides internship grants, community capacity funds, operation support grants, opportunity grants, and issues funds such as the Alaska Clean Energy Campaign (ACEC) and the Tongass Rainforest Conservation Fund. In 2010, ACF awarded 3 grants through the Tongass Rainforest Conservation Fund for a total of more than \$90,000. \$40,000 was awarded to one organization in Southeast. ACF awarded 33 grants through ACEC. Grants made total more than \$1 million to 19 organizations. \$3,000 was awarded to one organization in Southeast.

Alaska Community Foundation

400 L Street #100
Anchorage, Alaska 99501
(907) 334-6700
info@alaskacf.org
<http://www.alaskacf.org/>

Alaska Community Foundation's Alaska Safety Net Fund makes awards to nonprofit agencies experiencing an increased demand for critical support for most basic needs - food, shelter, utility assistance, emergency cash and/or prescription medications. In 2008, more than \$6 million was distributed to nonprofit organizations throughout Alaska, the United States and even the world. \$58,000 was distributed in Southeast to 28 non-profit organizations, including the Dimond Field House.

Also, the Alaska Community Foundation manages funds for a number of communities, individuals, families and corporations who rely on it to help them determine the best use of their funds. It works to match Alaskan projects with appropriate charitable funds.

Juneau Community Foundation

350 N. Franklin Street, Suite 2, Juneau, Alaska 99801
(907) 523-5450
info@juneaucf.org
<http://www.juneaucf.org/>

This Juneau-based foundation supports local recreation programs, schools, scholarships, social services, arts and humanities, or other nonprofit agencies such as Juneau Youth Services, Glory Hole, and Theatre in the Rough. In 2009, \$79,000 in grants was awarded in Southeast to 26 non-profit organizations.



State Grants – Department of Commerce, Community & Economic Development (DCCED)

The DCCED administers a wide range of grant and community revenue sharing programs, listed below, which focus directly on economic development projects. Good data is available for the last twenty years for all of the grants issued by the DCCED.

DCCED administered grants including the following:

- Alaska Coastal Management Program (ACMP)
- Alaska Regional Development Organization (ARDOR)
- Capital Matching Grants
- Coastal Impact Assistance Program (CIAP)
- Community Development Block Grants (CDBG)
- Community Priorities Program (CPP)
- Community Services Block Grants (CSBG)
- Fisheries Business Tax
- Fisheries Landing Tax
- Flood Mitigation Assistance (FMA)
- Initiative for Accelerated Infrastructure Development (IAID)
- Legislative Grants (Named Recipients)
- Mini-Grants
- Multi-Use Facility Program
- National Forest Receipts (NFR)
- National Petroleum Reserve-A (NPR-A)
- Payment in Lieu of Taxes (PILT) in the unorganized borough
- Safe Communities
- State Revenue Sharing (SRS)

Grants & Revenue Sharing to Southeast Alaskan Communities by State Fiscal Year 1981-2011

Appropriated	# Grants	Average Award	Award Amount	Total Disbursed	Total Reported	Balance
1981	39	483,754	18,866,402	18,866,402	18,866,402	-
1982	60	442,030	26,521,782	26,521,782	26,521,782	-
1983	84	487,120	40,918,100	40,918,100	40,918,100	-
1984	108	410,248	44,306,749	44,305,649	44,305,649	1,100
1985	57	333,898	19,032,204	19,029,204	19,017,183	3,000
1986	36	374,037	13,465,325	13,410,325	13,410,325	-
1987	49	332,611	16,297,921	16,297,921	16,297,921	-
1988	48	176,220	8,458,579	8,458,579	8,458,579	-
1989	18	159,946	2,879,022	2,879,022	2,879,022	-
1990	31	193,537	5,999,660	5,999,660	5,999,660	-
1991	18	254,113	4,574,038	4,574,038	4,574,038	-
1992	76	196,769	14,954,429	14,835,229	14,833,248	1,981
1993	65	292,415	19,006,964	18,322,653	17,982,868	1,311
1994	121	132,439	16,025,151	15,877,437	15,823,078	14,514
1995	44	83,896	3,691,444	3,395,527	3,395,534	265,917
1996	51	117,457	5,990,319	5,925,640	5,925,888	64,679
1997	41	46,663	1,913,179	1,799,895	1,799,895	113,284
1998	59	51,424	3,034,029	2,937,955	2,931,661	96,074
1999	47	48,050	2,258,365	2,045,665	2,045,684	212,700
2000	45	51,176	2,302,901	2,217,196	2,217,196	85,705
2001	51	63,958	3,261,838	2,857,511	2,857,511	404,327
2002	221	83,048	18,353,715	17,337,222	4,542,492	1,016,493
2003	191	71,721	13,698,721	13,417,552	8,623,819	281,169
2004	95	70,277	6,676,324	2,296,532	1,996,532	1,476,862
2005	65	61,638	4,006,489	3,025,466	3,025,466	981,023
2006	77	136,890	10,540,551	10,012,614	10,012,614	527,937
2007	99	263,588	26,095,240	21,851,715	21,851,715	4,243,526
2008	93	128,570	11,956,991	9,314,488	9,314,487	2,642,505
2009	108	494,080	53,360,603	29,746,535	29,746,535	23,614,071
2010	74	467,962	34,629,168	6,041,641	6,020,188	28,587,527
2011	70	1,219,531	85,367,200	111,829	111,829	62,520,871
Total	2,241	\$ 240,269	\$ 538,443,403	\$384,630,984	\$366,306,901	\$127,156,576

Source: Community Funding Database, http://www.commerce.state.ak.us/dca/commdb/CF_Grants.cfm

Grants & Revenue Sharing to Southeast Alaskan Communities by Project Location 1981-2011

Community	# Grants	Average Award	Award Amount	Total Disbursed	Total Reported	Balance
Angoon	87	87,743	7,633,656	6,250,305	6,022,365	1,142,852
Coffman Cove	31	28,571	885,711	841,106	672,768	4,105
Craig	98	182,246	17,860,131	16,230,910	14,960,782	1,556,842
Edna Bay	24	11,037	264,879	260,124	252,669	1,216
Gustavus	30	30,601	918,018	594,716	586,385	69,670
Haines	150	169,857	25,478,600	18,832,198	18,113,800	3,677,284
Hollis	17	44,600	758,193	325,541	318,229	429,152
Hoonah	80	232,064	18,565,119	14,189,186	13,544,382	3,295,194
Hydaburg	68	157,662	10,721,012	10,429,724	10,118,440	134,078
Hyder	21	40,078	841,641	557,133	549,821	281,008
Juneau	301	421,725	126,939,146	107,029,795	102,740,136	18,244,120
Kake	62	120,382	7,463,710	7,242,377	6,784,394	181,333
Kasaan	40	23,048	921,934	776,921	687,542	104,513
Ketchikan	242	390,419	94,481,419	53,577,310	51,384,151	39,369,069
Klawock	73	132,621	9,681,333	6,143,318	5,559,930	336,131
Klukwan	25	180,998	4,524,957	4,279,523	4,279,565	245,434
Kupreanof	28	15,568	435,910	349,058	293,833	46,852
Metlakatla	49	160,144	7,847,052	4,599,467	4,374,664	3,207,586
Naukati Bay	22	25,612	563,469	559,804	552,143	-
Pelican	67	74,919	5,019,554	4,595,825	4,477,271	291,088
Petersburg	81	535,960	43,412,780	27,842,234	25,963,131	15,094,637
Point Baker	18	17,345	312,205	307,826	300,384	4,311
Port ..	29	22,232	644,730	596,713	529,016	8,017
Port ..	15	18,198	272,963	267,378	259,839	1,983
Sitka	203	410,982	83,429,359	51,200,124	49,337,645	26,308,338
Skagway	79	241,948	19,113,859	11,868,291	11,356,063	2,405,069
Tenakee	45	26,578	1,195,994	1,009,386	930,929	21,108
Thorne Bay	58	66,787	3,873,643	3,513,437	3,181,900	319,705
Whale Pass	27	13,698	369,854	361,997	354,491	4,264
Wrangell	98	379,327	37,174,038	24,266,830	22,846,348	9,485,277
Yakutat	73	93,679	6,838,534	5,732,427	4,973,885	886,340
Total	2,241	\$240,269	\$538,443,403	\$384,630,984	\$366,306,901	\$127,156,576

Source: Community Funding Database, http://www.commerce.state.ak.us/dca/commdb/CF_Grants.cfm



American Recovery & Reinvestment Act (ARRA) Grants & Revenue Sharing by program to Southeast based projects 1981-2011

Funding Program	# Awards	Average Award	Award Amount	Total Disbursed	Total Reported	Balance
ACMP	139	15,493	2,153,546	1,806,384	1,806,384	347,164
ARRA	32	63,784	2,041,095	1,867,097	1,867,097	173,998
Capital Matching	461	47,902	22,082,780	21,174,525	21,174,841	908,255
CDBG	15	273,871	4,108,063	3,933,063	3,933,063	175,000
CIAP	18	253,298	4,559,360	542,134	542,134	4,017,226
Community Priorities	3	299,264	897,792	673,883	673,883	223,909
FDA	18	45,108	811,941	-	-	-
Fish Business	23	6,240	143,523	143,523	-	-
Fish Landing	14	9	121	121	-	-
Legislative	1,246	385,418	480,230,676	335,327,594	334,412,658	121,150,167
Mini-Grant	31	26,596	824,491	760,773	760,773	63,718
Multi-Use	2	347,468	694,935	694,935	694,935	-
NFR	22	349,369	7,686,114	7,686,114	-	-
Other	7	39,208	274,456	260,817	260,817	13,639
PILT	32	73,657	2,357,016	2,357,016	-	-
Safe	48	74,455	3,573,860	3,573,860	-	-
Shelter	8	22,540	180,316	180,316	180,316	-
SRS	82	44,498	3,648,829	3,648,829	-	-
TFR	40	54,362	2,174,489	-	-	83,500
Total	2,241	\$240,269	\$538,443,403	\$384,630,984	\$366,306,901	\$127,156,576

Source: Community Funding Database, http://www.commerce.state.ak.us/dca/commdb/CF_Grants.cfm

Additionally, the DCCED made a large number of grants to statewide, regional and named recipients which brought state project funding into the region or which benefitted the region's residents. On a per-capita basis, the Southeast Alaska region fared very well with this funding compared to other areas of the state.

DCCED Grants to Southeast Alaska or Statewide Organizations 2006-2011

Fiscal Year	Funding Program	Recipient	Project Description	Award Amount
2007	Legislative	Alaska Judicial Observers, Inc.	(Alaska Judicial Observers, Inc.) Recruit/Screen/Train Volunteers to Observe Court Proceedings; Record/ Report to Judicial Council	\$30,000

Fiscal Year	Funding Program	Recipient	Project Description	Award Amount
2007	Legislative	Alaska Mineral and Energy Resource Education Fund	(Alaska Mineral and Energy Resource Education Fund) Update Curriculum and Science Kits	\$50,000
2007	Legislative	Alaska Moving Image Preservation Association	(Alaska Moving Image Preservation Assn, Inc.) Voices and Images of Alaska Project	\$75,000
2007	Legislative	American Red Cross of Alaska	(American Red Cross of Alaska) Debt Retirement	\$150,000
2007	Legislative	Association of Alaska School Boards	Consortium for Digital Learning	\$5,000,000
2007	Legislative	Capital City Community Broadcasting, Inc.	(Capital City Community Broadcasting, Inc.) KTOO-FM & TV Elevator	\$45,000
2007	Legislative	Life Alaska Donor Services, Inc.	Organ Donor Program	\$30,000
2007	Legislative	Life Alaska Donor Services, Inc.	(Life Alaska Donor Services) Building Purchase and Remodel	\$750,000
2007	Legislative	National Association for the Advancement of Colored People	(NAACP) ACT-SO Van Purchase	\$30,000
2007	Legislative	National Veterans Wheelchair Games	(National Veterans Wheelchair Games) Disabled Veterans Recreational Fishing Activities	\$100,000
2007	CSBG	Rural Cap	Community Services Block Grant	\$2,441,356
2007	Legislative	Southeast Alaska Independent Living, Inc.	(SE Alaska Independent Living, Inc.) Twin Lakes Park Project Playground	\$75,000
2007	Legislative	Southeast Alaska Independent Living, Inc.	(SE Alaska Independent Living, Inc.) Interpreter Referral Line	\$40,000
2007	Legislative	STARS Youth Development Program	(STARS Youth Development Program) Supporting Kids' Participation in Program Events	\$7,000
2007	Legislative	STARS Youth Development Program	(STARS Youth Development Program) Celebrity Basketball Team to Anchorage	\$8,000
2007	Legislative	Tongass Alaska Girl Scout Council	(Tongass Alaska Girl Scout Council) Service Center Water and Sewer Line Replacement	\$35,000
2008	Legislative	Alaska Marine Exchange	(Alaska Marine Exchange) Coverage of Southeast Waterways	\$200,000
2008	Legislative	Big Brothers Big Sisters of Alaska	(Big Brothers Big Sisters of Southeast Alaska) Capacity Building Project	\$12,500
2008	Legislative	Catholic Community Services	(Catholic Community Services) Haines Senior Services Center	\$15,000
2008	Legislative	Catholic Community Services	(Southeast Senior Services) Kake Senior Lunch Program	\$5,000
2008	Legislative	Great Alaska Council - Boy Scouts of America	Gateway District Equipment	\$15,000
2008	Legislative	Great Alaska Council - Boy Scouts of America	High Adventure Scouting Program for At-Risk Youth	\$40,000

Fiscal Year	Funding Program	Recipient	Project Description	Award Amount
2008	Legislative	Inter-Island Ferry Authority	(Inter-Island Ferry Authority) Debt Retirement and Assistance	\$500,000
2008	Legislative	Life Alaska Donor Services, Inc.	(Life Alaska Donor Services, Inc.) Promoting the Donation Program for the Fiscal Year Ending June 30, 2008	\$55,000
2008	CSBG	Rural Cap	FFY 08 Community Services Block Grant	\$2,425,379
2008	Legislative	SAIL Southeast Alaska Independent Living, Inc.	(SAIL Southeast Alaska Independent Living, Inc.) Juneau Lift-Equipped Accessible Taxi	\$20,000
2008	Legislative	Southeast Conference	(SE Conference) Timber Industry Revitalization Program	\$100,000
2008	Legislative	Southeast Island School District	(SE Island School District) Naukati School Books and Educational Supplies	\$5,000
2008	Legislative	Southeast Island School District	(SE Island School District) Kasaan School Books and Educational Supplies	\$5,000
2008	Legislative	Southeast Island School District	(SE Island School District) Kasaan Play Area	\$25,000
2008	Legislative	Southeast Island School District	(SE Island School District) District wide School Books and Supplies	\$30,000
2009	Legislative	Alaska Legal Services Corporation	Program Operations	\$200,000
2009	Legislative	Arctic Winter Games Team Alaska	Games Participation	\$250,000
2009	CSBG	Rural Cap	FFY 09 CSBG ~ ARRA	\$3,692,565
2009	DL-NR	Southeast Conference	Kake-Petersburg Intertie Permitting, Design, and Construction	\$500,000
2010	CSBG	Rural Cap	FY 09 CSBG	\$2,616,922
2011	Legislative	Aiding Women in Abuse & Rape Emergencies, Inc.	Extended Stay Shelter and Supportive Service	\$1,000,000
2011	Legislative	Alaska Fire Chiefs Association, Inc.	Alaska Fire Chiefs Association, Inc. - Alaska Marine Firefighter Training for Land-Based Firefighters	\$150,000
2011	Legislative	Alaska Fire Chiefs Association, Inc.	Alaska Fire Chiefs Association, Inc. - Alaska Fire Conference 2011: Where Alaskan Professionals Come to Train	\$28,000
2011	Legislative	Alaska Travel Industry Association	Promoting Tourism in Alaska	\$Pending
2011	Legislative	Alaska Travel Industry Association	NATIONAL TELEVISION CAMPAIGN	\$Pending
2011	Legislative	Capital Community Broadcasting, Inc.	Gavel to Gavel Video on Demand Project	\$97,000
2011	Legislative	Catholic Community Services	Vehicle & Wheelchair Lift Purchase	\$13,100
2011	Legislative	Catholic Community Services, Inc.	Yakutat Senior Center Internet Access Infrastructure & Equipment	\$5,000

Fiscal Year	Funding Program	Recipient	Project Description	Award Amount
2011	Legislative	Catholic Community Services, Inc.	Swan Lake Senior Center Waste Heat Energy Capture Project	\$13,000
2011	Legislative	Catholic Community Services, Inc.	Kake Senior Center Kitchen Equipment	\$5,500
2011	Legislative	Catholic Community Services, Inc.	Hoonah Senior Center Kitchen Equipment	\$18,000
2011	Legislative	Catholic Community Services, Inc.	Bring the Kids Home Program Site Acquisition and Building Design	\$125,000
2011	Legislative	Catholic Community Services, Inc.	Angoon Senior Center Equipment	\$8,000
2011	Legislative	Catholic Community Services, Inc.	Wrangell Center Senior Furnace, Heating Ducts and Building Insulation Replacement and Repair	\$20,000
2011	Legislative	CCS Early Learning	Adult and Youth Day Care	\$15,000
2011	Legislative	Central Council of Tlingit and Haida Indian Tribes of Alaska	Juneau Alaska Native Youth Suicide Prevention Coalition	\$150,000
2011	Legislative	Central Emergency Services	off-highway rescue project	\$50,000
2011	Legislative	Chatham School District	equipment purchases and upgrades	\$13,256
2011	Legislative	Chatham School District	projects, equipment, and improvements for Angoon schools	\$Pending
2011	Legislative	Douglas Island Pink and Chum, Inc. (DIPAC)	Deferred Maintenance and Upgrade to Hatchery Facilities Statewide	\$500,000
2011	Legislative	Filipino Community, Inc.	Filipino Community Historic Building Repair and Maintenance	\$50,000
2011	Legislative	Gastineau Human Services	Safety and Security Systems Upgrades	\$39,500
2011	Legislative	Haines Senior Citizen's, Inc.	Senior Center Roof Maintenance & Replacement	\$50,000
2011	Legislative	Juneau Cooperative Christian Ministries	Glory Hole Shelter Roof Replacement	\$65,000
2011	Legislative	Juneau Housing Trust	20th Century Theater Affordable Housing Project	\$55,000
2011	Legislative	JYS	Residential Facility maintenance and repairs	\$48,504
2011	Legislative	Marine Exchange of Alaska	Alaska Vessel Tracking System Upgrades and Expansion	\$600,000
2011	Legislative	Perseverance Theatre, Inc.	Facility Upgrades	\$45,000
2011	Legislative	REACH, Inc.	Asbestos Abatement	\$25,500
2011	CSBG	Rural Cap	FY 10 CSBG	\$2,616,922
2011	Legislative	Sealaska Heritage Institute	Southeast Alaska Native Cultural and Visitor Center	\$2,000,000
2011	Legislative	Southeast Alaska Guidance Association	Eagle Valley Training Center Repair and Maintenance	\$57,000
2011	Legislative	Southeast Alaska Independent Living, Inc.	Lift-Equipped Vehicles	\$9,700

Fiscal Year	Funding Program	Recipient	Project Description	Award Amount
2011	Legislative	Southeast Conference - Energy Program Coordination	Energy Program Coordination	\$255,500
2011	Legislative	Southeast Regional Resource Center, Inc.	Technology Upgrade	\$63,700
2011	Legislative	Territorial Sportsmen, Inc.	Territorial Sportsmen, Inc. - Public Use Cabin Construction	\$60,000
2011	Legislative	United Human Services of Southeast Alaska, Inc.	Non-profit Center	\$120,000
2006-2011		All Recipients	231 Awards	\$90,179,308
		Southeast & Statewide Recipients	73 Awards	\$27,950,904
			32%	31%

Source: Community Funding Database, http://www.commerce.state.ak.us/dca/commdb/CF_Grants.cfm

Financial Assets Strength/Constraints

Key strengths/opportunities

Advances in technology and communications have provided the region's residents, and businesses, with much wider and more convenient access to financial services. Some credit unions are taking advantage of recent regulatory easing to expand into new lines of business lending.

Building of new private sector business will continue to need and rely on state and federal funding for long term capital investment and operating capital. Many lending programs have been created for this purpose. The state created the nonprofit hatchery loan program to fund the building and operation of hatcheries. State loan programs for purchase of limited entry permits and fishing vessels provide capital funds. Hydroelectric funds are provided through state and federal grants and low interest loan funds. USDA rural development program provides both direct loan and loan guarantee programs. Small Business Administration (SBA) provides funding programs. Economic Development Agency (EDA) provides grant and matching grant funds for the construction of infrastructure. The state and federal government has been generous in its investment in the region. The regional consensus is that this type of investment will need to continue as long as majority land ownership is in federal and state hands.

A possible emerging trend, stemming from a weakening stock market and uncertainty about national and global economy, is for moneyed residents to focus towards local investing in projects which support local economies, especially those with "green" characteristics – such as renewable energy, sustainable food production and products that can be extracted, manufactured, distributed and used entirely within the region.

Key constraints/obstacles

Commercial bankers are anticipating increased governmental regulation which they expect to both limit their flexibility and add to operating costs. Lenders and potential investors, looking at business development in Southeast Alaska often cite the small size of the region's businesses as a constraint to their own growth.

Entrepreneurs in the region find that it is very hard to get financing for a small business startup or for initial growth capital. The traditional lenders in the region are not in the position to provide venture capital, and no sources of venture capital or angel investment funding are active in the region.

One business owner interview expressed the view that traditional financing is not available for building resource type industries in Southeast because of the public ownership of the resources or

access to the resources. The public (state and federal) owners of the land and water are not willing to make long term commitments for use of the land and water. And the leases and use permits that are issued are “performance” based or “conditioned” upon certain activities. The regulatory restraints that accompany the use leases add further conditional uses. The combination makes the entity or business too “high risk” for a traditional lender.

Connective Organizations

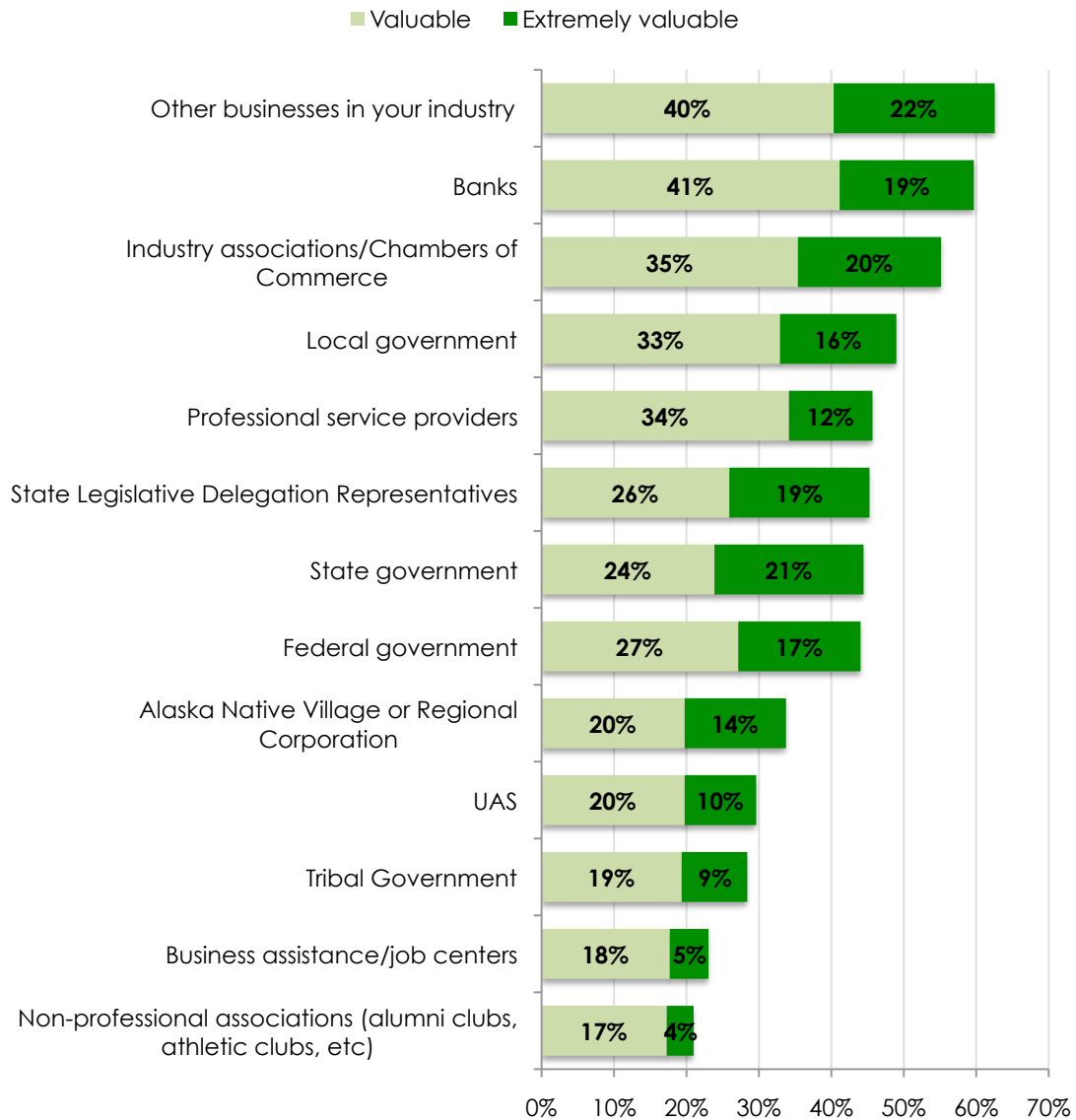
Networks in Southeast Alaska are often the strength and the undoing of our people. Isolation, disconnected transportation routes, antiquated technology, high energy costs, cost of doing business, cultural differences are just a few of the obstacles that bring our people together. We have a very strong native population in our region and that native population although will disagree on specific projects from time to time are certainly a piece that holds our network together. Southeast Conference is another piece; they are able to bring many people from all different facets together for collaboration. Many communities have a chamber of commerce, an economic development group of some sort and a visitor bureau. There is also an extensive arts community throughout Southeast Alaska. All of these groups put together make a very strong network all wanting the same thing; a strong viable economy in Southeast Alaska.

Southeast Alaska Business Climate Survey

As part of the Southeast Alaska Business Climate Survey, we asked business leaders about how valuable their interactions with other organizations are to their businesses. Possible answers included Not at all valuable, Somewhat valuable, Valuable, Extremely valuable, Not applicable, and Don't know.

Business leaders said other businesses in their industry provide the most value to them, 63% of business leaders feel that other businesses in their industry are valuable or extremely valuable. Banks and industry associations such as Chambers of Commerce also were rated highly (see chart on following page).

Please rate how valuable interaction with each of the following Southeast Alaska institutions is to your business. N=243

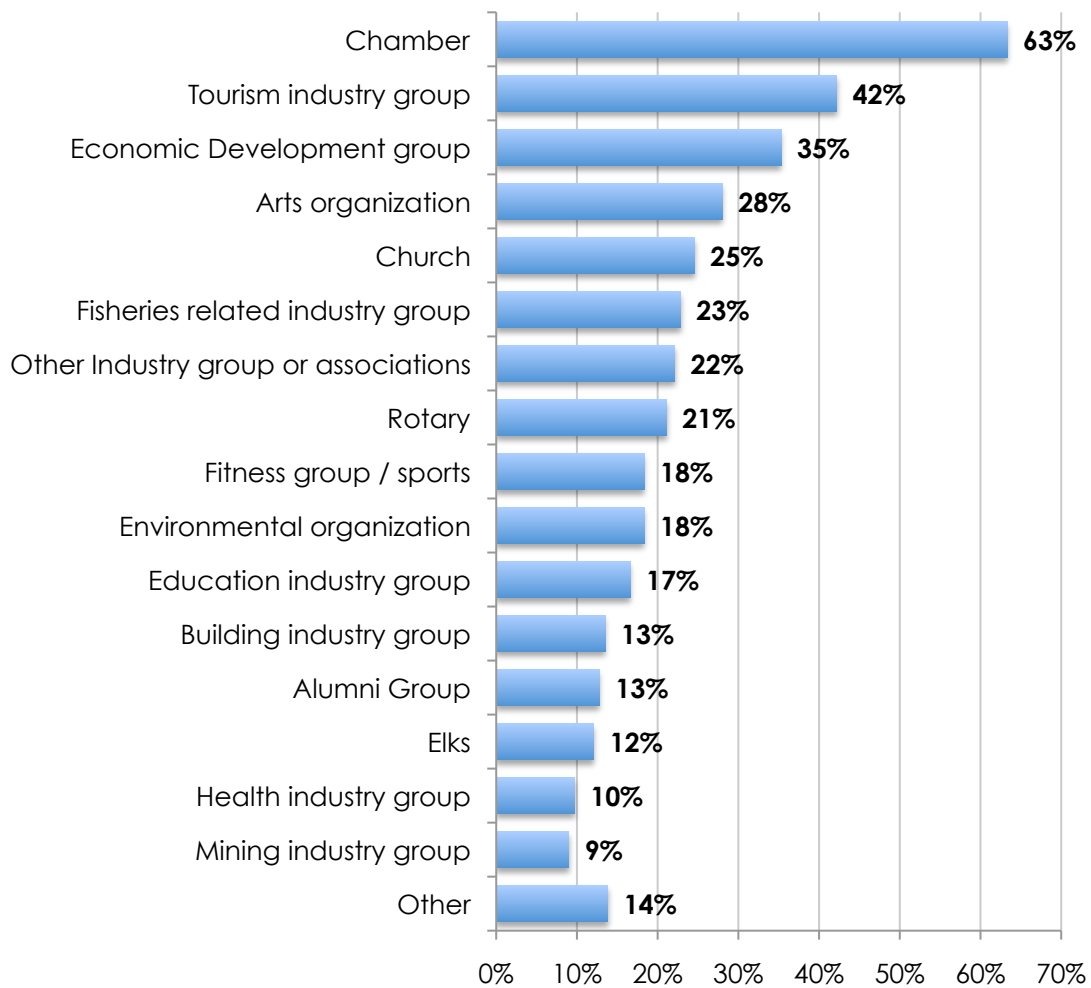


Source: Southeast Alaska Business Climate Survey, 2010 JEDC. N = the number of respondents.

We also asked each business leader about the networks with which their businesses are involved. Respondents were asked to check all that apply. According to the findings, the top three key networks that engage regional business are chambers, tourism industry groups, and economic development groups. Lists of these organizations are on the following pages (full contact information is available in the appendix). The regional business leaders also displayed high membership in arts organizations and churches.

Key Networks of Southeast Alaska Business Leaders

(Question: Please check all the Southeast Alaska networks to which you or your organization belongs) N=289



Source: Southeast Alaska Business Climate Survey, 2010 JEDC. N = the number of respondents.

Southeast Alaska Chambers

Alaska State Chamber of Commerce
Greater Ketchikan Chamber of Commerce
Greater Sitka Chamber of Commerce
Haines Chamber of Commerce
Juneau Chamber of Commerce
Pelican Chamber of Commerce
Petersburg Chamber of Commerce
Prince of Wales Chamber of Commerce
Skagway Chamber of Commerce
Wrangell Chamber of Commerce

Southeast Alaska Economic Development Organizations

Alaska Committee
Alaska Municipal League
Alaska Resource Development Council
Alaska Small Business Development Center
Community of Elfin Cove Non-Profit Corp.
Edna Bay Community
Hyder Board of Trade
Juneau Economic Development Council
Petersburg Economic Development Council
Sitka Economic Development Association
Skagway Development Corporation
Central Council Tlingit Haida Indian Tribes of Alaska
Southeast Conference

Southeast Alaska Tourism Industry Associations

Alaska Cruise Association
Haines Convention & Visitors Bureau
Juneau Convention & Visitors Bureau
Ketchikan Visitors Bureau
Petersburg Convention & Visitors Bureau
Sitka Convention & Visitors Bureau
Skagway Convention & Visitors Bureau

Other Southeast Alaska Industry associations

Industry	Name
Energy	ACE Coalition
Energy	Alaska Power Association
Energy	Southeast Alaska Power Agency
Environmental	Alaska Center for the Environment
Environmental	Natural Resources Defense Council
Environmental	Nature Conservancy
Environmental	Sitka Conservation Society
Environmental	Southeast Alaska Conservation Council
Environmental	Southeast Alaska Watershed Coalition
Environmental	Audubon Alaska
Environmental	Wilderness Society
Forestry	Alaska Forest Association
Health Care	Alaska Island Community Services
Health Care	Catholic Community Services
Seafood	Alaska Independent Tenderman's Assn.
Seafood	Alaska Longline Fishermens Ass'n
Seafood	Alaska Trollers Association
Seafood	At-sea Processors Association
Seafood	Petersburg Vessel Owners
Seafood	Purse Seine Vessel Owners Ass'n (PSVOA)
Seafood	Southeast Alaska Fishermen's Alliance
Seafood	Southeast Alaska Regional Dive Fisheries Assn.
Seafood	Southeast Alaska Seiners Association
Seafood	Southeast Herring Conservation Alliance
Seafood	Southern Southeast Regional Aquaculture Association
Seafood	United Fishermen of Alaska
Seafood	United Southeast Alaska Gillnetters Assn
Seafood	Alaska Seafood Marketing Institute
Union	International Union of Operating Engineers Local 302

Southeast Alaska Mayors/Community Leaders

Community	Name	Title
City of Angoon	Albert Howard	Mayor
City of Coffman Cove	Misty Fitzpatrick	Mayor
City of Craig	A.H. Millie Schoonover	Mayor
Douglas Indian Association	Frank Miyasoto	President
Elfin Cove Community Council	Gordon Wrobel	President
City of Gustavus	Jim Mackovjak	Mayor
Haines Borough	Janice Hill	Mayor
Hollis Community Council	Budd Burnett	President
City of Hoonah	Alf Windy Skaflestad	Mayor
City of Hydaburg	Anthony Christianson	Mayor
Hyder Community Association, Inc.	Mike Craft	President
City & Borough of Juneau	Bruce Botelho	Mayor
City of Kake	Henrich Kadake, Sr.	Mayor
City of Kasaan	Audrey Escoffon	Mayor
City of Ketchikan	Lew Williams III	Mayor
Ketchikan Gateway Borough	Dave Kiffer	Mayor
City of Klawock	Donald Marvin	Mayor
Chilkat Indian Village	Kimberly Strong	President
Metlakatla Indian Community	Arthur Fawcett	Mayor
Naukati West Homeowners Association, Inc.	Andrew Richter	President
City of Pelican	Clint Bean	Mayor
City of Petersburg	Al Dwyer	Mayor
Point Baker Community	Judy Wright	Chairperson
City of Port Alexander	Debra Rose Gifford	Mayor
Port Protection Community Assoc.	Gail Sterling	Secretary/Treasurer
City & Borough of Sitka	Cheryl Westover	Mayor
Municipality of Skagway	Thomas Cochran	Mayor
City of Tenakee Springs	Don Pegues	Mayor
City of Thorne Bay	Jim Gould	Mayor
Whale Pass Community Association	Steve Loucks	President
City & Borough of Wrangell	Jeremy M. Maxand	Mayor
City & Borough of Yakutat	Dave Stone	Mayor

Key Business/education partnerships

Southeast Regional Resource Center (SERRC)
 Ketchikan Indian Community - Southern Southeast Alaska Vocational Technical Training Center
 Juneau Arts & Humanities Council
 Sitka Arts Council
 Southeast Alaska Land Trust
 International Union of Operating Engineers Local 302 Apprenticeship program
 University of Alaska, Southeast
 State of Alaska Department of Labor
 Southeast Alaska Regional Health Consortium (SEARHC)
 University of Alaska Fairbanks



17. Southeast Alaska Industry Clusters

Cluster Development Overview

An “economic cluster” is a set of businesses, in the same or related field and located near one another, which are linked by service or supplier relationships, common customers and supporting institutions or other relationships. They compete with one another but also complement one another. Overall, however, they draw productive advantage from their mutual proximity and connections, as concluded by a review of the academic literature on industry clusters conducted by the Brookings Institution (2006).¹ Cluster firms may use similar technologies and/or serve similar markets. They share reliance on regional knowledge and on the regional labor market. In regions where cluster strategies have been employed for economic development, groups of businesses have collaborated through a regional trade association or other network to address common problems, or to lobby or market for the cluster as a whole.

In a geographic region where cooperative relationships have not been identified or established, cluster development promotes economic integration and cohesion for an industry through cooperative efforts by business, state and local government, educational institutions, and non-profit sectors for the economic benefit of the entire cluster and the region as a whole. Engaging an industry through active clustering creates informal and formal networking between firms—even competitors—across the cluster, and between firms and their supporting infrastructure. Soft networks (such as local professional and trade associations) and hard networks (strategic alliances between firms) are both important, and their development is supported by a local culture that enables both competition and cooperation to thrive.

Methodology

The process of identifying Southeast Alaska's clusters began with the analysis of the asset mapping data to calculate an economic concentration ratio for clusters of activity in the region. In general, an economic concentration ratio is a ratio that compares the concentration of a resource or activity, such as employment, in a defined area to that of a larger area or base. The economic concentration ratio is a measure that is used by regional labor economists as a way to compare the industrial activity levels among different areas of the country. JEDC gathered data on employment and wages at the NAICS industrial classification level in Southeast and then compared the concentration of employment to the national concentration for the same NAICS classification to generate the economic concentration ratio. The North American Industry Classification System (NAICS) is the standard used by Federal statistical agencies in classifying business establishments for the purpose of collecting, analyzing, and publishing statistical data

¹ Joseph Cortright, *Making Sense of Clusters: Regional Competitiveness and Economic Development*, (The Brookings Institution, 2006)

related to the U.S. business economy. In order to identify established and emerging regional industry clusters, we next grouped NAICS codes together into similar industries and then compared employment concentration with growth prospects. The following chart shows each cluster of economic activity, its respective NAICS composition, and its employment, wages, economic concentration ratio and compound annual growth rate (based on U.S. national trends).

The employment concentration is the most important aspect of this analysis. A concentration ratio of larger than 1 suggests that the cluster is more concentrated in the region than it is nationally. Further, a ratio of greater than 1 implies that the industry produces more goods and services than required to meet the demands of the local market. More than likely, the industry is exporting the good or service out of the region due to a strong competitive position in national and/or international markets.

Southeast Alaska Annual Private Sector Employment: Select Clusters

Cluster/Industry Name	NAICS Industry Code	Annual Average Monthly Employment 2003	Annual Average Monthly Employment 2009	SE Businesses 2009	SE Wages 2009	Avg. SE wage 2009	Economic Concentration Ratio	US Compound Annual Growth Rate 2009-2019
Seafood		3,680	3,845	2,396	199,896,080	\$51,989	85.2	0.4%
Animal aquaculture	1125	136	131	16	4,827,371	\$36,968	79.6	-0.4%
Seafood product preparation and packaging	3117	1,413	1,390	44	43,763,787	\$31,487	133.7	1.0%
Fish and seafood merchant wholesalers	424460	52	43	20	2,246,922	\$52,052	6.8	0.3%
Fishing	na	2,079	2,281	2,316	149,058,000	\$65,338	na	0.0%
Boating/Ship Building		140	254	24	12,090,194	\$47,662	4.7	-1.1%
Ship and boat building	3366	60	195	8	9,996,085	\$51,262	5.4	-1.1%
Boat dealers	441222	60	39	12	1,487,906	\$38,647	4.2	1.3%
Marinas	713930	20	20	4	606,203	\$30,060	2.4	1.0%
Transportation and Tourism		3,175	3,225	312	109,505,610	\$33,953	2.8	0.9%
Air transportation	481	702	716	39	26,690,965	\$37,295	5.5	0.7%
Water transportation	483	262	268	19	15,859,978	\$59,124	15.2	0.3%
Truck transportation	484	189	214	21	8,497,920	\$39,787	0.6	1.0%
Scenic and sightseeing transportation	487	488	727	100	25,185,358	\$34,639	98.0	1.6%
Support activities for transportation	488	321	207	26	10,300,807	\$49,762	1.4	0.0%
Accommodation	721	1,213	1,094	107	22,970,582	\$21,005	2.2	0.5%
Mining	21	291	413	14	37,980,160	\$91,962	2.3	-1.6%
Social Assistance	624	1,155	1,344	85	34,797,825	\$25,896	2.0	2.8%

Cluster/Industry Name	NAICS Industry Code	Annual Average Monthly Employment 2003	Annual Average Monthly Employment 2009	SE Businesses 2009	SE Wages 2009	Avg. SE wage 2009	Economic Concentration Ratio	US Compound Annual Growth Rate 2009-2019
Forestry and Logging		510	238	32	11,759,446	\$49,375	2.0	1.3%
Logging	1133	371	158	17	8,261,299	\$52,149	11.6	2.0%
Support activities for forestry	1153	20	24	6	1,374,076	\$56,858	6.0	0.6%
Wood product manufacturing	321	119	56	9	2,124,071	\$38,214	0.6	-0.8%
Arts, Entertainment, and Recreation	71	653	849	102	16,392,498	\$19,310	1.6	1.4%
Real Estate and Rental and Leasing	53	419	553	93	20,967,669	\$37,933	1.0	1.1%
Construction	1012	1,748	1,436	304	87,105,638	\$60,648	0.9	1.7%
Energy		338	329	38	11,447,202	\$34,768	0.9	0.7%
Petroleum merchant wholesalers	4247	101	87	7	2,739,930	\$31,554	3.2	-0.2%
Gasoline stations	4471	143	154	23	3,358,353	\$21,796	0.7	1.2%
Power generation and supply	2211	94	88	8	5,348,919	\$60,554	0.8	0.6%
Advanced Business Services		2,582	2,856	442	120,487,309	42,195	0.4	1.4%
Electronic markets and agents and brokers	425	18	24	10	892,796	\$37,991	0.1	0.5%
Information	1022	503	561	59	23,819,421	\$42,453	0.7	0.4%
Telecommunications	517	156	224	29	13,997,986	\$62,468	0.8	-0.9%
Professional, Scientific and Tech Services	54	585	632	148	26,423,899	\$41,810	0.1	3.8%
Management of Companies and Enterprises	55	84	50	5	5,453,783	\$109,076	0.3	6.2%
Financial Activities	1023	1,211	1,319	190	56,811,801	\$43,088	0.8	0.5%
Administrative and support services	561	614	589	116	18,562,435	\$31,529	0.3	1.6%
Health Care		2,080	2,232	134	103,951,255	\$46,570	0.6	2.2%
Ambulatory health care services	621	1,024	1,035	114	41,275,275	\$39,889	0.6	3.1%
Hospitals	622	762	857	4	50,757,427	\$59,227	0.7	1.1%
Nursing and residential care facilities	623	294	340	16	11,918,553	\$35,012	0.4	1.9%

Sources: Alaska Department of Labor, U.S. Bureau of Labor Statistics, JEDC Analysis



Cluster Identification

The table above shows that there are 12 identified clusters of economic activity in Southeast Alaska, representing 74% of total private sector jobs. Each of these has a unique combination of employment concentration and industry growth. One useful means of differentiation is to chart clusters according to market growth potential for the next decade and competitive market position, as measured by employment concentration. In the chart below, the compound annual growth rate for U.S. industries is found along the horizontal axis. Growth rates for each cluster are calculated as the weighted average of the individual NAICS components. Growth rates range from a high of 2.8% for social assistance, to a negative rate of growth of -1.6% for mining. Economic Concentration Ratio (a.k.a Location Quotient) is measured on the vertical axis. Here seafood takes top position with a concentration of 85.2, while advanced business services is the most under-represented in employment in the region with a concentration of only 0.4. The chart also shows relative employment in each cluster by the size of the individual "bubbles." The industry with the greatest average monthly employment is seafood with 3845 while the industry that employs the fewest Southeast residents is forestry and logging at 238 (smaller private industries are not included in this analysis). The chart identifies the region's strengths relative to the growth prospects for each industry cluster. Using terminology pioneered by the consulting firm IHS Global Insights, as presented in the *Alaska Forward: Phase 1 Situation Analysis* prepared for the State of Alaska, the region's clusters can be identified as "Star," "Opportunity," "Mature" and "Challenge." As explained by IHS Global Insights:

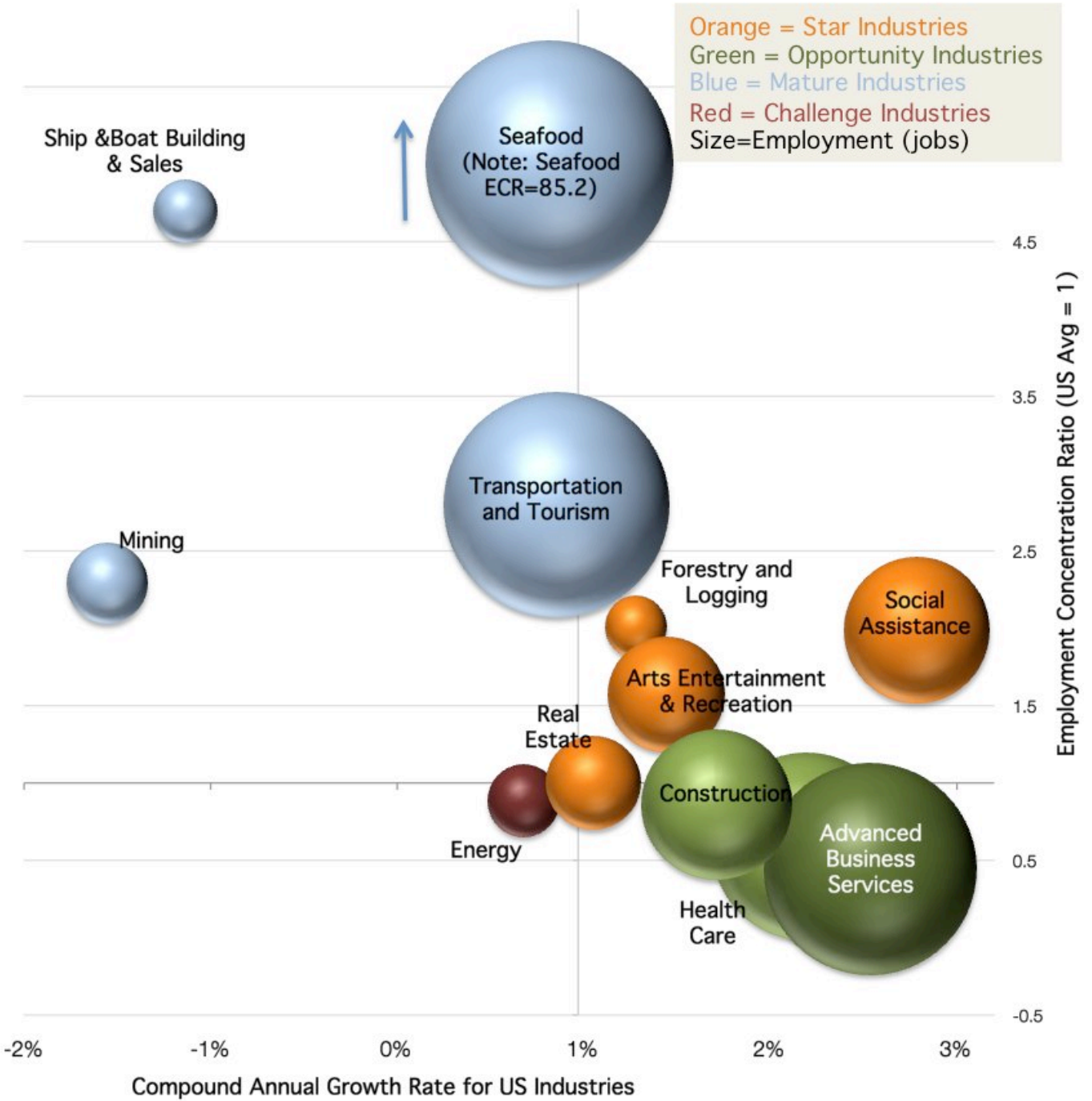
Star Clusters represent the key areas of focus. These clusters represent businesses in which a region has some capability, but also ones that will experience above-average growth over the next decade. Clusters in this quadrant have been competitive in markets that continue to hold good future prospects. A region should continue to emphasize these clusters as key sectors for development.

Opportunity Clusters tend to face above-average national demand growth, but have not yet achieved significant mass in a region. Clusters in this quadrant would benefit from a recruitment and enterprise formation process that would harness existing demand, leading to the creation of new jobs in a region.

Mature Clusters are the basis of a region's historical strengths, but they are facing slow-growing markets. Although these clusters have strong capabilities in a region, the low market attractiveness means that they can maintain the status-quo, downsize, or transform their focus into new markets. These clusters are assets in a region's portfolio and require a great deal of investment to achieve a desired level of growth. There has long been extensive employment and specialization in these clusters, but they have had difficulties in competing with other regions and face uncertain global markets. These clusters probably have the greatest need for undertaking collaborative cluster initiatives that will help them understand market requirements, improve production capabilities, enhance worker productivity, and innovate in marketing and distribution.

Challenge Clusters have some strength in the region, but they are not a dominant capability compared to other regions. In addition, the traditional markets for these clusters are growing much slower than average. Here, the strategic focus should be on catching opportunities that might emerge in the region, such as "spin-offs" from existing companies, or a special case where a firm has "discovered" the region and wants to locate here. Within these clusters, expensive marketing and recruitment programs are not likely to pay off.

Southeast Alaska Clusters



Sources: Alaska Department of Labor, U.S. Bureau of Labor Statistics, JEDC Analysis



The following are the classification for Southeast Alaska clusters:

Star clusters (higher than average employment concentration in the region, in growing markets)

- Arts and Entertainment
- Social Assistance
- Forestry and Logging
- Real Estate

Opportunity Clusters (lower employment concentration than average, but in growing markets)

- Advanced Business Services
- Health Care
- Construction

Mature Clusters (higher employment than average, but in slower growing markets)

- Fishing and Seafood Processing
- Mining
- Ship and Boat Building
- Transportation and Tourism

Challenge Clusters (low employment concentration and in slow growth markets)

- Energy

Next steps

The Juneau Economic Development Council moves to Phase Two of the contract with the intent to create a cluster networking initiative for 4 to 6 of the key cluster industries identified in Southeast Alaska's economy. It is important to note that, although all identified clusters can benefit from the formation of cluster working groups, experience with the process has shown that only a few identified clusters will have industry leadership and interest in participation, continuity of funding and the sense of urgency that contributes to success. In addition, some clusters are primarily local serving. Social assistance, health services and arts and entertainment are important industries and represent some of the largest employers in the region, but these industries are more a product of the local economic growth than a contributor that brings money into the region from outside.

JEDC has identified two clusters, seafood and transportation and tourism, which will be targeted for cluster working group selection based on their large size and mature status. In addition, forestry is of primary interest to the contractor and a cluster working group will be formed. Renewable energy, which does not have any significant private industry presence in Southeast, is a cluster that is also of primary interest to the contractor. A seed cluster working group will be convened. For the remaining sectors, leadership interest, urgency and growth prospects will be gaged before a decision on cluster working group readiness is determined.

JEDC will support up to 3 meetings to work on common problems/opportunities for each economic cluster. When established, the cluster networking groups will include representatives of the private sector involved in each cluster, including both large firms that work also outside Alaska and smaller locally owned firms. Additionally, clusters will engage representatives from such groups as trade organizations, suppliers, organized labor, local and regional economic development groups, Federal, State and local agencies, university staff and faculty, regional Native corporations and Tribal governments, and members of the public.

The expected work product of the cluster working groups is to collaboratively address industry concerns and roadblocks through initiatives in such areas as workforce development; entrepreneurship; access to capital in the rural communities; renewable energy generation as alternatives to the dependence on high cost diesel fuel in rural communities; improved access to broadband and other critical infrastructure to facilitate market opportunities for small businesses; and innovative utilization of Southeast Alaska's abundant natural resources as a strategy to expand business opportunities.

Cluster Working Group Process

The cluster working group process encompasses a series of three networking meetings, each an assemblage of leaders representing the cluster being addressed. These leaders would be drawn from business and from public sector economic infrastructure providers that are key to the success of the cluster (e.g., the tourism cluster group would include both private sector leaders from the tour guide companies as well as public sector leaders representing the sea and air ports, the state's tourism-related departments, providers of services to independent travelers, etc.).

- Meeting 1—Introduction to the Southeast Alaska Cluster Development Initiative and the findings and conclusions of the Asset Mapping Analysis. An identification of critical issues that are impeding the growth and development of the cluster and a priority ranking of critical issues will conclude the meeting.
- Meeting 2—Discussion of the critical issues and formulation of interventions in the status quo in the form of new or revised public policies, institutional reform, new partnerships or other steps that could be taken. The objective will be to identify specific interventions, perhaps 4-5, that would take advantage of opportunities or overcome obstacles to a more competitive regional economy. "Champions" will be identified to take ownership of each of these action initiatives and, with a small working group, prepare a short "business plan" that describes recommended action initiatives that will improve the cluster's economic future.

- Meeting 3—Group discussion and refinement of each business plan. Specific problems, if any, are identified. Permission to launch decisions are made and the group empowers "champions" to take the lead to move from discussion to direct action.

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Appendix II – Southeast Alaska Community Overviews

The following community-by-community overview of Southeast Alaska is excerpted from the following document:

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Angoon

There is little economic activity in this community, leading to high unemployment (estimated at 60%+). Energy costs are \$.50+ kilowatt hour with a diesel power source. Population is trending downward: from 1990 – 630; 2000 – 572; to its current 2008 – 430 residents. This is a decrease of -25% from 2000 and a decrease of -32% from 1990. Last year, the governing school district considered closing the Angoon High School and sending its students to a regional boarding school in Sitka. Many residents fish commercially, but there is no local fish processor. There are also two tourist lodges of which one is a guided sport fish lodge. The cost of energy is the highest concern for local leadership in this predominantly Alaska Native village.

Coffman Cove

This community is one of several located on Prince of Wales Island. This is a former logging camp turned municipality looking to establish tourism and commercial fishing opportunities. Shellfish farming is a small but growing interest as well. While the population has not declined dramatically, it has diminished from 2000 (199 population) to its current 2009 population of 141. Enrollment at the local school is also challenged as they struggle to maintain the minimum 10 students as required by Alaska state law. Coffman Cove is also a northern terminal for the Prince of Wales Ferry System. That service was suspended for the winter months last fall due to lack of ridership. Local electricity is diesel-generated and therefore expensive.

Craig

The largest community on Prince of Wales Island, Craig's current population is 1117, down from the 2000 population of 1397 – a 20% decline. Historically, Craig has been a timber supply/support and commercial fishing economy. They have become more commercial fishing dependent, with the downturn in private and public land logging. Unlike other communities who are struggling with school enrollment, Craig had an increase in student population from 2000 (420 students) to present (723 students). Craig has successfully positioned itself as a central resource for the other communities on the island for supplies, retail, transportation, etc. Hydro-based electricity is provided through a private company. There was also a

recent investment to open a new fish processing facility here that will help the local economy into the future. Viking Lumber, situated between Klawock and Craig, continues to play a key role in the local economy.

Elfin Cove

This community is located on northern Chichagof Island, between Hoonah and Pelican. It is a highly seasonal community with 30 year round residents. The local economy is entirely commercial and guided sport fishing with supply businesses open for both sectors of the fishing economy. Because of the lack of students, the school closed in 1999 and any school age kids are homeschooled. They lack telecommunications, specifically internet and cell services. Their desire is for some sort of broadband service.

Gustavus

The gateway to Glacier Bay National Park, Gustavus is a seasonal community. Half of the employees work for the NPS and a majority of the rest of the residents work in the visitor industry. There are some commercial fishing permits, though no local fish processing done here. The seasonal population doubles the year round figure in this small town of 448 residents. Gustavus has many seasonal summer homes for residents of the nearby city of Juneau. Gustavus is completing an in-stream hydro system that will power their electric utility. Diesel generated power comes at a cost of over \$.50 per kilowatt hour to the businesses and residents.

Haines

Located on Upper Lynn Canal north of Juneau, this community relies on tourism, fishing, and limited timber/forest products as well as government jobs for economic stability. It is one of only two communities in the region (Skagway) with road connections out of the region. The electric generation is hydro based. 2000 population 2392; 2008 population – 2310. A very modest decrease. However, school district enrollment has declined dramatically since 1975, when 596 students were enrolled (when 2 sawmills and a fish processor operated). In 2000, 407 students were enrolled, and 304 in 2008 (-25% from 2000, -49% from 1975). The average age of the population in Haines is increasing as young families leave.

Hoonah

Fishing, tourism and government as well as timber are major employers in the economy of Hoonah, a primarily Alaska Native village. It is located across from Glacier Bay and is also located strategically on the way out to the commercial fishing grounds in the North Pacific Ocean. Diesel generated electric power means \$.50+ per kilowatt hour. With the downturn in the timber business, tourism has provided a recent boost to the local economy—however, these are seasonal jobs. The smallest of the three remaining sawmills is located here. There is also a small fish processor located here. With the cost of energy, the

community remains unstable. While population has remained stable, school enrollment has declined nearly 50% since 2000, from 236 to present-day 123.

Hydaburg

A predominant Alaska Native village, Hydaburg currently has 341 residents, down from 382 residents in 2000. School District enrollment in 2000 was 107 students and that declined to 66 students last year, a decline of 38%. The local employment is built around timber and commercial fishing, though the local ANCSA corporation suspended timber harvesting years ago. Employment is still found for the SE Stevedoring log transfer facility used by SEALASKA on a part time basis. Commercial fishermen conduct their business elsewhere as there is no processor in Hydaburg. Unemployment is at 31%.

Hyder

This small community sits on the US side of the US/Canada border, with a small population of 72 residents today, down from 97 residents in 2000. It is a small economy based primarily on the visitor industry, with visitors passing through via the periodic Alaska Marine Highway sailings. Residents would like to complete a port project that will allow for a potential increase in commerce, trade, and general tourism development.

Juneau

As the capitol of the state, Juneau is home to a substantial number of state jobs. It is also a central shopping source (retail and grocery) for many of the outlying rural remote villages in the northern panhandle of SE Alaska. Its electricity is hydro-based and affordable. With the cost of living continuing to climb in rural villages as well as the challenge for cost of living wage jobs in those rural villages, many residents do choose to move into Juneau. However, Juneau's population still experienced a decline from 2000 (30,711) to 2008 (30,427). This may indicate a quiet out-migration of the region's residents through Juneau. Juneau's private sector is driven by tourism (cruise passengers), mining (Green's Creek), and fishing. However, direct government jobs provide for about 45% of the employment in Juneau, especially given the State Legislature is also housed here in the state capitol.

Kake

This is a predominantly Alaska Native village that has a current population of 519, down from 2000 when it had 710 residents. (-27% decrease). This is reflected in school enrollment as well (2000 enrollment – 166 and 2009 enrollment – 93, a 44% decrease!). Government (local and school district) are the primary jobs. The ANCSA village corporation, Kake Tribal Corporation, is struggling financially. These financial issues impact not only the corporation's ability to employ the local populace, but also, at times, its ability to pay the city government sales tax revenue owed, as the single largest tax payer. Kake is also completely reliant on fossil fuel generated electric power. The community pays in excess of \$.50+ per kilowatt hour. The community is very supportive of the Petersburg to Kake intertie.

Kasaan

Located south of Thorne Bay on the east side of Prince of Wales Island, Kasaan is a small community of 54 residents, up from 30 residents in 2000. Local timber rights were sold by the village ANCSA corporation. There is no local economy. There are two commercial fishing permits held by local residents who presumably conduct their business elsewhere. There is a desire by the tribe and city to create an economy based on heritage and eco-tourism. Subsistence is a major part of the lifestyle in this community.

Ketchikan

Combining the population of the borough, the city, and Saxman, the overall population is 13,005. This is down 7% from the 2000 population of 14,006. The school district enrollment has decreased 19% over those same years, from 2598 down to 2126. Timber, tourism, commercial and guided sport fishing are the mainstays of the private sector. Ketchikan suffered a substantial economic blow when the pulp mill ceased operation in the mid 1990's. 450+ direct jobs and a payroll well in excess of \$20 million were taken out of the local economic circulation, leading to additional indirect job loss. Hydro-based generation provides inexpensive electric rates.

Klawock

This community is located on Prince of Wales Island, approximately six miles from Craig. It had its history in commercial fishing and fish processing but logging has become its primary economy in the recent decade. One of Southeast Alaska's largest remaining sawmills is located in Klawock – Viking Lumber. Native corporate timber harvesting also is an influence in this local economy. Population saw a modest decline from 2000 (854) to current year (785). School enrollment has declined 40% since 2000 (206 students to 125 today). A private company provides diesel and hydro-generated electricity, and as with other diesel-dependent communities, Klawock pays a much higher per kilowatt hour rate.

Metlakatla

This is the only federally recognized Indian reservation in Alaska. As the tribe, Metlakatla Indian Community owns and operates all utilities and manages its own natural resources. The economy has been severely depressed for an extended period of time. The loss of the major employer, the Annette Island Sawmill, coupled with the instability of the community-owned fish processing plant, leaves the community with a high unemployment rate of 20%. The tribe is working on small enterprises and also pursuing tourism development. There are approximately 40 commercial fishing permits owned by Metlakatla residents. Population has remained somewhat stable at 1318 current residents, down a bit from 1375 residents in 2000. School population has taken a severe drop, down 28% from 2000 (368 to current levels of 267).

Pelican

The community economy is premised in commercial fishing. The local seafood plant, owned by Kake Tribal, Inc. and leased to another business, has closed for two consecutive summer seasons. This loss is a major blow to the community. They do have a small hydro that helps with the cost of energy. Pelican is located in a remote location across from Glacier Bay, close to the open waters of the Pacific Ocean. Internet and cell service are poor. Year 2000 school enrollment was 33 students. Current year enrollment is at 14 students. Again, a decrease of over 50%, similar to Hoonah, and also geographically located on the northern end of Chichagof Island.

Petersburg

Historically, Petersburg has relied on fishing and timber supplying its local economic engine. There is a nominal visitor flow/traffic through Petersburg but nothing in the larger scale of cruise ship visits. With the timber economy rapidly diminishing, Petersburg is now primarily dependent on commercial fishing, and to a small degree guided sport fishing, for its economic health. Population has trended downward from 2000 – 3224 pop. to 2009 – 3009 pop. School enrollment is declining at a faster rate than the population. In 2000, enrollment was listed at 699 students. Today, enrollment is at 518, a decline of 25%. Petersburg has hydro-based electric generation and is involved in the regional push for connecting hydro systems together to sell power and to help smaller communities get off of diesel, where possible.

Port Alexander

This is a small, remote community of approximately 60 summer residents and 30-40 residents in the offseason. Summer commercial and guided sport fishing drive the local economy in this board walk community. No community electric generation and transmission system exists, though residents recently voted to begin moving toward this infrastructure. Currently, according to State of Alaska assessments, they rate out at \$1.00 per kilowatt hour using diesel to fire the individual generators used in the homes and the businesses. This community struggles to maintain the state minimum 10 student enrollment. Residents are interested in both small hydro and a regulatory-required upgrade for their water line.

Sitka

This community was home to a pulp mill that closed in 1993. 400+ jobs and a \$20 million payroll were taken out of the local economy. Today's economy heavily reliant on public sector jobs (local, state, federal jobs). Fishing (commercial and guided sport fish) and tourism are the primary private sectors of the economy. This is another community where the population has changed very little but is aging at higher than normal rates. It is also reflected in the school district enrollment. The year the mill closed, enrollment was at 1886 students. Today it is at approximately 1200 students. This reflects a decrease of -36%! Electric generation is hydro-based; however, the utility is at capacity and routinely burns diesel at peak load hours daily. Tourism and fisheries supply the sales tax revenue. This year, revenue dropped precipitously enough for the city to consider it a financial crisis.

Skagway

This community is heavily dependent on tourism (cruise industry) as its main source for business/jobs and for revenue for local government tax revenue. Over half of the business owners are not year round residents of Skagway. Population remains relatively stable, at 862 in 2000 and currently at 846. School enrollment for 2000 was 131 and in 2009 it is currently 89 – a 33% drop. Local leaders attribute this alarming decline to the closure of the year-round railroad operation of the White Pass-Yukon Railroad. Skagway's electric utility is privately owned and is a combination of hydro and diesel generation.

Tenakee Springs

This community is located between Juneau and Sitka, and is primarily a retirement/weekend vacation community. A guided sport fishing lodge provides essentially all the tax revenue for the local government and a number of year-round residents commercial fish, though there is no local commercial fish processing. The community-owned electric generation is diesel powered giving residents and businesses a \$.64 per kilowatt hour rate. Telecommunication is also relatively poor at the moment (internet, cell service). Residents use four wheelers on the single dirt road, but no vehicles, other than the city-owned fuel truck, are allowed into the community. The harbor is in need of better protection, especially during the winter storms. Unloading barged supplies is challenging. Last year, the community advertised for families with school age kids to move to the community in order to keep the school open. It worked. A family with five school age kids moved there, helping the school stay above the state mandated minimum of ten students. The community's primary stated need is for development of Indian River in-stream hydro, to provide cheaper, reliable hydro-based electricity and move away from diesel.

Thorne Bay

In the 1960's and 1970's, Thorne Bay was the largest sort yard/logging camp in North America. In 1982, it incorporated as a city. Today's local economy struggles with the downturn of the timber industry, as it is still timber-based with several small mill operators located in Thorne Bay. Population in 2000 was at 557 and today is listed at 440, a 21% decline. Unemployment is at 16%.

Wrangell

When the Wrangell Sawmill closed in the mid 1990s, this community lost one of its primary employers. The community has struggled since. Population trends continue downward at a nominal pace, from 2000 - 2308 population to 2008 – 2112. However, school district enrollment is down 39% since 2000 (505 students to 312 this year). With no mill operating and local fish processors struggling, out-migration of families

continues. As with many other communities, the population is aging and the younger families with school age children continue to leave in search of stability. Source of electric generation power is hydro.

Yakutat

This community is located at the northern most edge of the Tongass. It is essentially "in the middle of nowhere," with poor telecommunications (dial up internet, no cell services, and regular phone service is poor), extremely limited ferry service, and diesel generated electricity (\$.50+ per kilowatt hour). Yakutat's 2000 population was 808. Its 2008 population was 590 (- 27%). School enrollment has a sharp decline from 2000 – 160 to 2008 – 106 students (-34%). Fishing is their core economic engine and it is supplanted, for families, with subsistence taking of fish and game. A unique challenge is that of Hubbard Glacier as it relates to local fishing industry. The glacier advancement, at times, will cut off the fish runs and fish migrate to streams further away from Yakutat to spawn in. This causes a great challenge for the one private economic engine in Yakutat – commercial fishing. It is primarily an Alaska Native population.

Southeast Alaska Business Climate Survey

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Project Overview

In October 2010, the US Forest Service awarded a contract to complete a Southeast Alaska Asset Map and a Regional Strategic Plan to a Juneau Economic Development Council (JEDC) led partnership others. A Southeast Alaska Business Climate Survey was completed as part of this process.¹

Methodology

The purpose of the Southeast Alaska Business Climate Survey was to better comprehend the barrier and benefits to owning and operating a business in Southeast Alaska; what are the different regional norms and attitudes, and which regional networks and institutions are most valuable to local businesses. The survey focused on Southeast Alaska business owners and top managers but could be completed by anyone with interest in the survey (non-business leaders took a shorter version of the survey). Along with demographic questions, business owners and operators were asked 62 questions regarding the regional business climate.

The survey was web-based, and business owners and operators across the region were invited to take the survey by organizations such as Southeast Conference, local chambers of commerce, and local economic development organizations. Paper copies of the survey were also sent out to areas that requested it. Surveying took place from November 2nd through December 1st. The survey was completed by 309 individuals, including 243 Southeast Alaska business owners and top managers. Business owners and operators from every community in Southeast Alaska responded to the survey. (There were 75 additional incomplete surveys that were not analyzed).

¹ For this work, JEDC has partnered with Southeast Conference, Sheinberg Associates, Alaska Map Company, and consultants Brian Kelsey and Ted Lyman.

Barriers and Benefits

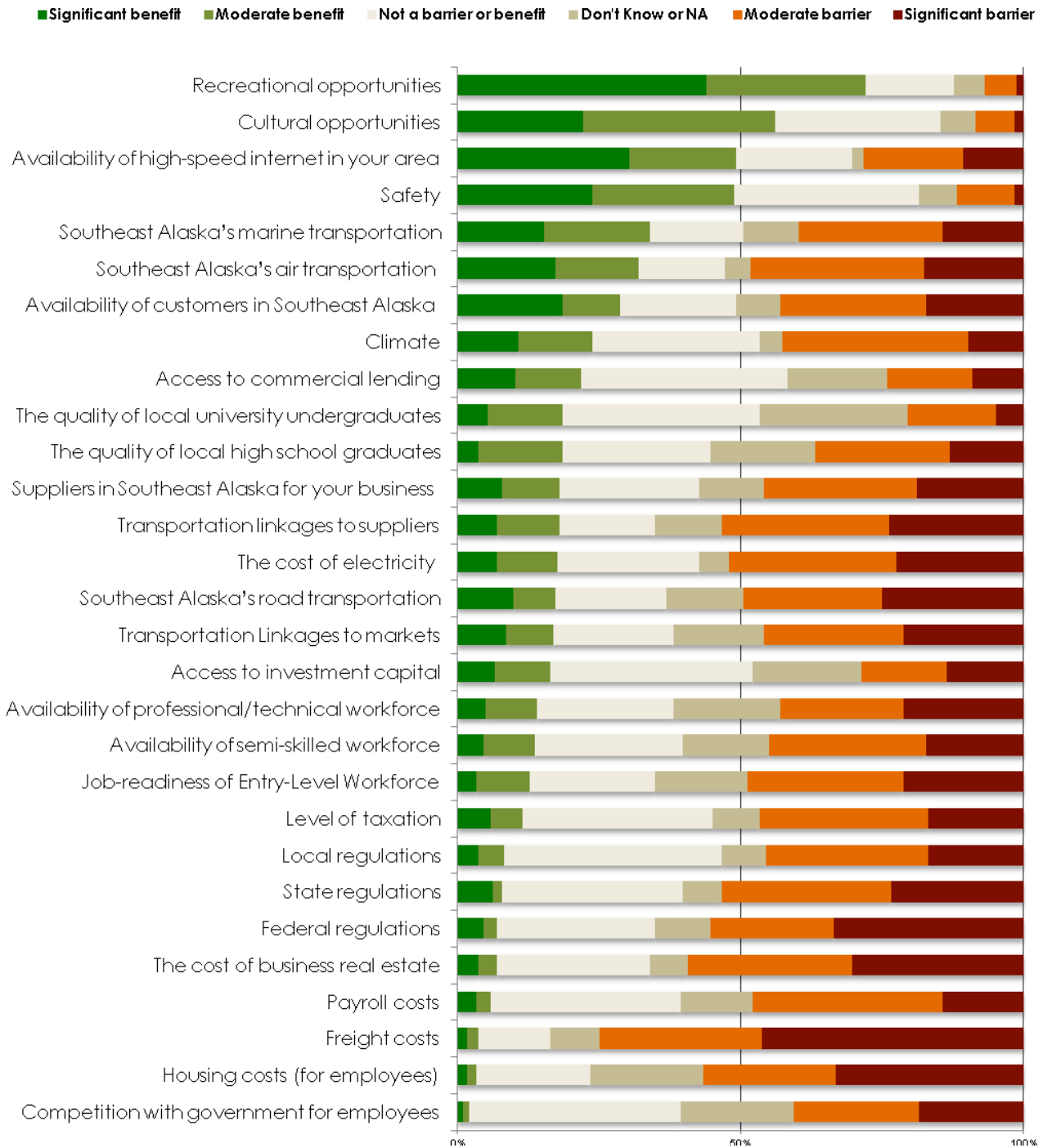
The main component of the Southeast Alaska Business Climate Survey was a list of 29 elements that are considered traditional barriers or benefits to business operations. Business leaders were presented these elements and asked to ascribe the following ratings:

- Significant benefit
- Moderate benefit
- Not a barrier or benefit
- Moderate barrier
- Significant barrier
- Don't Know
- Not Applicable

Business leaders were more likely to ascribe a barrier rating to the elements presented, signifying that Southeast Alaska business operations have to overcome more barriers than those in more traditional areas. Generally, freight and real estate costs were viewed as the major barriers to businesses in the region, while quality of life attributes, such as access to recreation, cultural opportunities and safety, were seen as being the biggest benefit to businesses in the region.

Elements which business leaders were most likely to call barriers included freight costs, with 75% of all business leaders surveyed calling freight costs a moderate or significant barrier; the cost of real estate—both in terms of business real estate, and the high cost of housing for employees. However, it should be noted that when the region was analyzed for non-Juneau respondents only, concerns regarding the cost of real estate fell from the top barriers ranking, with the cost of electricity being the second major business barrier—61% of those outside Juneau called the cost of electricity a moderate or significant barrier, compared to 43% of Juneau business leaders.

How significant are each of the elements listed below to operating your business in Southeast Alaska? N=243



The following discussion provides a break out analysis to the chart above, and you can more easily see how the regional business community ranked the major benefits and barriers.

Regional Business Benefits

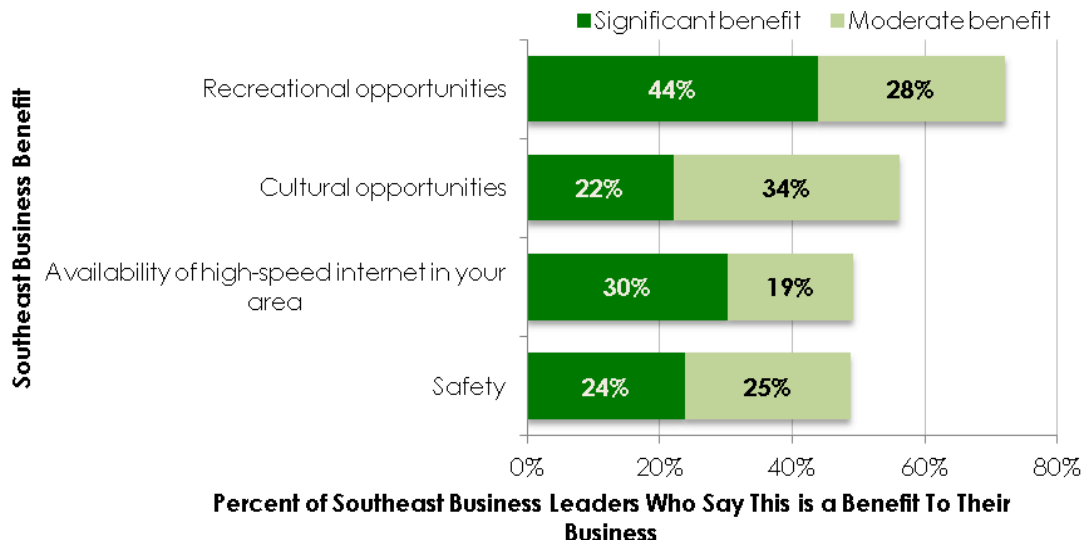
Only four factors were rated as providing a higher net benefit than net barrier; three of these were related to quality of life:

1. **Southeast Alaska's recreational opportunities:** 72% of business leader respondents said access to the region's recreational resources is a significant or moderate benefit to their business.
 - Haines and Skagway businesses were mostly to call this a benefit (87%).
 - 88% of business leaders running larger businesses (25+ employees) called this a benefit.
2. **Cultural opportunities:** 56% said that Southeast's cultural opportunities are beneficial to their business.
 - 71% of Sitka business respondents called cultural a benefit, compared to 44% of Prince of Wales respondents. Respondent from transportation, utilities, mining and construction were most likely to call this a benefit.
 - Nearly a fifth of respondents from the arts and recreation sector called cultural opportunities a barrier.
3. **Safety:** 49% of all business leaders responded that safety was a net benefit to business.
 - Haines and Skagway respondents were much more likely to call safety a benefit (70%), while Prince of Wales residents were least likely to do so (31%).

Regionally, the fourth top rated element was access to high speed internet, also at 49%.

- Petersburg and Wrangell business leader respondents were most likely to call this a benefit (56% and 55% respectively).
- Hoonah, Angoon, Haines and Skagway business leaders were just as likely to see internet speed as a net barrier.
- Half of all Government respondents saw internet speed as a barrier.

How significant are each of the elements listed below to operating your business in Southeast Alaska? Top Benefits N=243



Regional Business Barriers

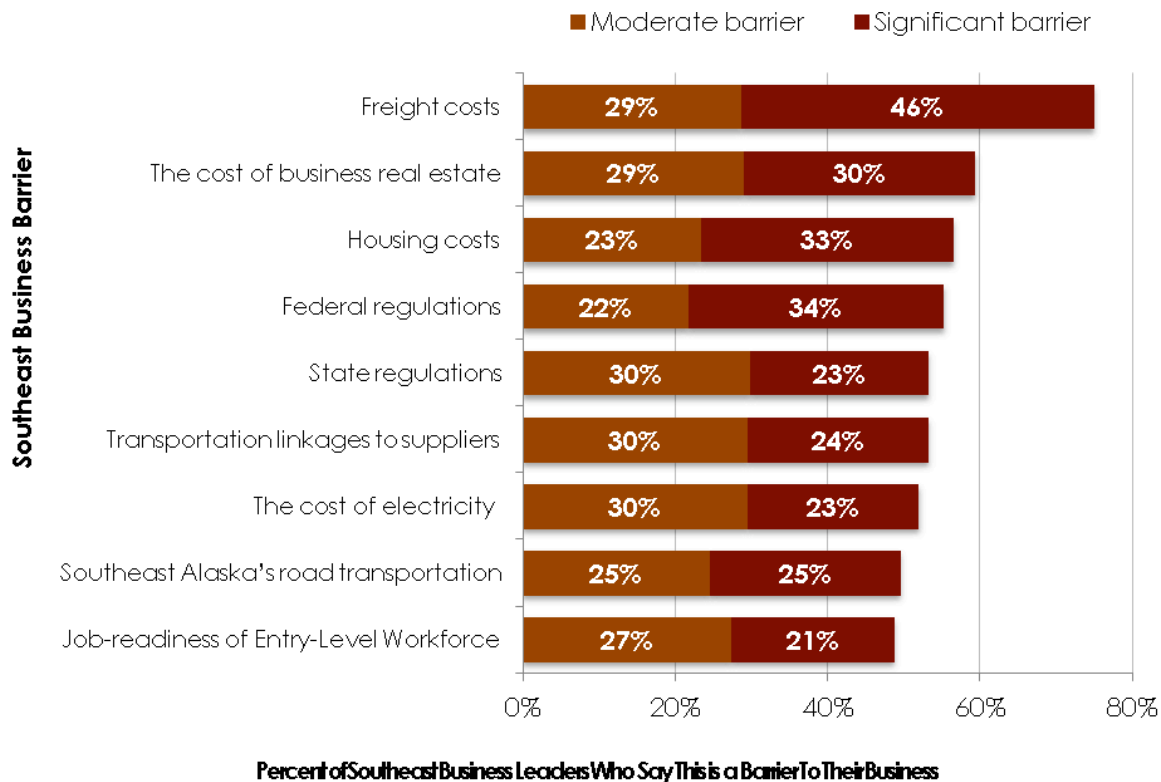
According to the region's business owners and top managers, some of the top barriers to business in Southeast Alaska include the following:

- **Freight Costs**—75% of all business leaders surveyed called freight costs a barrier, with nearly half of regional business leaders calling freight costs a **significant** barrier.
 - Outside of Juneau, two-thirds of business leaders say that freight costs are a **significant** barrier.
 - Nearly all of those involved in the seafood and timber industry called freight costs a problem (94% and 100% respectively).
- **The High Price of Real Estate**—both in terms of the high cost of housing in general, deemed a barrier to 60% of respondents, and in terms of business real estate costs, called a barrier by 57% of respondents.
 - For some business leaders, these numbers are significantly higher, with 74% of Sitka businesses saying that the cost of business real estate is a barrier, and this emerged as Juneau's top business barrier at 70%.
 - In Sitka, 83% called the price of housing a problem, along with 74% of business respondents from Ketchikan, and 66% of Juneau respondents. Those involved in the arts or tourism

industry were the least likely to call housing a barrier (31% and 47% respectively called this a barrier) while 89% construction industry respondents called housing a problem.

- **Federal Regulations**—56% of the region's business leaders called Federal regulations a barrier to operating their business, with 34% referring to this as a "significant" barrier.
 - Those responding from the seafood, timber and mining sectors were most likely to call federal regulations a barrier (72%, 88%, and 100% respectively), while just 30% of those involved with trade see federal regulations as a problem.
- **The High Price of Electricity**—When the region was analyzed for non-Juneau respondents only, the cost of electricity emerged as a second major barrier to business, with 62% of those outside Juneau calling the cost of electricity a moderate or significant barrier.
 - 72% of those from the Hoonah-Angoon Census Area called the cost of electricity a business barrier (while 43% of respondents from Sitka called the price of electricity a benefit to their business). 88% of those involved in forestry say energy costs are a barrier.

How significant are each of the elements listed below to operating your business in Southeast Alaska? Top Barriers N=243



Juneau Versus the Rest of the Region Analysis

We thought it would be interesting to see if there were major differences between Juneau business attitudes, and compare with the attitudes of those outside of Juneau. These results have been discussed the previous section. A quick comparison table is below.

Juneau Versus the Rest of Southeast: Top Barriers

All Southeast	Net barrier	SE Region Without Juneau	Net barrier	Juneau Only	Net barrier
1. Freight costs	75%	1. Freight costs	81%	1. Business real estate costs	70%
2. Business real estate costs	60%	2. The cost of electricity	62%	2. Freight costs	70%
3. Housing costs	57%	3. Transportation linkages to suppliers	54%	3. Housing costs	66%
4. Federal regulations	56%	4. State regulations	54%	4. Federal regulations	58%
5. State regulations	53%	5. Suppliers in Southeast Alaska for your business	54%	5. Southeast Alaska's road transportation	55%

Juneau Versus the Rest of Southeast: Top Benefits

All Southeast	Net benefit	SE Region Without Juneau	Net benefit	Juneau Only	Net benefit
1. Recreational opportunities	72%	1. Recreational opportunities	73%	1. Recreational opportunities	72%
2. Cultural opportunities	56%	2. Cultural opportunities	55%	2. Cultural opportunities	58%
3. Availability of high-speed internet	49%	3. Availability of high-speed internet	47%	3. Safety	56%
4. Safety	49%	4. Safety	42%	4. Availability of high-speed internet	51%
5. Southeast Alaska's marine transportation	34%	5. Southeast Alaska's marine transportation	40%	5. Availability of customers	33%

Tourism, Fishing and Forestry Clusters Barriers and Benefits Analysis

We thought it would be beneficial to look at the regional benefits and barriers through the eyes of the Visitor Products, Ocean Products, and Forestry Products using a cross-tab analysis of Southeast Alaska Business Climate Survey.

Each of the specific three clusters identified **freight costs** as the top barrier to their business operations, and **recreation** and **cultural opportunities** as the biggest assets. In terms of the top four barriers, each cluster group also identified **federal regulations** as obstacles to business operations.

Southeast Tourism, Fishing, Forestry: Top Barriers

Tourism	Net barrier	Fisheries	Net barrier	Forestry	Net barrier
1. Freight costs	78%	1. Freight costs	94%	1. Freight costs	100%
2. The cost of electricity	61%	2. State regulations	89%	2. Suppliers in Southeast Alaska for your business	100%
3. The cost of real estate	61%	3. Federal regulations	72%	3. The cost of electricity	88%
4. Federal regulations	59%	4. Level of taxation	61%	4. Federal regulations	88%

Southeast Tourism, Fishing, Forestry: Top Benefits

Tourism	Net benefit	Fisheries	Net benefit	Forestry	Net benefit
1. Recreational opportunities	80%	1. Recreational opportunities	61%	1. Recreational opportunities	50%
2. Cultural opportunities	58%	2. Cultural opportunities	50%	2. Cultural opportunities	50%
3. Safety	55%	3. Availability of high-speed internet in your area	44%	3. Southeast Alaska's marine transportation	38%
4. Availability of high-speed internet in your area	53%	4. Southeast Alaska's air transportation	39%	4. Job-readiness of entry-level workforce	38%

Spotlight on housing costs

Insights into each of these items would benefit from an in-depth cross tab analysis. A housing cost example is provided below. If you or your organization would like to see this level of detail for any one of these 29 items, please contact JEDC.

How significant is the cost of housing to operating your business in Southeast Alaska? (Respondents are Business Owners or Top Managers)

	Total Answering	Significant benefit	Moderate benefit	Not a barrier or benefit	Moderate barrier	Significant barrier	Not applicable	Net benefit	Net barrier
Total	243	2%	2%	20%	23%	33%	19%	3%	57%
Juneau	125	2%	0%	18%	25%	41%	15%	2%	66%
Ketchikan	35	3%	0%	17%	40%	34%	6%	3%	74%
Sitka	35	0%	3%	6%	40%	43%	6%	3%	83%
Haines and Skagway	30	0%	0%	13%	43%	20%	23%	0%	63%
Wrangell	31	3%	3%	16%	39%	19%	19%	6%	58%
Prince of Wales Census Area	45	2%	0%	16%	22%	33%	22%	2%	56%
Hoonah/Angoon Census Area	29	7%	3%	24%	24%	28%	14%	10%	52%
Petersburg Census Area	34	3%	3%	24%	26%	24%	21%	6%	50%
Seafood	18	0%	6%	22%	39%	11%	22%	6%	50%
Forestry	8	0%	0%	50%	13%	38%	0%	0%	50%
Mining	3	0%	0%	0%	67%	33%	0%	0%	100%
Tourism	64	2%	2%	22%	16%	31%	25%	3%	47%
Arts, Entertainment & Recreation	16	0%	13%	31%	19%	13%	25%	13%	31%
Construction	18	0%	0%	6%	44%	44%	6%	0%	89%
Trade	22	0%	0%	27%	23%	27%	23%	0%	50%
Professional and Business Services	32	0%	0%	28%	22%	22%	28%	0%	44%
Financial Activity	20	5%	0%	20%	20%	45%	10%	5%	65%
Transportation and Utilities	10	10%	0%	0%	40%	40%	10%	10%	80%
Education and Health Services	20	5%	0%	10%	15%	65%	5%	5%	80%
Government & Other	12	0%	0%	0%	25%	50%	17%	0%	75%
Business with 1-3 Employees	85	0%	1%	25%	21%	19%	34%	1%	40%
Business with 4-10 employees	65	5%	3%	26%	17%	37%	11%	8%	54%
Business with 11-25 employees	43	0%	2%	19%	33%	42%	5%	2%	74%
Business with more than 25 Employees	40	3%	0%	5%	33%	58%	0%	3%	90%

Key Issues to be Resolved

As a follow up regarding barriers, Southeast's business leaders were then asked to describe the most important issue that needs to be addressed to improve their business's prospects for success. While many of the top answers had to do with decreasing specific business costs (transportation, real estate, electricity, internet, freight) the top three changes that the region's business leaders want to improve the success of their business included the following:

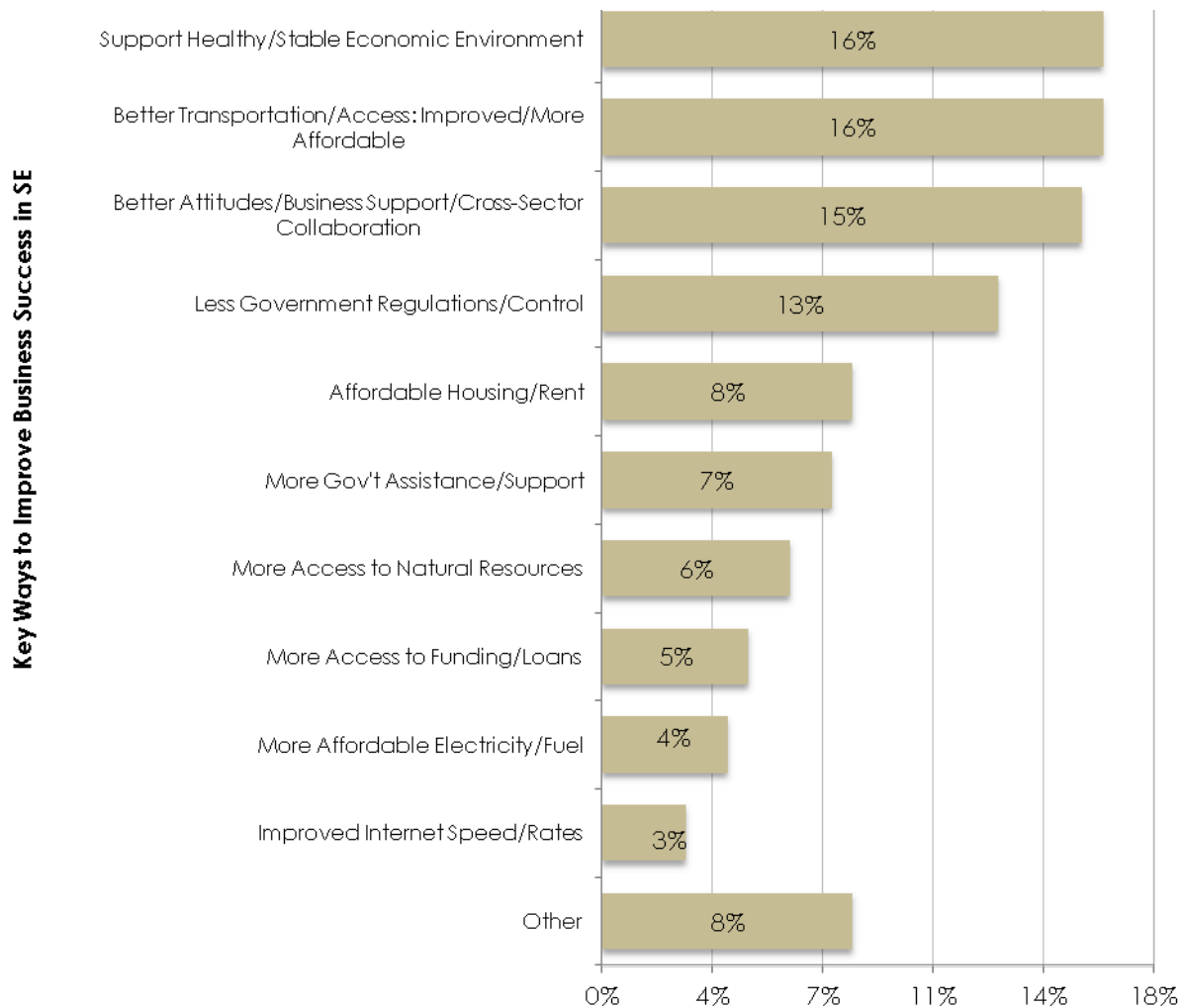
A More Stable and Healthy Regional Economic Climate—Business leaders wrote of the need to increase jobs and economic development across the region to improve their individual business. One respondent put it this way: "The success of my business relies directly upon the economic health of the region as a whole."

Improved Transportation—Increased access to affordable, reliable transportation continues to be a top priority of Southeast Alaska's business community.

Improved Attitudes Towards Industry and Increased Collaboration Between Industries—Many business leaders said that the top way to improve business in the region is through a better understanding and appreciation of their industry (be it timber, tourism, mining, or fishing). There is also an interest in increased opportunities for different industries and government to work together, instead of at cross-purposes. One frustrated business leader wrote: "we are doomed to fail as long as there is intent on destroying our industry by creating a negative environment."

The following chart shows how the region's business leaders responded to the question of how the business climate could be improved. For a complete list of suggestions, please see Appendix IV.

Considering your entire Southeast Alaska business environment, please list and explain the most important issue to address to improve your business's prospects for success. N=151



Percent of Southeast Business Leaders Who Say This is the Most Important Issue to Address Improve Their Business

Workforce Readiness: Spotlight Analysis

As part of the Business Climate section, business owners and operators were asked about several aspects of workforce readiness. Specific elements were identified as benefits or barriers to operating a business in Southeast Alaska. In each workforce area (quality of local high school and university graduates, availability of semi-skilled and professional labor, and the job readiness of entry-level workforce) business owners were more likely to say that the quality or job readiness of the workforce was a barrier rather than a benefit. Of the workforce elements, business owners were least likely to say that the quality of local university undergraduates presented a barrier to their business (21% said it was a barrier, 19% said it was a benefit, 35% said it was neither). Approximately half of respondents (49%) considered the job readiness of entry-level workforce to be a problem.

How Significant are each of the Workforce Elements Listed Below to Operating Your Business in Southeast Alaska?

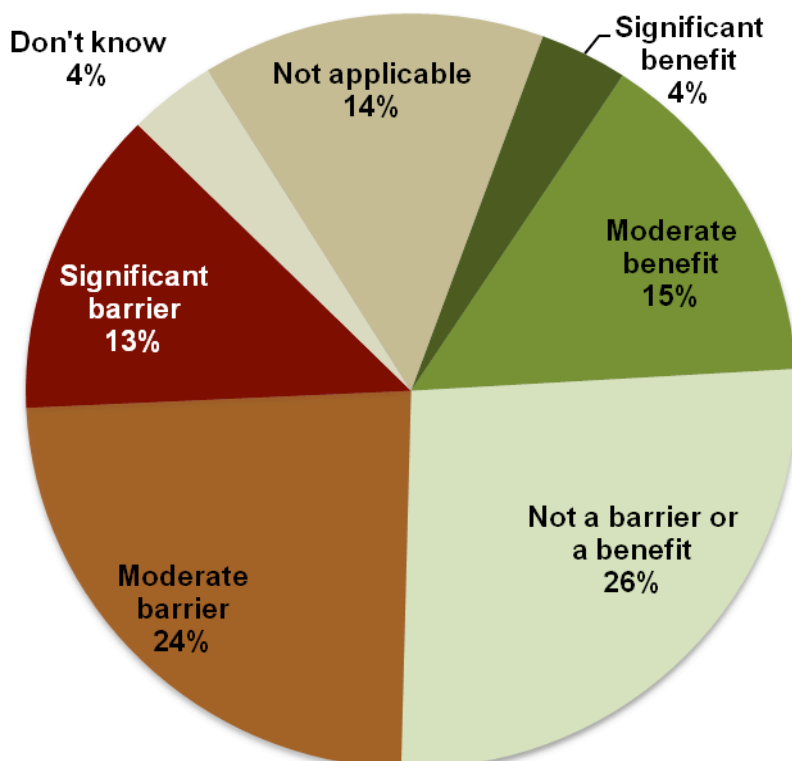
	The quality of local high school graduates	The quality of local university undergraduates	Job-readiness of entry-level workforce	Availability of semi-skilled workforce	Availability of professional & technical workforce
Net benefit	19%	19%	13%	14%	14%
Significant benefit	4%	5%	3%	5%	5%
Moderate benefit	15%	13%	9%	9%	9%
Net barrier	37%	21%	49%	45%	43%
Moderate barrier	24%	16%	28%	28%	22%
Significant barrier	13%	5%	21%	17%	21%
Not a barrier or a benefit	26%	35%	22%	26%	24%
Don't know	4%	6%	4%	2%	3%
Not applicable	14%	20%	12%	13%	16%

Source: "Southeast Alaska Business Climate Survey" December 2010, JEDC

Quality of K-12 education in Southeast Alaska:

More than a third (37%) of business owners and business leaders consider the quality of Southeast Alaska high school graduates to be an impediment to business operations, while 19% said that the quality of regional high school graduates was a benefit.

How significant is the quality of local high school graduates to operating your business in Southeast Alaska?



- Business owners in Wrangell were the least likely to say that graduate quality constituted a barrier (29%).
- Industry sectors where more than half of the respondents considered the quality of high school education to be a barrier included forestry, mining, construction, and the financial sectors.

Economic Climate

To determine how Southeast residents and businesses view the economic climate of the region, we asked four slightly different questions:

1. How do you view the overall business climate in Southeast Alaska? (Asked to all respondents)
2. What is the economic outlook for your business/industry? (Asked to business leaders only)
3. What is the economic outlook for your community? (Asked to community respondents only)
4. Considering all the factors presented so far, how would you currently rate your region overall as a place for your business to succeed? (Asked to business leaders only)

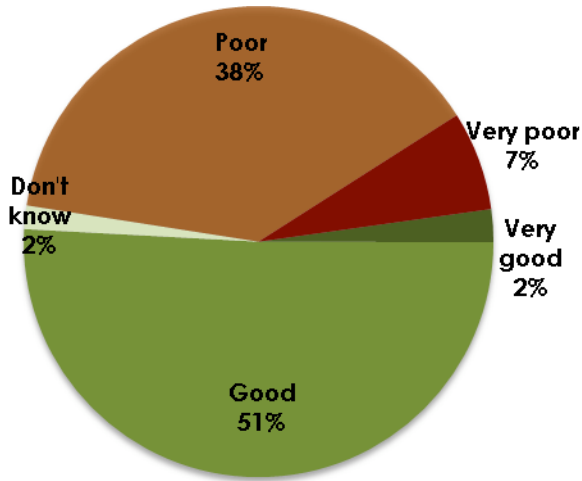
When asked how they viewed the overall business climate of Southeast Alaska, 53% of respondents said the climate was good or very good, while 45% said poor or very poor (see following graph).

Some industry sectors were more positive than others. Those in the arts and entertainment industry were much more likely to say that the business climate is good or very good (75%), as are those in the health industry (70%). On the other hand, those involved in forestry or government were much more likely to say that the business climate is poor or very poor (75%). Respondents from Juneau were also slightly more positive about the business climate, with 63% saying the climate is good or very good, and respondents in Wrangell were slightly more negative, with 67% saying the business climate is poor or very poor.

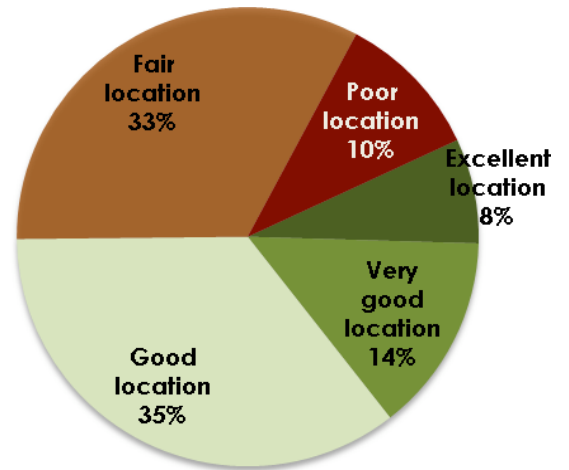
When asked to rate their region overall as a place for their business to succeed in present day, 22% of business leaders called Southeast an "excellent" or "very good" location, while 10% called the region a "poor" location. Industries that were most positive about the region included the seafood, mining, and tourism industries. One-third of these respondents in each of those groups called Southeast Alaska a very good or excellent location for their businesses to succeed. Just 5% of those in trade and 10% of those in finance said that Southeast Alaska is a good or excellent place for business.

When asked to speculate if that environment would improve or decline, 34% of business respondents said that they feel the economic outlook for their business or industry would improve, while 21% predicted it would become worse. Nearly half of respondents (45%) predicted no change. Community respondents were asked a similar question. In their case, 39% of respondents feel like the economic outlook of their community will improve, 12% worry it will decline, and 48% remain uncertain.

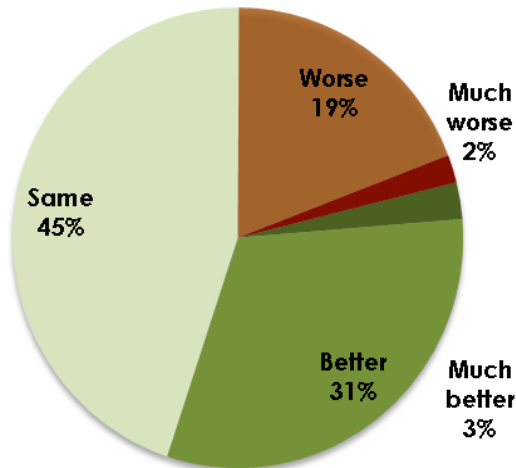
How do you view the overall business climate in Southeast Alaska?
(All Respondents N=309)



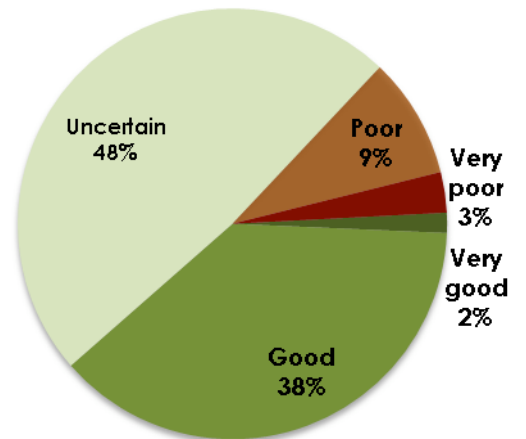
How would you currently rate your region overall as a place for your business to succeed?
(Business Leader Respondents Only, N=243)



What is the economic outlook for your business/industry?
(Business Leader Respondents Only, N=243)



What is the economic outlook for your community?
(Community Respondents Only, N=66)



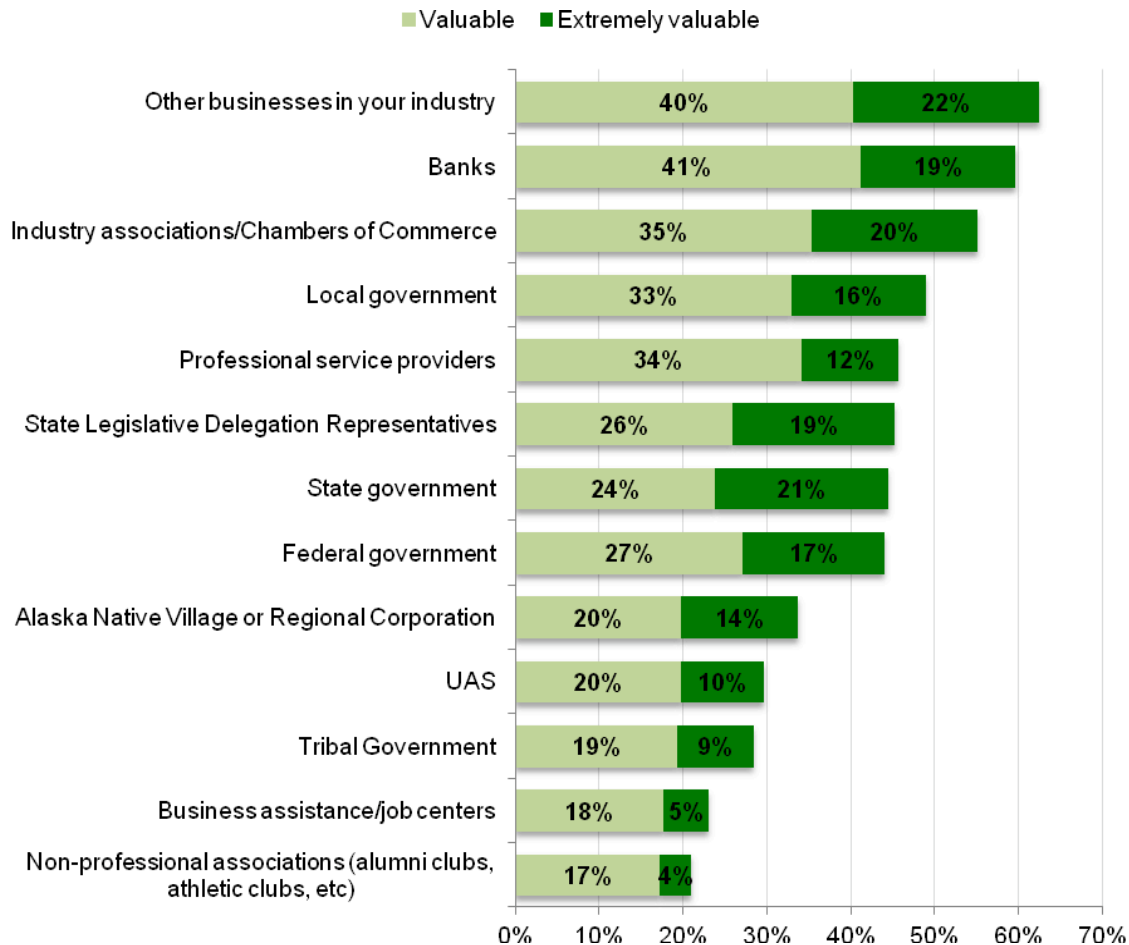
Networks

We also asked business leaders (only) about how valuable their interactions with other organizations are to their businesses. Possible answers included: Not At All Valuable, Somewhat Valuable, Valuable, Extremely Valuable, Not Applicable, and Don't Know.

Business leaders said other businesses in their industry provide the most value to them, 63% of business leaders feel that "other businesses in their industry" are valuable or extremely valuable.

- Industry sectors most likely to say that other businesses in their industry are of high value include mining, education and health services.

Please rate how valuable interaction with each of the following Southeast Alaska institutions is to your business. N=243



Banks and industry associations such as Chambers of Commerce also were rated highly, with overall valuable ratings of 60% and 55% respectively.

- Business leaders from Ketchikan and Wrangell were most like to give high ratings to their local chambers of commerce, with 71% in each of those communities calling the chamber valuable or extremely valuable. Those in the finance sector were also more likely to rate chamber interactions as valuable.

Some other notes of interest:

- Interaction with **UAS** was rated as valuable or extremely valuable by 30% of business respondents. This jumped to 46% by Ketchikan and Sitka. The highest rating to interaction with UAS was given by industry respondents from the construction, education and health sectors (60%-65% rated UAS interaction as valuable or extremely valuable.)
- While receiving a relatively low valuable/extremely valuable interaction rating overall, **business assistance/job centers** received very different ratings depending on the area and industry. 23% of all business respondents called interactions with this type of service valuable; however 43% of those from Ketchikan and 46% of those from Sitka rated it highly, along with 100% of those in the mining sector, and 60% of those in the education and health sector. Just 9% of those in the professional business services sector rated interactions with this institution as valuable or extremely valuable.
- Interactions with **non-professional associations** were rated as valuable or extremely valuable by just 21% of business respondents; however 55% of those in the finance sector called these interactions valuable, while 50% of those in government jobs called these interactions “not at all valuable”.
- **Economic development organizations** were rated most highly by those in Sitka (57% said valuable or extremely valuable) and by those in government (67%). Meanwhile, 25% of those in the finance sectors called interactions with these organizations “not at all valuable.”
- Those from Sitka and those in the educations and heath sectors were mostly likely to call interactions with **local government, state government, and federal government** valuable. 44% of those in the seafood industry called interactions with local and federal government “not at all valuable.” Nearly two-thirds of those in the forestry sectors called interactions with state government “extremely valuable.”
- Those mostly likely to value the interaction they have with their **local legislators** include Ketchikan (66%), the mining sector (100%), education and health services (70%), and companies with more than 10 employees (58%). Those most likely to call these interactions

"not at all valuable" include Prince of Wales (20%) the seafood industry (28%), the arts sector (25%), the finance sector (30%), and companies with fewer than 4 employees (25%).

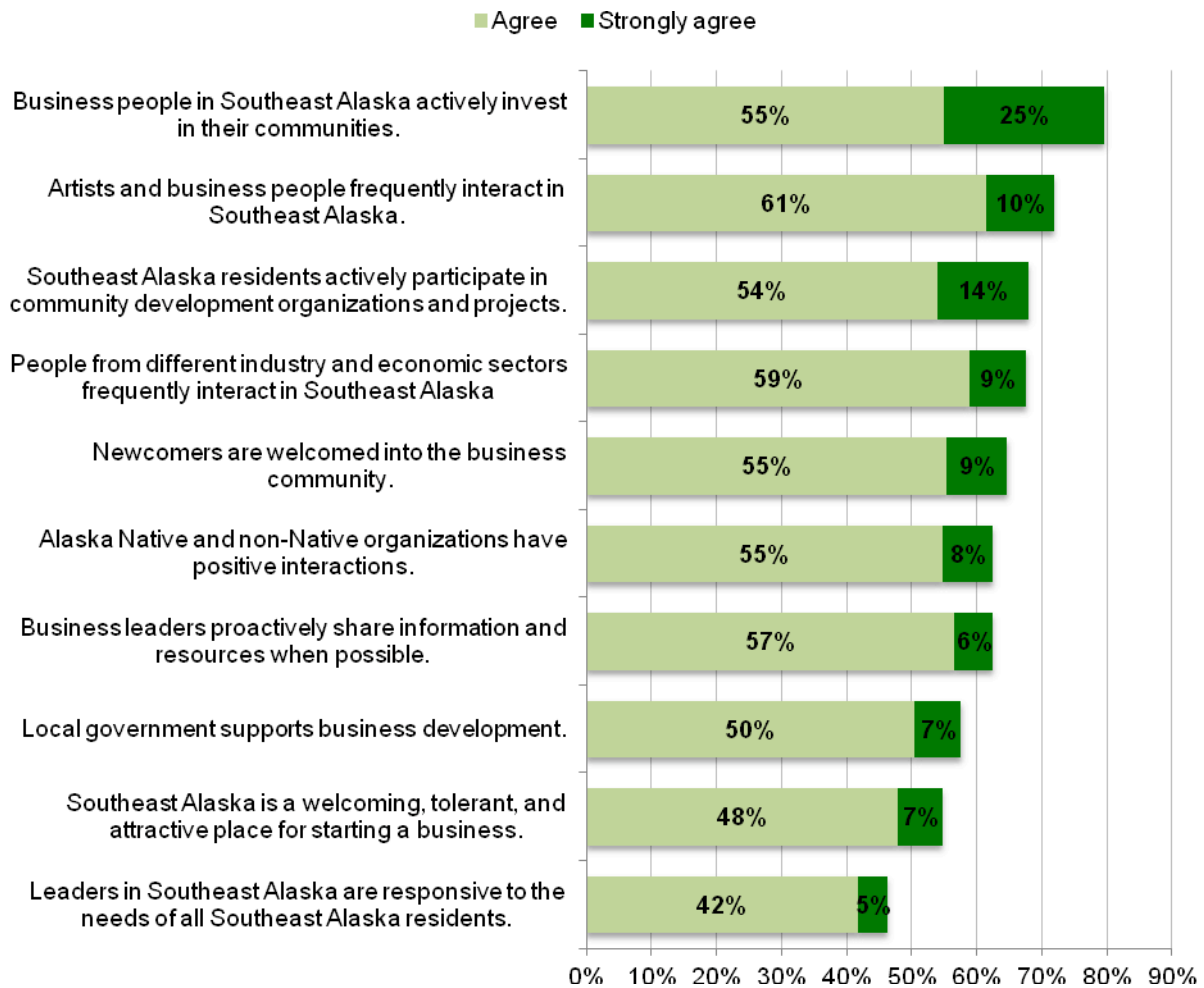
Check all the Southeast Alaska networks to which you or your organization belongs

Total Answering	289
Chamber	183
Tourism industry group	122
Economic Development group	102
Arts organization	81
Church	71
Fisheries related industry group	66
Other Industry group or associations	64
Rotary	61
Environmental organization	53
Fitness group / sports	53
Education industry group	48
Building industry group	39
Alumni Group	37
Elks	35
Health industry group	28
Mining industry group	26
Other	40

Norms and Attitudes

We were also interested in learning about the dynamics of the business and civic environment in Southeast Alaska, and asked all respondents to rate how strongly they agree or disagree with several statements. Generally, respondents were most likely to agree with the statement: “Business people in Southeast Alaska actively invest in their communities,” with 80% of respondents agreed or strongly agreed. Respondents were most likely to disagree with the statement: “Leaders in Southeast Alaska are responsive to the needs of all Southeast Alaska residents,” 54% of respondents *disagreed* with this statement. To see all responses broken out by community, see Appendix II.

Please rate your level of agreement with each of the following business and civic environment statements



Some other notes of interest:

Southeast Alaska is a welcoming, tolerant, and attractive place for starting a business.

- Those from Wrangell (61%) are mostly likely to agree or strongly agree with this statement, along with those from the arts, trades, and professional services sectors (63%-64%).
- More than two-thirds (68%) of those with larger organizations (25+ employees) disagree or strongly **disagree** with this statement, along with 63% of those in Ketchikan, 61% of those in Petersburg, and two-thirds of those in the mining and forestry sectors.

Leaders in Southeast Alaska are responsive to the needs of all Southeast Alaska residents.

- Those from Wrangell (64%) are mostly likely to agree or strongly agree with this statement, along with those from the transportation, education and health services sectors (65%-70%).
- Those most likely to disagree include those in the construction industry (70%).

People from different industry and economic sectors frequently interact in Southeast Alaska (e.g., bankers and miners, manufacturers and tourism providers)

- 82% of those from Sitka and Wrangell agreed or strongly agreed with this statement, along with 100% of those in the forestry and transportation sectors.
- 48% of those in the Hoonah-Angoon census area **disagreed** with this statement, along with 56% of those in seafood.

Artists and businesspeople frequently interact in Southeast Alaska

- 88% of those in the arts and recreation sector agreed or strongly agreed with this statement

Local government supports business development

- 75% of those in Wrangell agreed or strongly agreed with this statement, while 65% of those in the finance sector disagreed or strongly disagreed.

Businesspeople in Southeast Alaska actively invest in their communities.

- 94% of those in Wrangell agreed or strongly agreed with this statement.

Newcomers are welcomed into the business community.



- Most Wrangell and Prince of Wales respondents were agreed with this statement (78% and 77% respectively.) While 40-48% of respondents from Juneau, Sitka, Hoonah and Angoon **disagreed**.

Demographics

The following section presents the demographics of survey participants.

Description of Survey Participant

If a respondent was an owner, president, CEO, senior executive, senior official, director, vice president or manager, they were considered a “business leader” for the sake of this survey. Since the survey was directed mostly toward this group, they were the majority of our respondents.

Which best describes you?

Position	Count	Percent
Southeast Alaska owner / president / CEO	183	59%
Southeast Alaska senior executive or senior official	9	3%
Southeast Alaska director / vice president	15	5%
Southeast Alaska manager	36	12%
Southeast Alaska elected official	9	3%
Southeast Alaska educator	53	17%
Southeast Alaska other	4	1%

How long have you lived in Southeast Alaska? N=308

Number of Years	Count	Percent
Less than 2 years	6	2%
2 or more, but less than 5 years	20	6%
5 or more, but less than 15 years	44	14%
15 or more years	228	74%
Not applicable	10	3%

Location of Participant

The list below shows where the businesses of business leader respondents are located.

Please identify the community in which your business is located N=242

Total Answering	242	Craig	19	Skagway	7	Klukwan	4
Juneau	125	Hoonah	11	Hollis	6	Tenakee Springs	4
Ketchikan	35	Coffman Cove	9	Metlakatla	6	Edna Bay	3
Sitka	35	Gustavus	9	Pelican	6	Elfin Cove	3
Wrangell	31	Kake	9	Whale Pass	6	Hyder	2
Haines	29	Thorne Bay	9	Yakutat	6	Port Alexander	2
Petersburg	29	Hydaburg	7	Angoon	5	Port Protection	2
Klawock	21	Naukati Bay	7	Kasaan	5	Other	7

Note: Respondents were asked to check all that apply.

The list below shows where other community respondents are located.

Which community do you live in? N=64

Total Answering	64	Port Alexander	2	Naukati Bay	1
Juneau	34	Coffman Cove	1	Pelican	1
Haines	5	Craig	1	Thorne Bay	1
Wrangell	5	Edna Bay	1	Whale Pass	1
Ketchikan	3	Hollis	1	Yakutat	1
Klawock	3	Hoonah	1	Other	4
Sitka	3	Hydaburg	1		
Petersburg	2	Kasaan	1		

Combination of Above Two Questions, by Borough N=309

City and Borough of Juneau	159
Ketchikan City and Borough	38
City and Borough of Sitka	38
Haines & Skagway	35
Wrangell	36
Prince of Wales Census Area	56
Hoonah/Angoon Census Area	31
Petersburg Census Area	38

Note: Business Leader respondents were asked to check all communities in which their business operates.

Description of Business Owned/Operated by Business Leader Survey Participant

Which best describes your business?

	Count	Percent
Tourism	35	14%
Wholesale/ retail / distribution	22	9%
Accommodations	20	8%
Professional & business service / Consultant	19	8%
Construction / Architecture / Engineering	18	7%
Fishing	13	5%
Insurance / Real estate / Legal	12	5%
Arts, Entertainment	10	4%
Food services	9	4%
Transportation / Utilities	9	4%
Education	8	3%
Finance / Accounting	8	3%
Forestry	8	3%
Manufacturing	6	2%
Medical / Dental / Health	6	2%
Recreation	6	2%
Mariculture	5	2%
Social assistance	5	2%
Computer / Network consultant	3	1%
Mining	3	1%
State government	3	1%
Research / Development laboratory	2	1%
Telecommunications services	2	1%
Tribal government	2	1%
Alaska Native Village or Regional Corporation	1	0%
Federal government	1	0%
Local government	1	0%
Renewable Energy	1	0%
Other	5	2%

What year was your business founded? N=234

	Count	Percent
Pre 1900	4	2%
1901-1950	20	9%
1951-1980	46	20%
1981-2000	97	41%
2001-2007	48	21%
2008-2010	19	8%

About what percentage of your goods are purchased from suppliers in Southeast Alaska? N=237

	Count	Percent
0 - 10%	49	21%
11 - 25%	29	12%
26 - 50%	37	16%
51 - 75%	68	29%
76 - 100%	54	23%

Does your company sell (export) products or services outside Southeast Alaska? N=241

	Count	Percent
Yes - to other areas in Alaska	61	25%
Yes - to the Pacific Northwest	40	17%
Yes - to Other US	47	20%
Yes - to Canada	20	8%
Yes - to Other International	30	12%
No	146	61%
Don't know	3	1%
Net yes	92	38%

About what percentage of your company's sales are to customers outside Southeast Alaska? N=92 (Sub-Answer to Previous Question)

	Count	Percent of Those Who Export
Total Answering		
100%	7	8%
75 - 99%	26	28%
50 - 74%	8	9%
10 - 49%	23	25%
0 - 9%	24	26%
Don't know	4	4%

Approximate number of people employed by your business in Southeast Alaska. N=233

	Count	Percent
1 - 3 employees	85	36%
4 - 10 employees	65	28%
11 - 25 employees	43	18%
26 or more employees	40	17%

What was last year's approximate gross revenue? N=241

	Count	Percent
Total Answering		
Less than \$500,000	117	49%
\$500,000 to \$999,999	32	13%
\$1 million to \$4,999,999	46	19%
\$5 million or more	26	11%
Don't know	20	8%

Appendix I

The following three tables show results by the following: Southeast Alaska as a whole, Juneau only, and Southeast region without Juneau.

How significant are each of the elements listed below to operating your business in Southeast Alaska? N=243
All Southeast Business Leader Responses

All Southeast Business Leader Responses	Total Answering	Significant benefit	Moderate benefit	Not a barrier or benefit	Moderate barrier	Significant barrier	Don't know	Not applicable	Net benefit	Net barrier
Freight costs	243	2%	2%	13%	29%	47%	1%	7%	4%	75%
The cost of business real estate	243	4%	3%	27%	29%	30%	1%	5%	7%	60%
Housing costs (for employees)	243	2%	2%	20%	23%	33%	1%	19%	3%	57%
Federal regulations	243	5%	2%	28%	22%	34%	3%	7%	7%	56%
State regulations	243	6%	2%	32%	30%	23%	2%	5%	8%	53%
Transportation linkages to suppliers	243	7%	11%	17%	30%	24%	2%	10%	18%	53%
The cost of electricity	243	7%	11%	25%	30%	23%	1%	4%	18%	52%
Southeast Alaska's road transportation	243	10%	7%	20%	25%	25%	1%	12%	17%	50%
Southeast Alaska's air transportation	243	17%	15%	15%	31%	18%	1%	3%	32%	49%
Job-readiness of entry-level workforce	243	3%	9%	22%	28%	21%	4%	12%	13%	49%
Payroll costs	243	3%	2%	34%	34%	14%	1%	11%	6%	48%
Level of taxation	243	6%	6%	34%	30%	17%	2%	6%	12%	47%
Transportation linkages to markets	243	9%	8%	21%	25%	21%	2%	14%	17%	46%
Local regulations	243	4%	5%	39%	29%	17%	2%	5%	8%	46%
Suppliers in Southeast Alaska for your business	243	8%	10%	25%	27%	19%	3%	8%	18%	46%
Availability of semi-skilled workforce	243	5%	9%	26%	28%	17%	2%	13%	14%	45%
Availability of professional/technical workforce	243	5%	9%	24%	22%	21%	3%	16%	14%	43%
Availability of customers in Southeast Alaska	243	19%	10%	21%	26%	17%	1%	6%	29%	43%
Competition with government for employees	243	1%	1%	37%	22%	19%	2%	18%	2%	41%
Southeast Alaska's marine transportation	243	15%	19%	16%	26%	14%	1%	8%	34%	40%
The quality of local high school graduates	243	4%	15%	26%	24%	13%	4%	14%	19%	37%
Access to investment capital in Southeast Alaska	243	7%	10%	36%	15%	14%	8%	11%	16%	29%
Availability of high-speed internet in your area	243	30%	19%	21%	18%	11%	1%	1%	49%	28%
Access to commercial lending in Southeast Alaska	243	10%	12%	37%	15%	9%	7%	10%	22%	24%
The quality of local university undergraduates	243	5%	13%	35%	16%	5%	6%	20%	19%	21%
Safety	243	24%	25%	33%	10%	2%	2%	4%	49%	12%
Cultural opportunities	243	22%	34%	29%	7%	2%	2%	4%	56%	9%
Recreational opportunities	243	44%	28%	16%	6%	1%	1%	4%	72%	7%

How significant are each of the elements listed below to operating your business in Southeast Alaska?
Regional Responses Without Juneau N=118

SE Regional Responses Without Juneau	Total Answering	Significant benefit	Moderate benefit	Not a barrier or benefit	Moderate barrier	Significant barrier	Don't know	Not applicable	Net benefit	Net barrier
Freight costs	118	2%	2%	9%	21%	59%	0%	5%	3%	81%
The cost of electricity	118	8%	8%	16%	30%	32%	0%	3%	17%	62%
Transportation linkages to suppliers	118	8%	10%	16%	26%	28%	3%	8%	19%	54%
State regulations	118	6%	2%	31%	27%	27%	3%	4%	8%	54%
Suppliers in Southeast Alaska for your business	118	7%	9%	22%	31%	23%	3%	4%	16%	54%
Federal regulations	118	5%	3%	30%	15%	37%	3%	8%	8%	53%
Southeast Alaska's air transportation	118	21%	13%	13%	31%	19%	2%	2%	34%	50%
Transportation linkages to markets	118	10%	8%	18%	24%	26%	3%	11%	19%	50%
The cost of business real estate	118	3%	5%	32%	26%	23%	0%	8%	8%	49%
Availability of customers in Southeast Alaska	118	14%	11%	20%	25%	24%	2%	4%	25%	49%
Availability of semi-skilled workforce	118	5%	6%	22%	27%	21%	3%	16%	11%	48%
Housing costs (for employees)	118	2%	0%	23%	22%	25%	0%	22%	5%	47%
Level of taxation	118	7%	7%	33%	32%	14%	2%	5%	14%	47%
Payroll costs	118	4%	2%	35%	29%	16%	2%	13%	6%	45%
Job-readiness of entry-level workforce	118	3%	10%	21%	25%	20%	4%	16%	14%	45%
Southeast Alaska's road transportation	118	13%	11%	19%	25%	19%	2%	11%	24%	44%
Southeast Alaska's marine transportation	118	19%	21%	10%	27%	16%	2%	5%	40%	43%
Local regulations	118	3%	5%	44%	25%	14%	3%	5%	8%	39%
Availability of professional/technical workforce	118	2%	7%	30%	14%	22%	3%	23%	8%	36%
The quality of local high school graduates	118	3%	14%	24%	20%	15%	6%	18%	17%	36%
Availability of high-speed internet in your area	118	28%	19%	17%	18%	16%	0%	0%	47%	34%
Competition with government for employees	118	1%	2%	40%	18%	13%	3%	24%	3%	31%
Access to investment capital in Southeast Alaska	118	3%	10%	36%	14%	18%	11%	8%	14%	31%
Access to commercial lending in Southeast Alaska	118	9%	14%	33%	14%	14%	10%	6%	23%	28%
The quality of local university undergraduates	118	2%	10%	31%	16%	5%	6%	30%	12%	21%
Safety	118	22%	19%	34%	14%	0%	0%	3%	42%	17%
Cultural opportunities	118	20%	35%	29%	7%	3%	2%	5%	55%	9%
Recreational opportunities	118	47%	25%	14%	7%	1%	0%	3%	73%	8%

How significant are each of the elements listed below to operating your business in Southeast Alaska?
Juneau Responses Only N=125

Juneau Responses Only	Total Answering	Significant benefit	Moderate benefit	Not a barrier or benefit	Moderate barrier	Significant barrier	Don't know	Not applicable	Net benefit	Net barrier
The cost of business real estate	125	4%	2%	22%	32%	38%	0%	2%	6%	70%
Freight costs	125	2%	2%	16%	36%	34%	0%	10%	4%	70%
Housing costs (for employees)	125	2%	0%	18%	25%	41%	0%	15%	2%	66%
Federal regulations	125	4%	2%	26%	28%	30%	3%	6%	6%	58%
Southeast Alaska's road transportation	125	7%	4%	20%	24%	31%	1%	13%	11%	55%
Transportation linkages to suppliers	125	6%	12%	18%	33%	20%	1%	11%	18%	53%
Job-readiness of entry-level workforce	125	3%	9%	23%	30%	22%	3%	9%	12%	53%
State regulations	125	6%	2%	34%	33%	20%	1%	5%	8%	53%
Local regulations	125	4%	4%	34%	32%	20%	2%	5%	8%	52%
Payroll costs	125	2%	3%	33%	38%	13%	1%	10%	6%	51%
Availability of professional/technical workforce	125	8%	11%	19%	29%	21%	3%	9%	19%	50%
Competition with government for employees	125	1%	1%	35%	26%	24%	1%	12%	2%	50%
Southeast Alaska's air transportation	125	14%	17%	18%	30%	17%	1%	4%	30%	47%
Level of taxation	125	5%	5%	34%	28%	19%	2%	6%	10%	47%
The cost of electricity	125	6%	13%	34%	30%	14%	0%	5%	18%	43%
Transportation linkages to markets	125	7%	8%	25%	26%	17%	2%	16%	15%	42%
Availability of semi-skilled workforce	125	4%	12%	30%	29%	14%	1%	10%	16%	42%
The quality of local high school graduates	125	5%	15%	29%	27%	11%	2%	11%	20%	38%
Suppliers in Southeast Alaska for your business	125	9%	11%	27%	23%	15%	2%	12%	20%	38%
Availability of customers in Southeast Alaska	125	23%	10%	21%	26%	11%	1%	8%	33%	38%
Southeast Alaska's marine transportation	125	12%	17%	22%	24%	13%	1%	11%	29%	37%
Access to investment capital in Southeast Alaska	125	10%	10%	35%	17%	10%	5%	14%	19%	26%
Availability of high-speed internet in your area	125	33%	18%	24%	18%	6%	0%	2%	51%	23%
Access to commercial lending in Southeast Alaska	125	11%	10%	40%	16%	5%	4%	14%	21%	21%
The quality of local university undergraduates	125	9%	16%	38%	15%	5%	6%	11%	25%	20%
Cultural opportunities	125	24%	34%	30%	7%	1%	2%	3%	58%	8%
Safety	125	26%	30%	32%	7%	0%	0%	5%	56%	7%
Recreational opportunities	125	41%	31%	17%	5%	2%	0%	5%	72%	6%

Appendix II

Please rate your level of agreement with each of the following statements
N=309 All Responses

	Total	Juneau	Ketchikan	Sitka	Haines & Skagway	Wrangell	Prince of Wales Census Area	Hoonah Angoon Census Area	Petersburg Census area
Southeast Alaska is a welcoming, tolerant, and attractive place for starting a business.									
Strongly disagree	13%	14%	13%	18%	17%	14%	13%	13%	21%
Disagree	32	38	50	34	34	25	29	42	39
Agree	48	42	32	39	49	50	50	32	37
Strongly agree	7	6	5	8		11	9	13	3
Net disagree	45	52	63	53	51	39	41	55	61
Net agree	55	48	37	47	49	61	59	45	39
Leaders in Southeast Alaska are responsive to the needs of all Southeast Alaska residents.									
Strongly disagree	12	11	11	8	11	8	16	16	11
Disagree	42	44	42	39	43	28	39	39	47
Agree	42	40	47	53	43	61	41	45	37
Strongly agree	5	4			3	3	4		5
Net disagree	54	55	53	47	54	36	55	55	58
Net agree	46	45	47	53	46	64	45	45	42
People from different industry and economic sectors frequently interact in Southeast Alaska									
Strongly disagree	5	4		5	3		7	3	8
Disagree	27	26	21	13	26	19	27	45	26
Agree	59	55	66	71	60	75	63	35	53
Strongly agree	9	14	13	11	11	6	4	16	13
Net disagree	32	31	21	18	29	19	34	48	34
Net agree	68	69	79	82	71	81	66	52	66
Artists and business people frequently interact in Southeast Alaska.									
Strongly disagree	3	3	3				4		8
Disagree	25	27	34	34	31	17	36	32	21
Agree	61	58	55	55	63	72	52	52	63
Strongly agree	10	12	8	11	6	11	9	16	8
Net disagree	28	30	37	34	31	17	39	32	29
Net agree	72	70	63	66	69	83	61	68	71
Local government supports business development.									
Strongly disagree	15	16	5	11	29	6	9	6	11
Disagree	28	31	39	39	29	19	30	26	34
Agree	50	47	50	45	40	67	52	61	53
Strongly agree	7	6	5	5	3	8	9	6	3
Net disagree	42	47	45	50	57	25	39	32	45
Net agree	58	53	55	50	43	75	61	68	55

	Total	Juneau	Ketchikan	Sitka	Haines & Skagway	Wrangell	Prince of Wales Census Area	Hoonah Angoon Census Area	Petersburg Census area
Business leaders proactively share information and resources when possible.									
Strongly disagree	7	6	3	5	14	6	9	3	16
Disagree	31	26	24	32	31	31	29	45	32
Agree	57	62	68	53	49	56	55	39	45
Strongly agree	6	6	5	11	6	8	7	13	8
Net disagree	38	32	26	37	46	36	38	48	47
Net agree	62	68	74	63	54	64	63	52	53
Southeast Alaska residents actively participate in community development organizations and projects.									
Strongly disagree	3	4	3	3			4		3
Disagree	29	28	26	26	31	33	30	29	24
Agree	54	55	61	55	60	53	59	65	66
Strongly agree	14	13	11	16	9	14	7	6	8
Net disagree	32	31	29	29	31	33	34	29	26
Net agree	68	69	71	71	69	67	66	71	74
Business people in Southeast Alaska actively invest in their communities.									
Strongly disagree	3	3					5		8
Disagree	17	17	13	18	20	6	18	29	18
Agree	55	53	58	50	57	53	54	42	55
Strongly agree	25	27	29	32	23	42	23	29	18
Net disagree	20	20	13	18	20	6	23	29	26
Net agree	80	80	87	82	80	94	77	71	74
Alaska Native and non-Native organizations have positive interactions.									
Strongly disagree	4	4	5		6		5	3	8
Disagree	33	31	32	32	29	17	34	48	29
Agree	55	58	53	53	57	61	54	39	50
Strongly agree	8	6	11	16	9	22	7	10	13
Net disagree	38	36	37	32	34	17	39	52	37
Net agree	62	64	63	68	66	83	61	48	63

Appendix III

Southeast Alaska Business Climate Survey Instrument

Intro: The USDA Forest Service awarded the Juneau Economic Development Council (JEDC) a contract to complete an Economic Development Asset Map and a Strategic Plan focused on existing and promising industry clusters in Southeast Alaska. JEDC is partnering with Southeast Conference, Sheinberg Associates, Civic Analytics, and the Alaska Map Company to complete this work. JEDC will identify key regional networks, business attitudes, and overall business climate through the Asset Mapping process.

This survey will provide vital information regarding the Southeast Alaska business climate. Individual responses will remain confidential, and the findings will only be reported in aggregate. Thank you for your participation! This survey will take up to 15 minutes to complete.

I. Economic Climate

1. Which best describes you? (Note – This survey is geared towards business owners).

- Southeast Alaska Owner / president / CEO
- Southeast Alaska Senior executive or senior official
- Southeast Alaska Director / vice president
- Southeast Alaska Manager
- Southeast Alaska Elected official (if this is checked, only ask the questions highlighted in green)
- Southeast Alaska Other (if this is checked, only ask only the questions highlighted in green)
- Other (if this is checked, only ask only the questions highlighted in green)

2. How do you view the overall business climate in Southeast Alaska?

Possible answers:

- Very good
- Good
- Poor
- Very Poor
- Don't Know

3. What do you think the economic outlook of Southeast Alaska will be five years from now?

Possible answers:

- Much better
- Better
- Same
- Worse
- Much worse

4. What is the economic outlook for your business/industry (now)?

4A. For non-businesses ask "What is the economic outlook for your community? (now)"

Possible answers:

- Very Good
- Good
- Uncertain
- Poor
- Very Poor



5. Which best describes your business? (If your company is involved with more than one focus, check the one that creates the majority of its revenues.)

- Accommodations
- Alaska Native Village or Regional Corporation
- Arts, Entertainment
- Computer / Network consultant
- Construction / Architecture / Engineering
- Data processing services
- Education
- Federal government
- Finance / Accounting
- Fishing
- Forestry
- Forest Restoration
- Food services
- Insurance / Real estate / Legal
- Local government
- Manufacturing
- Mariculture
- Medical / Dental / Health
- Mining
- Professional & business service / Consultant
- Renewable Energy
- Recreation
- Research / Development laboratory
- Social assistance
- State government
- Telecommunications services
- Tourism
- Transportation / Utilities
- Tribal government
- Wholesale / resale / distribution
- Other _____

II. Business Environment

In this section, we are interested in learning about how each of the following factors affects your business.

6. How significant are each of the elements listed below to operating your business in Southeast Alaska?

Possible answers:

- Significant benefit
- Moderate benefit
- Not a barrier or benefit
- Moderate barrier
- Significant barrier
- Don't know
- Not applicable (N/A)

6A Quality of life

- i. Climate
- ii. Recreational opportunities
- iii. Cultural opportunities
- iv. Safety

6B Cost of doing business

- i. The cost of electricity
- ii. The cost of real estate (buildings, land, rent for your business)
- iii. Housing costs (for employees)
- iv. Freight costs
- v. Payroll costs



6C Transportation

- i. Southeast Alaska's air transportation
- ii. Southeast Alaska's marine transportation
- iii. Southeast Alaska's road transportation
- iv. Transportation Linkages to markets
- v. Transportation linkages to suppliers

6D Workforce

- i. Job-readiness of Entry-Level Workforce
- ii. Availability of semi-skilled workforce
- iii. Availability of professional/technical workforce
- iv. The quality of local high school graduates
- v. The quality of local university undergraduates
- vi. Competition with government for employees

6E Regulations

- i. State regulations
- ii. Federal regulations
- iii. Local regulations
- iv. Level of taxation

6F Access

- i. Availability of high-speed internet in your area
- ii. Suppliers in Southeast Alaska for your business
- iii. Availability of customers in Southeast Alaska
- iv. Access to investment capital in Southeast Alaska
- v. Access to commercial lending in Southeast Alaska

6G Other

- i. Other_____

7. If you have employees, which positions are most difficult to fill at your business/company?

III. Networks

In this section, we are interested in understanding how your relationships with other Southeast Alaska institutions help your business.

8. Please rate how valuable interaction with each of the following Southeast Alaska institutions is to your business.

Possible answers:

- Not at all valuable
- Somewhat valuable
- Valuable
- Extremely valuable
- Not applicable
- Don't know

Southeast Alaska Institutions

- a. UAS
- b. Professional service firms
- c. Alaska Native Village or Regional Corporation
- d. Other businesses in your industry
- e. Banks
- f. Industry associations/Chambers of Commerce
- g. Business assistance/job centers
- h. Non-professional associations (alumni clubs, athletic clubs, etc)
- i. Economic development organizations
- j. Local government
- k. Tribal Government
- l. State government



- m. Federal government
- n. State Legislative Delegation Representatives

9. Please list all the Southeast Alaska networks to which you or your organization belongs (drop down box)

Southeast Alaska organization

- a. Rotary
- b. Elks
- c. Chamber
- d. Alumni Group
- e. Arts organization
- f. Environmental organization
- g. Fisheries related industry group
- h. Building industry group
- i. Economic Development group
- j. Tourism industry group
- k. Mining industry group
- l. Health industry group
- m. Education industry group
- n. Other Industry group or associations
- o. Fitness group / sports
- p. Church
- q. Other

IV. Southeast Alaska Norms and Attitudes

In this section, we are interested in learning about the dynamics of the business and civic environment in Southeast Alaska.

10. Please rate your level of agreement with each of the following statements.

Possible answers:

- Strongly disagree
- Disagree
- Agree
- Strongly agree

- Southeast Alaska is a welcoming, tolerant, and attractive place for starting a business.
- Leaders in Southeast Alaska are responsive to the needs of all Southeast Alaska residents.
- People from different industry and economic sectors frequently interact in Southeast Alaska (e.g., bankers and miners, manufacturers and tourism providers)
- Artists and businesspeople frequently interact in Southeast Alaska
- Local government supports business development
- Business leaders proactively share information and resources when possible
- Southeast Alaska residents actively participate in community development organizations and projects
- Businesspeople in Southeast Alaska actively invest in their communities.
- Alaska Native and non-Native organizations have positive interactions.
- Newcomers are welcomed into the business community.

11. Considering all the factors presented so far, how would you currently rate your region overall as a place for your business to succeed?

- Poor location
- Fair location
- Good location
- Very good location
- Excellent location

Open Ended Question:

12. Considering your entire Southeast Alaska business environment, please list and explain the most important issue to address to improve your business's prospects for success.

12A. Please list and explain the most important issue to address to improve your community's prospects for economic development.

V. Demographics

Please complete this brief background section. Please keep in mind that the information you supply about yourself and your organization will remain anonymous and will be analyzed only in combination with other responses.

13. Please identify the community in which your business is located (check all that apply if your business is located in more than one community)

(This should be a drop down box.)

13A. For non-business – ask which community they live in)

- | | |
|--------------|-----------------|
| Angoon | Klawock |
| Coffman Cove | Klukwan |
| Craig | Metlakatla |
| Edna Bay | Naukatli Bay |
| Elfin Cove | Pelican |
| Gustavus | Petersburg |
| Haines | Port Alexander |
| Hollis | Port Protection |
| Hoonah | Sitka |
| Hydaburg | Skagway |
| Hyder | Tenakee Springs |
| Juneau | Thorne Bay |
| Kake | Whale Pass |
| Kasaan | Wrangell |
| Ketchikan | Yakutat |
| | Other_____ |

14. About what percentage of your goods are purchased from suppliers in Southeast Alaska?

Possible answers:

- 0-10%
- 11-25%
- 26-50%
- 51-75%
- 76-100%

15. Does your company sell (export) products or services outside Southeast Alaska?– check all that apply

- Yes - to other areas in Alaska
- Yes - to the Pacific Northwest
- Yes - to Other US
- Yes - to Canada
- Yes - to Other International
- No (if this checked, go to 17)
- Don't know (if this checked go to 17)



16. About what percentage of your company's sales are to customers outside Southeast Alaska?

- 100 percent
- 75 percent to 99 percent
- 50 percent to 74 percent
- 10 percent to 49 percent
- less than 10 percent
- Don't know

17. What year was your business founded? _____

18. Approximate number of people employed by your business in Southeast Alaska.

Current (2010) _____

19. Approximately what was your previous year's Gross Revenues

- Less than \$500,000
- \$500,000 to \$1 million
- \$1 million to \$4.9 million
- \$5 million
- Don't know

20. How long have you lived in Southeast Alaska?

- Less than 2 years
- 2 to 5 years
- 5 to 15 years
- More than 15 years

21. To prevent duplication and allow follow-up communication if needed, please provide your contact information. Remember, all individual surveys and answers are confidential.

Name: _____
Phone: _____
Email: _____
Mailing Address: _____

Thank you for taking the time to complete this survey!

Appendix IV

Responses to Open Ended Question: Considering your entire Southeast Alaska business environment, please list and explain the most important issue to address to improve your business's prospects for success.

1. 1. Juneau access. 2. Take sales tax off of retail rentals (you can buy a \$40,000 car & pay sales tax on only \$7,500) If you lease a space for \$40,000 per month, you pay sales tax on \$40,000 every month! Hello!!! 3. The City needs to meet the needs of its people, not fund every project that comes along. 4. Schools are NOT graduating well qualified students. The teachers need to do an excellent job, or lose their job. Schools use too much "Student time" to meet and discuss the teachers needs. Teacher meetings, etc. should be held AFTER school is dismissed for the day, not taken from student instruction time.
2. A healthy community depends on jobs to drive the construction industry. We need good paying jobs on all fronts, but not at the cost of quality of life, or the environment. We also need good politicians who understand that we can have healthy, vibrant communities without sacrificing our quality of life. We do not need politicians who support uncontrolled tourism like one sees in Ketchikan and Juneau, or mining that harms our environment.
3. A more welcoming and embracement of support for the tourism industry in every respect in our town. From the independent visitor to the charter fisher folk and cruise ship passengers, they all need to know and FEEL that the welcome mat is always out for them. It's nowhere near that way now. From the public sentiment to the local government, it just isn't there.
4. A stable long-term state government financial plan.
5. ability to travel reliably and cheaply around southeast.
6. Abundant year round stable business
7. Access to venture capital - tried to get a loan to build a new business (restaurant) and can't seem to find anyone even interested in talking to me - even though I have no debt at all and a great credit record
8. advertising.....not much opportunity to advertise services
9. Affordable electricity is crucial to business development.
10. Affordable housing
11. Affordable housing. Local government (CBJ) needs to sell land to developers at below market value to make it more affordable to build new homes, therefore allowing them to build affordable homes. Sealed bids do not help, low flat rate pricing offered to developers first and then a 2nd offering to public (if that is legal) otherwise, offer to all at fixed prices, below market value with stipulations that the property be developed within a certain time frame.
12. Allow and encourage responsible growth in transportation (roads), housing (affordable), and healthcare (cardiology and oncology).
13. An even greater appreciation of the degree to which undeveloped wilderness does provide a significant and broad economic benefit to many in the region, and in fact is itself a scarce resource in the world that we are fortune to possess in abundance.
14. Any economic development which would increase the numbers of the local population spending locally for goods would be valuable especially in the winter months for businesses that stay open year round and offer quality goods and services. It is easy to saturate the local market, however the regional market does help in the winter when constituents visit legislators. The reduced number of session days has impacted the retail market when it is most vulnerable.

15. Bring housing costs to a reasonable level would provide a significant benefit to attracting and retaining professionals. Improving access to Southeast and Juneau in particular would be beneficial from a transportation cost and access to market standpoint. Utilizing UAS and/or other educational institutions to develop local skilled hourly resources.
16. CBJ to cease all business that the private sector can produce. From Subdivision Development to plowing of the streets. The CBJ government is a monster that is out of control, stifling growth and true development in our community. The city's budget has grown beyond comprehension, again all at the expense of those working.
17. Child care programs need funding from local and state government.
18. civil discourse when planning for the future
19. Co-existence of industrial/ mining activity and healthy environment / fisheries Modern regulations protect fisheries and environment Development can be sustainable. Changing attitudes
20. Concerning the visitor industry, the most important issue is for local communities to develop a collaborative visitor industry plan. The problem is that state and local plans encourage industrial tourism. While all tourism is affected by the world economy, industrial tourism has an additional negative issue in that it is directed by bottom line policies in which community health is not a factor. This last year our gallery many times has much better days when there were no large cruise ships in port. High end tourism is a viable and stable, the direction I would like to see for the smaller S.E. communities.
21. Continuation of Glacier Bay National Park concessions and day boat trip into Glacier Bay, which draws non-cruise ship passengers to Gustavus during the Summer. Success of other local businesses rely heavily on internet availability.
22. continued Cooperation between the cruise ship industry and Alaska state government-compromise=lowering the cruise ship tax on passengers by the state of Alaska. Use of Alaska Native cultures, arts as a draw to bring visitors to the state=continued benefits to the Alaska Native peoples. Don't just take our pictures and info but have the benefits help us as artist and workers.
23. continued cruise ship support
24. Cost of conducting business. Electricity, transportation of goods and guests. Federal and state regulations need to be addressed.
25. Cost of fuel and electrical service and freight
26. Declining population Aging population Job opportunities in rural areas
27. Decrease federal and other governmental regulations on economic/land use/natural resource issues.
28. Development of a local Economic Development strategy
29. Development of and access to local markets. Maybe that is two issues but they go hand in hand. We can't simply import everything and expect to be any kind of self-reliant and self-sustaining. We need to find a way to meet our own needs for basic goods and services where we are able and import primarily those things we can't reasonably produce.
30. Easier interaction between communities...meaning easier transportation I guess. MORE FAST FERRIES and the utilization of our new ferry terminal on the southern end of Mitkof Island
31. Economic development for rural areas, online training and resources are not available. Instead of investing in a person, invest in getting the info out by online resources. Example Economic development comes to town, in person, if you miss them, no help or contact. If there was an online information center or presence that would be more helpful. I am floored that just walking up to the door one day constitutes availability. No scheduling, no announcement, just stopping by on a particular hour is it. Even if a resource has been accessed in the past, no follow up. Resources for simple business management tools could be very helpful as well as tax planning, succession planning, computer and internet skills. Example: as a member of a CVB and living in a rural area, I asked if social media trainer class could be available by Skype, conference call or

recorded, answer NO. So everyone just goes about their easy business and never makes the effort to include rural areas. If I had my choice all state money spent for training in any field would have a rural outreach requirement, to either record or conference call every single event. That way we can all access information of interest and keep our businesses up to date and compete. Because there is no way to keep up to date, we have to leave town to get skills.

32. Economic Development....communities need to network within themselves as well as other communities via the Chamber..or other civic organization...I would say at this point the Haines Borough Assembly is anti progressive where new businesses are concerned..
33. Educating the communities on the direct and indirect benefits of tourism. Working towards a shared vision between the communities and the cruise industry on short/ long term goals for strengthening tourism.
34. Education (in our case in the field of IT) - University programs, training options Communication Infrastructure Road access/improve multi-modal as was pursued with SATP
35. EFFECTIVE TRANSPORTATION ROUTES AND ACCESS, AT A REASONABLE COST TO THE CONSUMER OF THOSE SERVICES.
36. Eliminate preferential treatment given to NON PROFIT Groups, when they are in direct competition with a regular business entity. There is a difference between SHELL OIL & the RED CROSS - But there isn't a such a difference between A NON PROFIT DANCE ASSOCIATION & THE BARBARA SMITH SCHOOL OF DANCE. The NON PROFIT should not be entitled to tax subsidized Grants & lower school space rentals, when they do not provide a service that is in any way different than the services provided by a normal business entity.
37. Energy, Transportation, and fewer regulations, specifically DNR and ADF&G.
38. enlighten the public to commercial fisheries waste
39. Establish industry not tied to government or service/tourism.
40. Federal land management
41. Federal regulatory environment is STIFLING business of almost any sort. Development of Energy projects is very complex, expensive, and regulatory driven. There are tons of "resources" that can help, but they don't provide relief from regulatory overheads that can crush small business.
42. Financial Help (loans or grants), Mentors (Economic Development) Training (customer service, ability to add and subtract, ability to talk about merchandise you can sell, ability to come to work on time and do the work.
43. finding a cohesive vision/approach to regional development that avoids the conflicts of development vs. preservation.
44. For tourism it is the cost of getting to SE Alaska.
45. Freight rates for goods in and out of Southeast. How can we get them down?
46. Freight! The high cost of freight and the items that have been banned from regular freight need to be straightened out. The cost of freight has increased so bad this past few years that it becomes cheaper for customers to get the items themselves when they travel. The cost of items that have to be sent special ways because of hazardous rules, even when traveling on marine lines freight systems makes it not profitable to even handle these items, and they are a necessary product of my store, art supplies.
47. Fuel costs. Legislative programs for weatherization for businesses.
48. Funding
49. Getting the government out of the way. To many redundant government agencies.
50. Growth, need support from all not just those interested in my service. Negative experience from some even when they need your service.
51. High speed internet and good harbor facilities

52. Homelessness and the vagrant population. These folks seem to be growing in number and they are making the downtown core an uninviting place to visit and shop. If downtown dies so do the downtown businesses.
53. I have a one person consulting firm so many of the questions in this survey do not apply directly to my business. However, I do have opinions about the subject. In general for all businesses, reduce local, state, and federal government permitting requirements, free up more land for development, find ways for local youth to find jobs and be able to stay in the region.
54. I need small businesses, agencies and non-profits to be financially on solid ground so they can confidently seek my services.
55. Improve access to SE Alaska. The Alaska Marine Highway schedule and policies are a huge barrier to development of tourism in SE Alaska. Not enough mainline ferries from Bellingham. Not enough staterooms. Not enough daily service to rural communities. The current AMHS service to Wrangell, Alaska is a huge barrier to growth. Our groups cannot get into and out of Wrangell. They are denied staterooms out of Bellingham.
56. Improve transportation infrastructure and bring down the costs of energy.
57. Improved and reasonably-priced Internet bandwidth FedEx service on Prince of Wales Island, instead of transfer to USPS in Juneau or Anchorage
58. Improved cost of living specifically housing. Availability of day care and reduce population turnover in larger cities. Improved job readiness. Stabilize outlying island economies to fit the cultural lifestyles.
59. Improved housing opportunities for middle and lower income people, allowing them to shop locally. Government workers often shop on trips or on-line. Educating more locals, regardless of their source of employment, to shop locally would stimulate the local economy. So would a second crossing to supplement the Douglas Bridge. Improved ferry service and encouragement of shopping by neighboring village residents could have a positive impact on local business.
60. Improved road access, improved regulatory environment for resource industries, reduction of federal bureaucracy and regulations.
61. improvement in the economy
62. Improving the image and knowledge base for Glacier Bay Nat'l Park
63. Increased housing and tourist industry as Skagway has managed for their community.
64. Increasing the population of the region.
65. Industrial tourism will negatively effect the ability of small business tourism related businesses as well as the quality of life of local residents.
66. internet
67. internet access within se communities/broadband my business is dependent upon high-speed/dsl
68. Investment in Ports and Harbors for large vessels.
69. It doesn't matter where you put the Mariculture industry we are doomed to fail as long as ADF&G is intent on destroying the industry as they have been for the past 10 years by creating a negative environment both dealing with them and from the mass of non-sense or reaching excessively costly regulations.
70. It's hard to want to invest with the constant threat of the capital move.
71. JOBS, JOBS, JOBS. Need increase in population, resource development and better transportation links.
72. Juneau has too much influence from "the good ole boys" attitude. Those with money call the shots for everyone. As far as local government, the "squeaky wheel gets greased." At Assembly, Planning Commission and other city officials give in to the most vocal not necessarily the most positive for the entire community.

73. Land cost is too high, both commercial and residential, the cost of utilities is high too, the CBJ is decidedly anti-business, anti-road access and anti-growth which drives away new business start-ups, keeps everyday living costs high and is a major deterrent to young people and young families that might like to live here.
74. Less divisiveness between anti and pro environmental groups; more inclusiveness -- i.e. Alaska committee, which could be working on keeping jobs in SE (as well as being more inclusive -- i.e. people who support keeping the capital here may not support the road)...
75. Less Government control, need to have the local government (Borough Assembly)listen to and understand the needs of all residents in Haines, not just special interest group. Need to have a more business friendly environment. Haines needs to encourage more businesses, not discourage them by putting more rules and regulations on them.
76. Less permit fees, and a welcoming community to tourism.
77. Less regulation from city, state, fed gov. High cost of land in Juneau could be overcome if CBJ was willing to work or see development as a positive rather than a negative.
78. Less restrictive and cumbersome Federal Government regulation.
79. Local government needs to be more supportive and welcoming to new businesses
80. Local Government needs to do more to provide for the underserved and un-housed residents of SE AK. The summer only businesses and employees take a toll on SE communities by taking up valuable rental/real estate and holding vacant apartments through the long "off" season when people are in need of housing.
81. Local municipal resistance to change, regardless of merits
82. Local preference for SE manufactures along with more economical transportation in SE
83. Local tax enforcement and regulations. Supporting tourism with out negatively impacting quality of life. Community beautification and quality of life.
84. Maintain quality of life. Improve access to health care for all. Make access to AMH more affordable for small Alaska businesses in order that they can interact more artists/retail outlets can interact with each other. Make access to AMH more regular, reliable, and affordable for all in order to promote tourism.
85. Maintaining government employment levels, attracting new business, housing cost and tourism.
86. Maintaining Juneau as the capital and stopping capital creep. Otherwise, there will be insufficient economic activity to sustain our way of life.
87. Make small timber sales available for small companies.
88. more affordable transportation
89. More information needs to be put out regarding what's available to help small businesses get loans.
90. More interaction across sectors and support for hiring creative people in all of Southeast.
91. More jobs will bring more residents to our region. Diversify those jobs, not just improve existing ones.
92. More networking.
93. More outside advertisement. Our state government needs to step up and promote this state in a positive light.
94. more resource development timber mining fisheries
95. more tourism and less federal involvement.
96. Most of the communities in Southeast Alaska have a good business environment just do not have health economies to go with the good business environment. Juneau is the exception it has the worst business environment. You have a five four assembly and a out of control community

development department. The best thing Juneau could do is elect a business minded assembly. The current assembly does not have one single member that is in business for themselves.

97. Must have a timber supply from the Tongass that is economic and reliable
98. My business is almost wholly dependent upon the success of a broad scope of business in SE Alaska. If the business climate is weak, my business is weakened. For my business to thrive, there has to be competition in the marketplace and there needs to be willing buyers of goods and services with an income to afford them.
99. My business is hog-tied by legislation. Regulations and legislation from Local, State and Federal governments play a significant role in what we can not do.
100. My business relies directly upon the economic health of the region as a whole.
101. Need local gov't support and road access
102. need more cruise ships need better access to Juneau freight costs are too high
103. Needing to transfer public lands into private hands. Reduce Federal regulations
104. Not enough electrical power for any industrial development
105. Not having to fight State and Federal gov't. to survive. It is always a fight with any agency to get anything done. None of the agencies communicate with each other. It is very difficult to get anything accomplished with any of them and takes forever.
106. Only let people who get voted in for the politics serve 1 term. They are out for themselves. In the long run it hurts us all. They don't care though.
107. Our most important issue is being considered an important part of the local economy and developing sustainable, stable regulations so we can market our businesses.
108. Parking and transportation
109. Paved road Less transient taxes
110. People realizing that Lodges are part of Alaska
111. PERS
112. Protection from environmental extremists. Remove the strong-arm of the federal government limiting opportunity for resource use and development.
113. Provide lower interest rate loans to qualified business owners and eliminate the head tax and it associated taxes.
114. Putting Glacier Bay back on the map in a positive way. That includes having Aramark and the National Park officials work together to make it a thriving place, which will help all of us.
115. REGULATE THE CHARTER FISHING FLEET AND HOLD THEM TO THE SAME STANDARDS AS THE COMMERCIAL FISHING INDUSTRY. DO NOT EVER ALLOW ANY KIND OF FISH FARMING IN ALASKA.
116. Removal of parochial attitudes holding back new ideas and business. It seems government and economic development organizations are most interested in protecting the status quo.
117. resource access, over-regulation, lawsuits
118. Resource Development
119. Roll back Federal regulations, curb growth of state and local governments and associated costs to both business and citizenry. Build the Road!
120. Seasonality is a huge issue for my business, as is links to alternative markets. Cost of transportation in and out of SE make it difficult to make/participate in many of those potential market links.
121. Stability in charter regulations. It is hard to keep up with the reg changes by fish and game.

- 122.State and local govt. funding to critical social services needs Affordable housing - young people moving away because they will never be able to buy a house Reasonable Ferry service to all communities - Sitka has been effectively cut off from the local villages by making everyone go to Juneau and overnight before coming to Sitka
- 123.STOP OVER REGULATION OF NON RESIDENTS KEEPING FISH THEY CATCH
- 124.successful completion of Juneau access
- 125.Support of main economic drivers in Southeast is imperative. Re-focus support to not rely on tourism. Focus on businesses that are owned and operated by year-round Southeast Alaskans. Improve relations of Southeast communities and communication. Help us succeed!
- 126.Sustainable development. Use of land and resources in a manner that assures continued health of the environment, always. Jobs are only good for us if they do not destroy our future.
- 127.Taxation and legislation- We have been effected by a state imposed head tax on cruise ship visitors that has resulted in over 100,000 visitors from 2008. In addition, legislation accompanied with this bill in regards to wastewater treatment procedures is driving business away not bringing it in.
- 128.The adversarial attitude between government and local people, the government attitude that the tourism industry is the most important industry in Juneau, the unwillingness of the city to live within their means, the fact that the city continues to pay lip service to affordable housing and yet continues to raise the costs of taxes, permits, fees, business property taxes, sales taxes etc, the fact that every city "improvement" is passed along to adjacent property owners as a LID. Every time a piece of property becomes available the city buys it up and makes a "Park". We need property in the tax base. Most of the problems with SE, and Alaska in general, is that the "king" owns all the forest. We do not need more property owned by the King.
- 129.the capital and commissioner's offices, federal agency leaders being in Southeast is very important to my business, otherwise, Anchorage is the center of business and it is easier to work with the oil/gas and mining firms from that location. Keeping Southeast important to the state is a matter of keeping the capital and agency leaders in the region. Keeping Juneau a center for the region is important, although it is interesting that the region's most important legislators tend to be from Ketchikan and Sitka!
- 130.The cost of overhead (rent, employee costs, shipping goods) is very high in Juneau. This makes starting or expanding a business challenging. If we want to expand businesses that ship goods or services outside of SE, we need to find ways to keep business' overhead costs from growing to an unmanageable level.
- 131.The cost of rental space is prohibitive to have the size of a studio I need. In order to be more productive I need more space, but the cost of space is so high and I don't want to extend myself that much without having the income first. It's a catch 22.
- 132.The environmental movement was not supposed to cost any individual, but look were it got us.
- 133.The most important issue is a viable supply of timber. If we knew that there were going to be enough timber supply to keeps us going for five or more years, we would be more likely to invest, creating more jobs.
- 134.THE NEED FOR MORE MAJOR INDUSTRY. MINING,TIMBER,FISHING ETC. THIS WILL CREATE JOBS THAT WILL HELP US REBUILD OUR POPULATION.
- 135.The single most important plus is the Juneau Chamber of Commerce program to promote local purchases or at least local comparison pricing. This of course must be accompanied by the business involved providing quality work at a comparable price.
- 136.The state government needs to change its policies related to Geo Duck Mari-culture, possibly form a committee similar to other fisheries and give THAT body the job of suggesting new regulations and approving any that the DF&G puts forward.
- 137.There needs to be a way to free up timber sales. USFS has converted itself into some sort of park rangers instead of foresters administrating timber sales.

138. transportation & shipping affect most all businesses, making a higher cost of living, services & products-with limited salaries at a higher end level (than just above minimum wage).
139. Transportation and freight costs make it difficult to compete nationally.
140. transportation by air and water are cumbersome and very expensive. The I.F.A. and the ferry system serving the inside passage are very cost prohibitive. Transporting a vehicle from Ketchikan to Hollis with two people is almost \$300. one way. If your business or home is in Coffman Cove or that end of the island a car has to be waiting in Hollis to take you on at least a 90 minute drive. Going to Ketchikan from the Coffman Cove requires leaving around 4:30 A.M. to board the ferry. Coffman desperately needs their ferry operating. The airport in Klawok could also be put to use to handle some tourist traffic (at a reasonable price of course)
141. Transportation costs, fish stocks, bear & deer population
142. Transportation linking market and product. Access to buildable land. Higher density housing.
143. Vocational education opportunities for welders, machinists, engine repair or scholarships to attend out of state vocational technical institutes - Value vocational educations
144. we have to have jobs that will bring people to the area. The declining population will not help any of the local businesses succeed. We need to attached good wage paying employment to the area so college graduates will return here.
145. We just had a customer ask us to meet an internet price. We came within \$2 BUT the customer opted to buy online because of CBJ sales tax. We need a level playing field with the internet - those online sales should have to pay CBJ sales tax as well, OR we need to abolish the local sales tax and reduce CBJ services accordingly. Affordable housing. Much higher cost of living for employees equals salary requirements that are tough to support when competing with online retailers with much lower costs for doing business. Affordable freight with timely delivery. Our freight costs are 9 times what a lower '48 retailer pays in our same industry. And yet because of the internet, that is not a cost we can pass along to the customer. Slimmer margins means slimmer profits means we are less able to pay the wages we would like to pay. Affordable parking and commercial rental rates. Juneau has rental rates that rival high end city neighborhoods in much more urban settings. The new parking garage will be a great addition to downtown.
146. We need a power source. We need another license to succeed,. Our community has a law the Lodge can only take 8 people, which means two boats. We can not make a living with only one boat.
147. We need a substantial, reliable, economic timber supply!
148. We need better transportation (road or more frequent marine highway sailings in the winter) to bring more visitors to our town.
149. We need more local capital formation and investment in new businesses. Banks can help, but ordinarily not at the point of startup. I think JEDC's doing a good job and probably needs more PR along those lines, but our business really needs to be diversified (too much emphasis on tourism and government).
150. We serve people and this is where the people are, we have more of a demand for our services then we can meet which causes us to work as hard as possible.
151. Weekly transportation that is inexpensive would be very helpful.

