

Southeast Alaska Comprehensive Economic Development Strategy

2006-2011 Strategy



**Prepared for the
United States Department of Commerce
Economic Development Administration**

**Prepared by
Southeast Conference and
Central Council Tlingit and Haida Indian Tribes of Alaska**

June 2006

TABLE OF CONTENTS

1.0	Introduction	1
2.0	Organization and Management of Southeast Conference	1
	Mission Statement	1
	Board of Directors	2
	Conference Staff	2
	Conference Membership	3
3.0	Organization and Management of Central Council	4
	Tlingit and Haida Indian Tribes of Alaska	
	Mission Statement	4
	Executive Council	4
	Economic Development Staff	4
	Service Communities	5
4.0	CEDS Review Process and Committee	5
5.0	Southeast Alaska Area Overview	6
5.1	Historical Perspective	6
	Native Americans	6
	Early Exploration	6
	The Territory of Alaska	6
	Mining	7
	Seafood	7
	Timber	7
	Tourism	8
5.2	Physical Geography	8
	Topography	8
	Climate	9
	Geology	9
	Water	10
	Ecosystems	10
	Land Area	10
	Land Ownership	10
5.3	Population and Labor Force	11
	Population Changes	12
	Median Age	13
	Government	13
	Ethnicity	13
	Labor Force	14
	Income	16
	Gender	16
	Educational Attainment	17
5.4	Infrastructure	20

	Transportation	20	
	Water	21	
	Communications	22	
	Electric	22	
	Sewer	24	
	Refuse Collection and Landfills	24	
5.5	Factors Impacting Economic Performance	25	
	Medical and Health Services	25	
	Social Services	27	
	Fire Protection and Emergency Services	27	
	Schools and Educational Facilities		27
	Housing	28	
	Financial Institutions	29	
	Cultural and Recreational Resources	30	
5.6	Economy in Southeast	31	
	Fishing	32	
	Timber	33	
	Mining	36	
	Tourism	37	
	Government	38	
	Business Climate	39	
	Cost of Living	40	
	Native Corporations	41	
	Manufacturing	42	
	Subsistence	43	
6.0	Vision, Goals, Objectives and Strategies	45	
6.1	Regional Vision	45	
6.2	Regional Goals, Objectives and Strategies		45
	Community Development	45	
	Economic Development	47	
	Environmental Enhancement	52	
	Organizational Development	53	
7.0	Performance Evaluation	56	
8.0	Acknowledgements	57	

Appendix 1 Southeast Community Projects

COVER:

The cover was created especially for our use by Haida artist Frank Mooney of Hydaburg. It is comprised of three images: the human face, the eagle and the raven. The design symbolizes all of the people of the region working together. This is particularly appropriate since the production of the CEDS has been

accomplished through a cooperative effort between Southeast Conference and Central Council of Tlingit and Haida Indian Tribes of Alaska and has involved people and organizations from throughout the region.

1.0 Introduction

The purpose of a Comprehensive Economic Development Strategy (CEDS) is to initiate and sustain a local planning and implementation process by which jobs are created, more stable and diversified economies are fostered, and living conditions are improved. A CEDS is a mechanism for coordinating economic development activities and is a valuable tool for bringing focus to the planning and development efforts of persons and organizations throughout the region. This CEDS has been prepared, in part, to meet a prerequisite for designation as an Economic Development District (EDD). EDD designation is necessary in order to qualify for Economic Development Administration (EDA) assistance under its public works, economic adjustment and planning programs. Southeast Conference has received funding for development of this CEDS from the Natural Resources Conservation Service, the Economic Development Administration, and the U.S. Forest Service, along with a generous private contribution from the North West CruiseShip Association.

This second 5-year CEDS plan has been prepared, in part, to meet a prerequisite for designation as an Economic Development District (EDD). EDD designation is necessary in order to qualify for Economic Development Administration (EDA) assistance under its public works, economic adjustment and planning programs. Southeast Conference has received funding for development of this CEDS from the Natural Resources Conservation Service, the Economic Development Administration.

The preparation of this CEDS has been undertaken as a joint project of the Southeast Conference and the Central Council Tlingit and Haida Indian Tribes of Alaska (CCTHITA). The requirements of our respective economic development programs stipulate our participation in and the production of a regional economic development plan for Southeast Alaska. It was agreed that our region, our constituencies and our organizations are best served by cooperating in the production of a single document. Although the CEDS has been jointly produced, each organization is individually responsible for the preparation of its own annual work plan for achieving mutual objectives and for evaluating and reporting progress in CEDS updates.

Insofar as the Southeast Conference is both the designated Alaska Regional Development Organization (ARDOR) and Resource Conservation and Development (RD&D) Council for Southeast, this CEDS has been prepared to fulfill the requirements for preparation of both an ARDOR Regional Development Strategy and a RC&D Area Plan.

2.0 Organization, Mission and Management of Southeast Conference

Southeast Conference is a regional membership organization that advances the collective interests of the people, communities, and businesses in Southeast Alaska. Membership is open to all municipalities, businesses, government organizations and individuals who support the purposes of Southeast Conference. The Conference's Mission is to help develop strong economies, healthy communities and a quality environment in Southeast Alaska.

Southeast Conference is the Alaska Regional Development Organization (ARDOR) and the United States Department of Agriculture (USDA) Resource Conservation and Development Council (RC&D) for Southeast Alaska. Southeast Conference is managed by a board of directors and funded primarily by legislative appropriations to the ARDOR, by federal allocations to the RC&D and by membership fees. The board of directors meets ARDOR and RC&D requirements and is comprised of 13 members; 7 public, 6 private. Dues-paying

membership in Southeast Conference includes municipalities, Chambers of Commerce, private businesses, tribal entities, organizations, state and federal agencies and individuals.

Southeast Conference Board of Directors		
--	--	--

Name / Address	Gender / Race	Affiliation / Occupation
Robert Venables Juneau	M / Caucasian	Haines Borough Borough Manager
Carol Rushmore Wrangell	F / Caucasian	City of Wrangell Director, Planning & Economic Development
Jon Bolling Craig	M / Caucasian	City of Craig City Administrator
Bruce Jones Petersburg	M / Caucasian	City of Petersburg City Manager
Linda J. Snow Juneau	F / Caucasian	Private Sector, Southeast Strategies Economist and Planner
Hugh Bevan Sitka	M / Caucasian	Sitka Economic Development Assoc. Executive Director
Mike Korsmo Skagway	M / Caucasian	City of Skagway City Councilman
Paul Axelson Ketchikan	M / Caucasian	Private Sector, Southeast Stevedoring Operations Manager
Maxine Thompson Angoon	F / Tlingit	Private Sector, Angoon Business and Real Estate
Randy Wanamaker Juneau	M / Tlingit	Private Sector, Goldbelt, Inc. Member, Board of Directors
Murray Walsh Juneau	M / Caucasian	Private Sector, Walsh Planning Services
David Stone Juneau	M / Caucasian	City and Borough of Juneau Borough Assemblyman
Julie Decker Wrangell	M / Caucasian	Private Sector, SE Alaska Dive Fisheries Executive Director

Southeast Conference Staff

Murray Walsh	M / Caucasian	Executive Director
Rollo Pool	M / Caucasian	Past Executive Director
Judy Kennedy	F / Caucasian	Administrative Assistant
Rob Allen	M / Tlingit	Interim Executive Director
Victoria Thomas	F / Caucasian	Grants Administrator
Paul Coffey	M / Caucasian	RC & D Coordinator

Southeast Conference Membership FY 05-06

Cities and Communities

City of Angoon
City of Coffman Cove
City of Cordova
City of Craig
Community of Elfin Cove
City of Gustavus
Haines Borough
City of Hoonah
Hyder Community Association
City and Borough of Juneau
City of Kaasan
City of Kake
City of Ketchikan
Ketchikan Gateway Borough
City of Klawock
City of Pelican
City of Petersburg
City of Prince Rupert
City of Saxman
City and Borough of Sitka
City of Skagway
City of Thorne Bay
City of Whitehorse
City of Wrangell
Metlakatla Indian Community
Naukati West Inc.
City and Borough of Yakutat

Transportation Related Organizations

Alaska Airlines
Alaska Department of Transportation & Public Facilities
Alaska Marine Highway System
Alaska Marine Lines/Lynden Transport
Alaska Ship and Drydock
Allen Marine Tours, Inc.
Boyer Towing Inc.
Coastal Helicopters
Cruise West
Derecktor Shipyards
Inlandboatmen's Union of the Pacific
Inter Island Ferry Authority
International Brotherhood of Electrical Workers
Northland Services
Port of Bellingham
Holland America Line
Northwest Cruiseship Association
Princess Tours
Sea Level Transport
Southeast Stevedoring
White Pass & Yukon Route, LTD

Businesses, Organizations & Individuals

Alaska Electric Light and Power Company
Alaska Energy Authority
Alaska Forest Association
Alaska Pacific Bank
Alaska Municipal League
Alaska Permanent Capital Mgmt Co.
Alaska Power and Telephone
Alaska Pacific Environmental
Alaska Village Initiatives
American Red Cross of Alaska
Aurora Business Supplies
Alaska Services Group
Amy Daugherty
Angoon Trading Co.
ARECA
Ballard & Associates
Baxter Bruce & Sullivan P.C.
Boys and Girls Clubs Alaska
Carson Dorn, Inc.
Bartlett Regional Hospital
Catholic Community Services
The Carlton Smith Co.
Cellular One
Chelan Produce Company
CH2M Hill
Coeur Alaska, Inc
Corrington's Enterprises
Copy Express
D.Hittle & Associates, Inc.
Elgee, Rehfeld & Mertz, LLC
Elliot Bay Group
First Bank
Four Dam Pool
Gastineau Human Services
Greens Creek / Kennecott
Gulf of Alaska Coastal Communities
Gustavus Electric
Haines Sanitation
Hames Corporation
Inside Passage Electric Co-op
Intl Union of Operating Engineers
JRC/The Alaska Club
Juneau Convention and Visitors Bureau
Karen Hofstad
Ketchikan General Hospital
Ketchikan Visitors Bureau
Madison Lumber and Hardware
Pacific Seafood Processors Assoc.
Pacific Seafight
Peratrovich, Nottingham, and Drage, Inc.
McDowell Group
Nova Fuels
Red Onion Saloon, Inc.
Regional District Kitimat-Stikine
Ridolfi, Inc.
Robertson Monagle & Eastaugh
Service Auto Parts
SE Alaska Regional Dive Fisheries Assoc.
Southeast Strategies
Scott Insurance Services
Sgt Preston's Lodge
Sheinberg Associates
SE AK Regional Health Consortium

Sitka Convention & Visitors Bureau
Southeast Alaska Fishermans Alliance
Stikine Riv Seafood Mktg Assn.
Thomas Bay Power Authority
USDA Rural Development
Wells Fargo Alaska
University of Alaska - Land Management
University of Alaska Southeast
USDA Forest Service
US Environmental Protection Agency
United Way Southeast Alaska
Waste Management, Inc./Arrow Refuse
Waypoint Inn at Herring Bay
Wostmann & Associates, Inc
Whale Tail Pharmacy
Whitewater Engineering
Wood Products Development Service

Native Organizations and Tribal Governments

Cape Fox Corporation
Central Council of Tlingit-Haida Indian Tribes of Alaska
Craig Community Association
Ketchikan Indian Community
Kootsnoowoo Incorporated
Metlakatla Indian Community
Organized Village of Kake
Sealaska Corp
Shee Atika Incorporated

Economic Development Organizations

Anchorage Economic Dev. Corp.
Association of Yukon Communities
Juneau Economic Dev Council
Petersburg Economic Dev Council
Portland Canal Dev Council
Regional District of Kitimat-Stikine
Sitka Economic Dev Association
SW Alaska Municipal Conference

Chambers of Commerce

AK State Chamber of Commerce
Greater Ketchikan Chamber
Haines Chamber of Commerce
Juneau Chamber of Commerce
Petersburg Chamber of Commerce
Prince of Wales Is. Chamber
Skagway Chamber of Commerce
Wrangell Chamber of Commerce

3.0 Organization, Mission and Management of Central Council Tlingit and Haida Indian Tribes of Alaska

The Central Council of the Tlingit and Haida Indian Tribes of Alaska (CCTHITA) is a federally-recognized Tribe representing 25,896 Tlingits and Haidas worldwide. Our beginnings stem from the Jurisdictional Act of 1935 through which we sought recognition for the purpose of pursuing Tlingit and Haida land claims in federal court. Those efforts brought about a settlement and the Central Council tribal organization, which has been in existence for more than 35 years.

As a sovereign entity, the Central Council has an excellent history of political stability and self-governance, and a solid government-to-government relationship with the United States. Our extensive experience in the contract and grant arenas have led to well-developed administrative and program systems and structures. Today we offer a wide range of socioeconomic services to our constituents through more than 50 programs, which are supported by more than 200 grants and an annual budget of more than \$27 million. We employ between 200 and 250 regular and seasonal employees in our headquarters and field offices.

Its mission is to “preserve and enhance the economic and cultural resources of the Tlingit and Haida nations and to promote self-sufficiency and self-governance...” Within that, the Business and Economic Development Department develops and carries out projects and programs designed to promote business and economic development for our citizens and communities. Our Department works extensively with small Southeast villages.

We are guided by an eight-member Executive Council guides the CCTHITA. It consists of a President, six Vice Presidents and a student representative. Its members are community leaders who understand the challenges of rural economic development.

Central Council Tlingit and Haida Indian Tribes of Alaska Executive Council

Council Member	Position
Edward K. Thomas	President
William Martin	First Vice President
Dana Ruaro	Second Vice President
Richard Peterson	Third Vice President
Kenneth Leask	Fourth Vice President
Robert A. Sanderson, Jr.	Fifth Vice President
Jay Cabuag, Jr.	Sixth Vice President
Krista Lamp	Student Representative

Economic Development Staff

The Tribe’s economic development program operates under the administration of Ms. Corrine Garza, Chief of Business Operations, and has a full-time staff located in Juneau.

Gordon Jackson, Manager, Business and Economic Development
Arlene Dilts Jackson, Business Development, Project Coordinator
Marianne Jacobs, BEDD Secretary

Central Council Tlingit & Haida Indian Tribes of Alaska Service Communities – 2000 Census

Community	Adult Natives 18+	Community	Adult Natives 18+
Angoon	469	Craig	303
Haines	275	Hoonah	521
Hydaburg	325	Kake	474
Kasaan	15	Klawock	435
Klukwan	123	Petersburg	232
Saxman	285	Sitka	1,641
Skagway	26	Wrangell	358
Yakutat	320		

Source: US Census Bureau, 2000

4.0 Comprehensive Economic Development Strategy (CEDS) Review Process and Committee

The original Southeast Alaska Economic Development Strategy Oversight Committee (2001) was comprised of twenty-four members from throughout the region. Committee members included representatives of local governments, the region’s business and economic sectors, organized labor, education, the professions, community organizations and minorities. Each member brings a unique perspective and set of talents to this effort. This diversity and the collaborative nature of this undertaking give life to the planning process and broad acceptance to the resulting economic development strategy.

For the 5-year strategy review, the 2001 document was sent to more than 100 individuals across a wide, cross section of the region: past review team members, board members of Southeast Conference, Native tribes, utilities, mayors, businesses, Native corporations, members of Southeast Conference and other associations. They were invited to send comments directly to the Central Council or Southeast Conference or to attend a meeting on March 20, 2006. The document also was reviewed and discussed by the Economic Development Committee of Southeast Conference.

March Meeting Participants:

- Carol Rushmore, City of Wrangell and SEC Board of Directors
- Arlene Dilts Jackson, Business Development, Central Council of Tlingit and Haida Tribes of Alaska
- Rollo Pool, executive director of Southeast Conference
- Robert Venables, City and Borough of Haines and SEC Board of Directors
- Linda Snow, economist and and SEC Board of Directors
- John Pearson, representing the community of Hyder
- Paul Coffey, Craig, Natural Resources Conservation Service
- Walter Moa, Portland Canal Economic Development Association

5.0 Southeast Alaska Area Overview

5.1 Historical Perspective

Native Americans

The oldest archeological record of people in the region dates back roughly 9,000 years. At the time of the arrival of the first Europeans, most of Southeast Alaska was inhabited by the Tlingit and Haida Indians. The Tlingits were spread throughout the region, while the Haidas were concentrated on southern Prince of Wales Island and on Canada's Queen Charlotte Island. In the late 1800s, a group of Tsimshian Indians migrated from British Columbia to Annette Island where they established a religious community. The region's mild climate, abundant food and raw materials supported the development of highly organized and culturally advanced societies. Communities often enjoyed surplus foodstuffs and other materials that they could trade. Extensive trade routes were established throughout the region and beyond the Coastal Mountains. The hospitable climate also allowed time for the development rich artwork such as baskets, wood carvings, and ornate woven blankets.

Early Exploration: Russia, Europe

Exploration of Alaska was hastened by the demand for goods in Europe and the expanding fur trade. Russian sailors under the command of Alexei Chirikof first visited the area in 1741, making landfall and finding abundant populations of sea otters and fur seals. By 1799, the region's plentiful resources and opportunities for expansion led the Russian-American Company under Alexander Baranov to relocate its Alaska headquarters from Kodiak to Sitka, which was then named New Archangel. In a move to head off encroachment by the Hudson's Bay Company, which was competing for the fur trade, they later built Fort St. Dionysius at what is present day Wrangell. Sea otter pelts were the primary reason for the Russian presence in Southeast until their near extinction forced them to concentrate on mink and beaver. With Sitka as their headquarters, the Russians traded extensively with the region's Tlingit Indians. The Russians were interested in establishing more settlements in Alaska, but with the depletion of the sea otter population and wars on the home front draining the national treasury, they eventually lost interest and sold Alaska to the United States in 1867.

The Territory of Alaska

As a possession of the United States, Alaska was put under the jurisdiction of the War Department. In Southeast, military posts were maintained in Sitka, Wrangell and on Tongass Island. This military presence kept order until 1877 when jurisdiction over Alaska affairs was transferred to the Treasury Department and the authority of customs officers. With the discovery of gold and the rapid growth of the mining and commercial fishing industries, pressure for more responsive government was mounting. In 1884, a governor was appointed for Alaska and the first civil court system was established. Alaska still had no voting delegate to Congress. It was not until 1912, that demands for reform in mining and land laws and for a territorial government were answered. This same year saw the formation of the Alaska Native Brotherhood whose purpose was to win citizenship for Native Alaskans and assist in achieving their rightful place within society. In 1913, the first territorial legislature met in Alaska's capital, which had been moved from Sitka to Juneau in 1906.

History of Mining Industry

The discovery of gold on the Stikine River in 1861 started the influx of gold seekers to Southeast and the Wrangell area. Wrangell served as the main supply center and departure point for gold strikes on the Cassiar and the Klondike until the Chilkoot Trail was established. In 1870, gold was discovered in the vicinity of Sumdum and Windham Bay. Ten years later, Chief Cowee led Joe Juneau and Richard Harris to gold in Silver Bow Basin, in what is now Juneau. The 1880s witnessed a gold rush to the Juneau Gold Belt, bringing many new settlers to the area. By 1915, the Treadwell Complex on Douglas Island, which included the Treadwell, Ready Bullion, Mexican and 700 Foot mines, operated a total of 960 stamps. The 5,000 tons of ore crushed daily was a world record and as many as 2,000 workers were employed during the peak years. The Klondike Gold Rush of 1898 brought gold seekers to Haines and Skagway, which became the gateways to the gold fields in the Canadian Klondike and to Fairbanks and Nome. Haines saw its own gold rush in 1898 with the discovery of gold 34 miles to the north on Porcupine Creek. The Porcupine Mining District flourished, boasting Alaska's largest flume in 1907. Across the channel from Douglas, the Alaska-Juneau Mine became the largest bar-grade gold mine in the world, employing 1,000 workers in its prime. Between 1930 and 1944, more than \$57 million dollars worth of gold, silver and lead was extracted from the Alaska-Juneau Mine. For a short time, Chinese workers provided cheap labor in the mills during the summer when white miners prospected for their own gold and local Natives moved to their fish camps. Hydroelectric power was crucial to increasing the capacity of the mines and mills. In addition to gold, Prince of Wales Island experienced a surge of marble mining in earlier times. Southeast Alaska residents used local resources to assist in war efforts by making bandages out of sphagnum moss, using glacier ice to save ammonia for war purposes and cutting spruce lumber to use in building warplanes. By 1944, high operating costs and labor shortages brought on by World War II forced the closure of the last of the giant mines.

History of Seafood / Fishing Industry

Thriving on the five species of salmon found in the region, a salmon saltery was started and the Klawock Cannery began operating on Klawock Island in 1878. More than 1,829 workers were employed in the region's salmon canning businesses by 1897. By 1900, the region was providing one-third of Alaska's processed salmon. In response to concerns about fishery sustainability, a hatchery was established at Heckman Lake, north of Ketchikan, in 1901. Operating until 1928, it was the largest hatchery in the world, with a 110-million egg capacity. New communities were established at the sites of the highly successful fish canneries. In time the fish processing industry became more sophisticated, eliminating the need for much of the hand labor associated with butchering, cleaning, trimming and packing fish. Salmon volumes reached a peak in 1936 and the industry began its decline with World War II. As a result of the outlawing of certain fishing practices when Alaska became a state in 1959, many canneries closed, while the fishery boats continued to thrive. During the 1970s-1980s the commercial salmon fisheries in Southeast came under a limited entry system, capping the number of commercial permits and establishing rules for their allocation.

History of Timber Industry

Southeast Natives relied on timber resources for shelter, heat and cultural expression. The Russians harvested timber for shipbuilding. By the 1900s, commercial timber harvests were underway with sawmills in Juneau, Sitka, Wrangell and Ketchikan and these served local needs for building materials and supplied the surrounding mines. The Tongass National Forest, encompassing more about 75 percent of the land in Southeast, was designated in 1907. After World War II, the national government sought ways to create new employment around the country. At this same time, Japan had a high demand for timber for its rebuilding efforts. The

U.S. government used this opportunity to support growth of the timber industry in southeast Alaska. The Ketchikan Pulp Company mill opened in 1954, followed by the Alaska Lumber and Pulp Company mill in Sitka. With statehood in 1959, the government channeled financial resources into the economy and the timber industry continued to grow. With the security of 50-year contracts with the federal government, which provided a steady supply of timber from federal lands, timber harvests increased significantly for many years. (Both pulp mills closed in the 1990s.)

History of Tourism Industry

The writings of naturalist John Muir lured early visitors to Southeast, traveling by steamship in the late 1800s to experience the scenery and wildlife of the Inside Passage. The Pacific Coast Steamship Company began carrying passengers to Glacier Bay in 1884, bringing over 1,600 visitors and making visits to Cape Fox, Kasaan, Wrangell, Sitka, Juneau and the Chilkat River. By 1890, they were operating four ships and carrying 5,000 visitors. The Native people and their cultures were an important attraction in the region. In the early 1900s, brown bear hunting gained popularity among tourists. Air passenger service began in 1940 and by 1960, 85,000 tourists were visiting the region. The Alaska Marine Highway System (AMHS) began its ferry service in 1963 and by 1970, visitor volume had grown to nearly 150,000. Around this time, demand outgrew the capacity of the AMHS and smaller cruiseships and international cruise companies began offering tours. Close to one million people now visit Southeast Alaska each year by cruiseship. Many others arrive by Alaska ferries, jets and private boats.

5.2 Physical Geography

Topography

Southeast Alaska is a more than 500-mile-long band of mainland and islands on the western edge of the North American continent. Nestled between the rugged Coast Mountains and rocky beaches, Canada lies to the east, the waters of the Pacific Ocean to the west. The region's southern boundary runs down the Portland Canal and westward across Dixon Entrance. At the northern end are Mount St. Elias and the waters of Icy Bay. Deep channels, straits, sounds, fjords and narrows separate the main islands of the Alexander Archipelago. These sheltered waterways are the region's highways; know throughout the world as the "Inside Passage."

Southeast Alaska is large, encompassing about 29,000 square miles of land. The region is distinguished from other regions of the state by the dominant maritime rainforest, dramatic vistas of steep mountains rising from the sea and an abundance of tidewater glaciers. The coastal mountains range from 1,500 to 18,000 feet in height. Within a few miles of the coast, particularly in the region's northern part, most are covered with ice and snow. The archipelago measures 120 miles east to west at its widest point and has over 11,000 miles of coastline. Tidal waters ebb and flow among a labyrinth of more than a thousand islands, many of them small and uninhabited. But one island, Prince of Wales, is the third largest in the United States. Only Kodiak and Hawaii are larger. Treeline elevations vary, but generally fall at about 3,000 feet in southern Southeast and 1,800 feet in the region's northern extreme.

Climate

Climate is a major factor affecting life everywhere, and the temperatures, daylight and precipitation of this part of Alaska are no exception. Southeast falls within a maritime climatic zone. The presence of the Aleutian Low and the jet stream, which passes over the

Gulf of Alaska, brings winds in a perpendicular motion to the region, the mountainous terrain forcing them to shed their moisture before flowing into Canada. The Alaska Current, an eddy off the warm Kuroshio Drift, brings warm water to Southeast, with winter sea temperatures rarely dropping below 42° F. The region also has extreme tidal action with tides rising or falling as much as 25 feet every six and a half hours, creating strong tidal currents in some areas. There are annual variations in weather but they are minimal compared to northern Alaska. Cool summers and mild winters are characteristic of the region, with clouds filtering the sun 85% of the year. Winter weather varies year to year, with one winter bringing lots of snow and an extended period of -10° F temperatures, while the next year there may only be rain with temperatures rarely dropping below 20° F. Summer temperatures average 55° F. The region covers latitudes 55-60°N, experiencing about six hours of daylight in the heart of winter and six hours of darkness at the height of summer. Seasonality is a major element of life throughout the region, determining what is available for subsistence, the length of a working day, the type of employment available, and the ability of people to travel for business or pleasure. Summers are usually filled with intense outdoor activity, while winters are a time for gathering with family and friends and the enjoyment of social and cultural activities.

Geology

Southeast is geologically complex, with a long and recurrent history of glacial activity through warming and cooling trends and volcanic activity. Much of the region is the result of Pleistocene glaciation with its irregular coastline, narrow fjords and bays, and marine terraces. During a period of maximum glaciation some 40,000 years ago, sea levels were lowered and the Bering Sea between Alaska and Siberia became a land bridge over which both man and beast could cross. When a warming trend occurred approximately 6,000 to 7,000 years ago, glaciers retreated, sea levels rose and many valleys were flooded. This activity is visible today by looking at the forested ledges that occur at elevations of about 450 feet, revealing the location of marine terraces and beach deposits. During the Little Ice Age, glaciers in the Juneau area had advanced to their maximum extent around the time that European explorers arrived in 1750. Although most of the glaciers of the region are still retreating, some like the Taku Glacier near Juneau are advancing. Glaciers, icefields and granite peaks are common to much of the region. The Juneau Icefield feeds 35 glaciers. Recently deglaciated coastal areas of the region are experiencing glacial rebound or uplifting of the land resulting from the melting of heavy ice that had previously caused the underlying rock to deform plastically. Uplift in the region is greatest around Glacier Bay, with land in Gustavus rising 1.4 inches per year, while the rate of rebound around Petersburg and Sitka is .12 inches per year. There has been volcanic activity, including the eruption of Mt. Edgecumbe in Sitka 9,000 years ago, and hot springs dapple the region. Southeast is highly mineralized and has seen a variety of mining activity that has fluctuated depending upon demand, profitability and environmental concerns. Gold, silver, copper, platinum, molybdenum, marble, limestone, lead, zinc and nickel are all present.

Water

Alaska contains more than 40 percent of the nation's surface water resources. The highest runoff rates are mainly in Southeast and other areas influenced by the maritime climate effects of the north Pacific Ocean and the Gulf of Alaska. Generally, the region experiences two high runoff periods: a spring snow melt period and a fall rainfall period. Alaska's vast size

and small population do not support a comprehensive evaluation of its surface or ground water resources. In many areas little is known about seasonal and long-term changes in ground water storage. In those areas of Southeast where monitoring took place, water levels were generally within historical norms. While most of Alaska's ground water resources have been unaffected by humans, its quality has been degraded in some urban areas and outlying villages. Most contamination is caused by petroleum products, primarily from leaky fuel storage tanks. Southeast's abundant rainfall and the melting snow and ice from the higher mountain elevations, feed over 40,000 miles of rivers and streams. Many of the region's major rivers, including the Alsek near Yakutat, the Chilkat near Haines, the Stikine and Unuk near Wrangell, and the Taku and Whiting rivers near Juneau originate in Canada. Of these, only the Stikine River is considered navigable by commercial vessels. The region also boasts over 20,000 lakes and ponds, which total approximately 260,000 acres.

Ecosystems

The ecoregions of Southeast include Pacific coastal mountains and forests of western hemlock, yellow and red cedar and Sitka spruce. Jagged peaks, icefields, glaciers, forests, muskegs, rocky and sandy beaches, tidal flats and various water bodies form the natural landscapes. The region's various ecosystems are home to over 300 species of mammals, birds, amphibians and reptiles. Many species that are threatened or endangered elsewhere, are abundant in the region. Southeast is somewhat unique for the presence of 18 species of marine mammals, 37 freshwater or anadromous fish, and 36 species of marine invertebrates.

Land Area

Alaska's land area constitutes 16.1 percent of the United States total. Southeast Alaska, with 21 million acres of land and water, is half the size of California. Considering only its land area of 29,000 square miles, Southeast is slightly larger than the state of Maine and 14 times the size of the smallest state, Rhode Island. Approximately 40 percent of the region's land area is made up of islands of various sizes. Prince of Wales Island is nearly twice the size of Rhode Island and five other islands have areas greater than 1,000 square miles each. Distances between communities are great and travel throughout most of the region is by way of air or sea, with no roads connecting major towns and cities. In Southeast, only Hyder, Haines and Skagway are connected by highway to the rest of the state or to the U.S. mainland.

Land Ownership

Land ownership in Southeast can be categorized as 95 percent federal (80 percent Tongass National Forest, 15 percent Glacier Bay National Park and Preserve), 2.4 percent Native corporations, 0.9 percent state, and .05 percent other private, which includes municipal land holdings. The high percentage of federal land in Southeast illustrates the fact that Alaska has more public land designations than any other state. The Tongass National Forest, made up of 16.9 million acres, is the nation's largest national forest and contains 14 percent of the world's temperate rain forest biome. Aboriginal claims to much of the state were settled with the passage of the Alaska Native Claims Settlement Act (ANCSA) in 1971. Statewide, ANCSA divided about 44 million acres and \$1 billion between regional, urban and village Native corporations. Sealaska Corporation, with over 16,000 shareholders, is the regional Native corporation for Southeast and the largest private landowner in the region. There is only one federally-recognized Indian Reservation in Alaska, the Annette Island Reserve. Located in Southeast and home to the Tsimshian community of Metlakatla, its members did not participate in the Native claims settlement.

5.3 Population and Labor Force

Population Density

Population density in Southeast is about 1.9 persons per square mile. Federal, state and Native land ownership and use and accessibility of land can, however, make this number misleading. The Department of Labor writes that due to the high percentage of the State's population living in urban areas, a more accurate figure of settlement densities would be 100 persons per square mile based on usable land. By comparison, the U.S. has an average population density of 70 persons per square mile. About 11 percent of Alaska's populace resides in Southeast, with 44 percent of this region's population living in the capital city of Juneau.

Population – Southeast Alaska Census Districts

	2005	2004	2000	1990	Change 2000- 2005	Change 1990- 2000
Southeast Region Total	70,822	70,955	73,082	68,989	-2,260	4,093
Haines Borough	2,207	2,245	2,392	2,117	-185	275
Juneau City and Borough	31,193	31,142	30,711	26,751	482	3,960
Ketchikan Gateway Borough	13,125	13,093	14,059	13,828	-934	231
Prince of Wales-Outer Ketchikan	5,497	5,573	6,157	6,278	-660	-121
Sitka City and Borough	8,947	8,832	8,835	8,588	112	247
Skagway-Hoonah-Angoon	3,062	3,120	3,436	3,680	-374	-244
Wrangell-Petersburg	6,172	6,274	6,684	7,042	-512	-358
Yakutat City and Borough	619	676	808	705	-189	103

Data: US Census Bureau, Alaska
Department & Workforce Dev.

Population Changes

The population in Southeast increased from 7,748 in 1880 to 25,241 in 1940, achieving growth of 157 percent during the first half of this century. Until the end of World War II, the region's Natives were the majority population. Growth continued in Southeast from 53,794 in 1980 to 68,989 in 1990 and to an estimated 73,302 in 1999. While these numbers indicate sustained growth in the region's population it is important to note the changes between the decades of the 1980s and the 1990s. From July 1980 to July 1990, Southeast's population statistics reflect a net migration to the region of 5,469 and a 2.5 percent average annual rate of change. The overall population change of 15,195 was comprised of 12,753 births, 3,054 deaths, and an in-migration of 5,496. While from July 1991 to July 1999 the region's population statistics reflect an overall population gain of 2,225, it is important to note that in six of those eight years the region saw significant out-migration. Out-migration continues to the present, as Southeast Alaska's overall population declined by about 3,000

persons from 2000-2005. (At the same time, the Mat-Su and Anchorage boroughs increased by a more than 27,000 persons.)

Population Change in Southeast Alaska

	Estimate 2004	Estimate 2003	Census 2000	Change 03-04	Change 00-04	Avg Annual Change 03-04	Avg Annual Change 00-04
Population Gain							
Kupreanof city (WRG-PSG)	38	30	23	8	15	26.7%	11.6%
Whale Pass CDP (POW-OK)	81	67	58	14	23	20.9%	7.8%
Gustavus city (SKG-HNH)	473	438	429	35	44	8.0%	2.3%
Coffman Cove city (POW-OK)	177	164	199	13	-22	7.9%	-2.8%
Hyder CDP (POW-OK)	83	77	97	6	-14	7.8%	-3.7%
Kasaan city (POW-OK)	60	57	39	3	21	5.3%	10.0%
Population Loss							
Whitestone Logging Camp CDP (SKG-HNH)	0	60	116	-60	-116	-100.0%	-47.1%
Game Creek CDP (SKG-HNH)	26	36	35	-10	-9	-27.8%	-6.9%
Point Baker CDP (POW-OK)	24	33	35	-9	-11	-27.3%	-8.8%
Excursion Inlet CDP (Haines)	9	12	10	-3	-1	-25.0%	-2.5%
Meyers Chuck CDP (POW-OK)	14	18	21	-4	-7	-22.2%	-9.4%
Elfin Cove CDP (SKG-HNH)	26	32	32	-6	-6	-18.8%	-4.9%
Port Protection CDP (POW-OK)	47	57	63	-10	-16	-17.5%	-6.8%
Thoms Place CDP (WRG-PSG)	10	12	22	-2	-12	-16.7%	-17.6%
Haines CDP (townsite)	1,562	1,704	1,811	-142	-249	-8.3%	-3.5%
Saxman city (Ketchikan)	391	424	431	-33	-40	-7.8%	-2.3%
Hollis CDP (POW-OK)	165	175	139	-10	26	-5.7%	-4.0%
Hydaburg city (POW-OK)	349	369	382	-20	-33	-5.4%	-2.1%
Angoon city (SKG-HNH)	481	507	572	-26	-91	-5.1%	-4.1%

Source: Alaska Department of Labor and Workforce Development.

Notes: Borough or Census Area (CA) abbreviations appear after the community name. POW-OK = Prince of Wales-Outer Ketchikan CA, SKG-HNH = Skagway-Hoonah-Angoon CA, and WRG-PSG = Wrangell-Petersburg CA.

CDP = Census Designated Place.

Two communities (both logging camps) have become completely depopulated recently - Cube Cove in 2002 and Whitestone Logging Camp in 2003.

Median Age

The median age of residents in Southeast was estimated at 38.8 years in 2005, up from 36.2 years in 1999 and 31.2 years in 1990. This change correlates with a statewide trend of an aging population attributed to such factors as out-migration of young adults associated with the military and with education and career opportunities. Population loss factors have included the closure of logging and timber processing operations and declines in employment in the fishing and mining industries. With the median age of Alaskans at 33.4 years, some of Southeast's boroughs and census areas have Alaska's oldest populations: Haines Borough (45.1 years), Skagway-Hoonah-Angoon Census Area (42.1 years), Wrangell-Petersburg Census Area (40.5 years), Ketchikan Gateway Borough (39.2 years), Juneau Borough (37.9 years), Sitka Borough (37.9 years) and Prince of Wales-Outer Ketchikan (38.9 years). With nine percent of the region's total population aged 65 and older, Southeast Alaska has the state's highest proportion of elders.

Government

The Alaska Constitution establishes a policy of maximum self-government for the people. This policy is implemented through the establishment of city and borough governments to provide for essential public services. Much of Alaska has not been organized into political subdivisions. This unorganized area, which includes some parts of Southeast, is called the “unorganized borough.” The Alaska State Legislature is the governing body for the Unorganized Borough. Communities in Southeast are administered by a variety of local government forms. Juneau and Sitka are Unified Home Rule Municipalities, a form much like the combination of a county and a city. Both encompass large areas. Juneau covers 3,080 square miles and Sitka, at 4,849 square miles, is the largest city by land area in the U.S. By contrast, the City of Ketchikan is physically within the Ketchikan Gateway Borough, but city and borough governments are separate, not unlike cities within counties in the Lower 48. Additionally, there are small unincorporated communities like Elfin Cove, Gustavus and Hyder, which lie within the Unorganized Borough. Like the State of Alaska, Tribal governments and Tribal governing bodies play an important role in the economy of Southeast Alaska. In addition to the 17 state-recognized local governments, there are 19 federally-recognized Tribes in Southeast. These Tribes are empowered to carry out governmental functions on behalf of their members, and they maintain a government-to-government relationship with the federal government.

Ethnicity

Alaska’s communities are sometimes described as Native or non-Native, although this often does not accurately reflect the racial composition of the community, borough and census areas. Tlingit, Haida and Tsimshian are the Native American groups most heavily represented in Southeast and make up nearly 20 percent of the region’s population. In ten of the region’s communities and one of its boroughs, Natives are the dominant population.

Southeast Alaska By Race - 2002		
Total	71,972	100.0%
White	51,644	71.8%
Native American	12,617	17.5%
African American	416	0.6%
Asian and Pacific Islander	2,854	4.0%
Two of More Races	4,441	6.2%
Hispanic 1/	2,106	2.9%

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section, 2002 Estimates
 1/ Total of all races adds to more than 100% because persons of Hispanic origin may be of any race.

Labor Force

There is a wide disparity of unemployment rates in Southeast Alaska communities – with rates ranging from 4.9% in Juneau to over 13 percent in Metlakatla. There also is a high seasonality of job with tourism and fishing/seafood processing jobs higher in summer months. From January to July 2006, seafood processing jobs jumped from 450 to 3,550 and leisure and hospitality jobs increased from 2,550 to 5,550. Future job growth is expected to be less than 1 percent. There is high unemployment in the region, similar to other rural areas across the United States. According to an economist with the Alaska Department of Labor and Workforce Development (AKDOL), the number of employable adults in Alaska is declining and job openings are receiving fewer job applications. Average annual unemployment rates disguise the seasonal nature of jobs in the region.

Industry Employment Estimates 2006 – SE Alaska		
(January and June Comparisons)		
Industry	Jan 2006	Jul 2006
	revised	preliminary
Total Nonfarm	31,850	42,550
Goods Producing	2,450	6,500
Services Providing	29,400	36,050
Natural Resources & Mining	450	750
Construction	1,200	1,800
Manufacturing	800	3,950
Seafood Processing	450	3,550
Trade/Transportation/Utilities	6,000	9,650
Retail Trade	4,100	5,550
Information	550	600
Financial Activities	1,200	1,350
Professional & Business Svcs	1,100	1,550
Educational & Health Services	3,600	3,600
Health Care	2,200	2,300
Leisure & Hospitality	2,550	5,150
Other Services	1,150	1,250
Government	13,250	12,900
Federal Government	1,750	2,200
State Government	5,400	5,400
Local Government	6,100	5,300
Tribal Government ¹	750	850

- Source: Alaska Dept of Labor and Workforce Dev, Research & Analysis Sec.

- Benchmark date: March 2005.

- Nonfarm Wage & Salary excludes self-employed workers, fishers, domestics, and unpaid family workers.

- Government includes employees of public schools and the Univ of Alaska

- Beginning January 2001, wage and salary employment estimates were published under a new classification system. The Standard Industrial Classification system (SIC) has been replaced by the North American Industry Classification System (NAICS). Data prior to 2001 are comparable only at the Total Nonfarm and Government levels.

Economic Data by Community

(US Census)

Community	Population	Alaskan Native %	Unemployment	Per Capita Income	Poverty
Juneau	30,711	11.4%	4.9%	\$26,719	6.0%
Ketchikan	14,070	15%	9.6%	\$23,994	6.5%
Sitka	8,835	24.7%	5.7%	\$23,622	7.8%
Petersburg	3,224	7.2%	7.3%	\$25,827	5.0%
Haines	2,392	11.5%	11.9%	\$22,090	10.7%
Wrangell	2,308	15.5%	5.8%	\$21,851	9.0%
Craig	1,397	21.7%	6.9%	\$20,176	9.8%
Metlakatla	1,375	81.8%	13.4%	\$16,140	8.0%
Skagway	862	3.0%	11.1%	\$27,700	3.7%
Hoonah	860	60.6%	12.5%	\$16,097	16.6%
Klawock	854	50.9%	11.2%	\$14,621	14.3%
Yakutat	808	39.6%	11.2%	\$22,579	13.5%
Kake	710	66.8%	16.7%	\$17,411	14.6%
Angoon	572	82%	7.4%	\$11,357	27.9%
Thorne Bay	557	2.9%	10.1%	\$20,836	7.8%
Gustavus	429	4.2%	8.9%	\$21,089	14.6%
Hydaburg	382	85.1%	15.4%	\$11,401	24.1%

All data is from the Census 2000 as compiled in the community profiles database of the Alaska Department of Commerce and Economic Development. Where available, unemployment has been updated with April 2002 figures from the Alaska Department of Labor.

There are some issues that should be considered when viewing employment statistics. Labor force data does not give a complete picture of the seasonal fluctuations that are so common throughout the region, especially in sectors such as fishing and tourism. The Alaska Department of Labor and Workforce Development (AKDOL) does not have employment data for tourism and fishing, with the exception of the seafood processing sector. Fishing is not included since workers are self-employed, and therefore not covered by the unemployment insurance report. In addition, tourism covers such a wide spectrum of industries that it is not possible to aggregate the information into the classification system that AKDOL uses. Another aspect not covered in available data is people classified as unemployed who are actually employed with non-traceable income. In rural Alaska, where there is often a scarcity of job opportunities, discouraged workers who have not sought employment in the past six weeks, are not included in labor force statistics.

Income

Recently released figures from the Bureau of Economic Analysis show a 2003 Alaska statewide per capita income (PCI) of \$33,015. This reflects a 18 percent increase over 1998's figure of \$27,904. In 1999, the national average PCI was \$28,542. Actual payroll earnings in Southeast have declined during the decade. This is particularly true if one considers that personal income was augmented by government funds in the form of transfer payments such as welfare and unemployment insurance and by Permanent Fund dividends.

Per Capita Income By Borough / Census Area				
	2003	1998	1996	1992
Alaska Statewide 1/	33,015	27,904	26,057	23,913
Anchorage	37,750	32,659	30,295	27,545
Ketchikan Gateway Borough	38,343	31,803	30,905	28,351
Haines Borough	35,542	30,059	28,878	25,955
Juneau Borough	36,668	33,516	31,747	28,971
Sitka Borough	31,467	28,840	26,620	23,679
Yakutat Borough 2/	31,352	27,352	23,352	22,289
Wrangell - Petersburg C.A.	31,861	25,983	24,319	24,853
Skagway/Hoonah/Angoon C.A. 2/	34,508	24,086	22,644	22,289
P.O.W.- Outer Ketchikan C.A.	21,492	18,278	17,239	17,625

Source: U.S. Department of Commerce, Bureau of Economic Analysis

1/ Total personal income is the sum of net earnings (primarily wage and salary payments), rental income, dividend and interest payments.

2/ In 1992, data for Yakutat is included in the Skagway/Hoonah/Angoon Census Area.

While the average income in Southeast Alaska is slightly above the national average, 88 percent of the area's Native population meets the federal guidelines for low income. Of that group, 55 percent survive at the poverty level as defined by the U.S. Department of Health and Human Services.

Income Status of Southeast Rural Native Households										
	Angoon	Craig	Hoonah	Hydaburg	Kake	Kasaan	Klawock	Klukwan	Yakutat	Community Average
Percent of Households Below USHHS Poverty Level	77.5%	43.1%	50.0%	62.6%	69.3%	20.0%	55.7%	56.0%	42.0%	54%
Percent Unemployed	53.8%	37.2%	8.4%	14.4%	29.4%	60.0%	45.6%	46.7%	19.7%	39%
Annual Average Household Income	13,949	26,622	23,247	21,947	23,773	32,500	19,442	20,013	29,988	26,435

Rural includes all of the region's rural communities with population composed of 50 percent or more Alaska Natives.

Source: CCHITA, Native Census Count, 1999

Gender

Gender ratios in the region are identical to those for the state, with the total population divided between 48.3 percent women and 51.7 percent men (2000 Census). In Southeast Alaska, the ratio is 49 percent women, 51 percent men (2005 estimate). In 1997, 47 percent of the workers in Alaska were females, but their total earnings were only 65 percent of what was earned by males. In Southeast, Juneau has one of the highest female-to-male earnings ratios in the state, largely attributed to employment opportunities for women in government jobs. Females in Juneau earned 77.2 percent as much as males, while comprising 50 percent of the workforce.

Southeast Alaska – Population by Age and Median Age

Age	July 1, 2005			April 1, 2000		
	Total	Male	Female	Total	Male	Female
0-4	4,497	2,267	2,230	4,775	2,474	2,301
5-9	4,558	2,348	2,210	5,676	2,892	2,784
10-14	5,240	2,724	2,516	6,232	3,145	3,087
15-19	5,636	2,808	2,828	5,548	2,932	2,616
20-24	3,830	1,890	1,940	3,812	1,948	1,864
25-29	3,701	1,870	1,831	4,220	2,091	2,129
30-34	4,196	2,134	2,062	5,248	2,697	2,551
35-39	4,978	2,521	2,457	6,380	3,252	3,128
40-44	6,095	3,096	2,999	7,103	3,602	3,501
45-49	6,736	3,417	3,319	6,932	3,619	3,313
50-54	6,544	3,400	3,144	5,705	3,045	2,660
55-59	5,216	2,807	2,409	3,711	1,982	1,729
60-64	3,353	1,768	1,585	2,490	1,380	1,110
65-69	2,229	1,217	1,012	1,675	878	797
70-74	1,381	683	698	1,419	707	712
75-79	1,156	555	601	1,054	460	594
80-84	796	335	461	610	249	361
85-90	436	161	275	324	118	206
90+	244	91	153	168	57	111
Group						
16+	55,284	28,127	27,157	55,134	28,349	26,785
18+	52,896	26,960	25,936	52,654	27,073	25,581
65+	6,242	3,042	3,200	5,250	2,469	2,781
Median Age	38.77	38.98	38.56	35.81	35.90	35.71
Total	70,822	36,092	34,730	73,082	37,528	35,554

Alaska Department of Labor and Workforce Development, Research & Analysis, Demographics Unit.

Educational Attainment

As of 1990, more than 75 percent of the region's population age 25 and over had graduated from high school. Over 20 percent of each borough/census area's population had attended college without receiving a degree and, with the exception of Prince of Wales-Outer Ketchikan, over ten percent had received a bachelor degree. Juneau shows the highest percentage of its population with a college education; 19 percent having obtained a bachelor degree and 11.7 percent having completed a graduate or professional degree. Sitka had the second highest percent of bachelor degree holders at 14.9 while Wrangell-Petersburg recorded the second highest rate of graduate or professional degree holders at 8 percent. By comparison, Prince of Wales-Outer Ketchikan showed the lowest percent of its population with some college or degrees of higher education, 21.1 percent and 11.4 percent respectively. In each borough/census area, the majority of the Native population over the age of 25 had completed high school.

Borough / Census Area	Persons age 25 and over	9th-12th grade w/o diploma (%)	High School graduates (%)	Some college w/o degree (%)	Associate Degree (%)	Bachelor Degree (%)	Graduate/ Professional Degree (%)	<i>High School Grad. or higher (%)</i>	<i>Bachelor Degree or higher (%)</i>
Haines	1,393	15.0	27.0	27.7	6.2	13.6	4.2	78.5	17.6
Juneau	16,769	6.8	24.7	28.0	6.6	19.0	11.7	89.9	30.7
Ketchikan Gateway	8,551	11.1	30.9	27.1	7.0	13.7	6.6	85.4	20.2
P.O.W.-Outer Ketchikan	3,726	18.9	40.8	21.1	4.1	7.6	3.7	77.5	11.4
Sitka	5,225	8.9	30.7	28.6	6.2	14.9	6.4	87.0	21.4
Skagway-Yakutat- Angoon	2,655	14.3	36.1	22.0	5.4	10.9	4.8	79.3	15.8
Wrangell-Petersburg	4,359	14.4	34.7	21.9	4.6	11.8	8.0	81.0	19.8

Source: U.S. Census Bureau, 1990

Southeast Alaska Adult Native Educational Achievement						
Less than 8 th	8 th grade	9 th -12 th grade	HS graduate	Attended college	Graduated college	Total
706	597	781	3,723	1,557	884	8,248

Source: CCTHITA, Native Count Census, 1999.

5.4 Infrastructure

Transportation Services

Isolation, due to distances and an absence of roads connecting most communities, is a salient feature of the region. Water and air transportation are vital to the lives of most residents and to commerce between communities in and beyond the region. Only Haines and Skagway are directly connected to the highway system in the northern part of the region, while Hyder has a road connection to Canada in the southern portion. Never-the-less, those communities also rely heavily on air and water transportation.

The Alaska Marine Highway System (AMHS), serves twenty-one Southeast communities with connections to Prince Rupert, British Columbia in Canada, and Bellingham, Washington. Seven AMHS vessels serve the region including mainline ports of Ketchikan, Wrangell, Petersburg, Sitka, Juneau, Haines and Skagway. Secondary feeder routes connect the communities of Kake, Angoon, Tenakee Springs, Hoonah, Pelican, Metlakatla and Hollis with mainline service. This state-owned and operated ferry service provides year-round service with two seasons, May-September and October-April. There are a few privately-owned ferries offering limited local service in the region. Most of these are heavily dependent on visitor traffic for economic viability. An Inter-island Ferry Authority has been formed by Wrangell, Petersburg, and the communities on Prince of Wales Island. It has two vessels and links Hollis with Ketchikan and Coffman Cove with Wrangell-Petersburg.

The ability to maintain, repair and refurbish the region's marine transportation assets is assuming increased importance. The Ketchikan Shipyard, owned by the Alaska Industrial Development and Export Authority and operated under contract by Alaska Ship and Drydock, Inc., is capable of providing the full range of services required to maintain and repair the existing Alaska Marine Highway System fleet. As the number of marine transportation vessels in the region grows, with implementation of the Southeast Alaska Transportation Plan and start-up of the Inter-Island Ferry Authority, operation of the shipyard can insure the availability of timely ship maintenance capability. The presence of such a facility in the region can lower the operating costs of marine assets, reduce the loss of revenue-generating sea days required for travel to distant support facilities, and attract increased home porting of marine vessels operating in Alaska.

Cruise ship passenger arrivals to the region have nearly doubled since 1992, increasing from 265,000 to 516,000 in 1997. The volume surpassed 920,000 in 2005. Cruise ships are also growing in size, providing greater capacity per vessel. As a result, the economy of the region is becoming increasingly tied to the cruise industry. Residents of some impacted communities are divided over promoting or curtailing growth in cruise ship tourism. While some communities remain largely untouched by the cruise industry, others aspire to attract cruise ships to their shores.

There are 500 miles of state-owned arterial roadways in Southeast. The regional road system is limited due to the geography of the region with its steep coastlines, mountainous terrain and numerous islands. In its physical character the region is similar to Norway, a country with many roads and tunnels through similar topography. However, Southeast has large tracts of federal lands which are undeveloped, and the character of these natural environments has caught the attention of people wanting to preserve natural ecosystems. The United States Forest Service (USFS) has developed a substantial network of access roadways throughout the Tongass National Forest totaling 3,500 single-lane miles. These roads have been constructed by logging companies to meet USFS design standards and are classified as temporary haul roads or forest development roads.

There is one narrow gauge railroad in Southeast, which once linked Skagway to Whitehorse in Canada and brought ore from Canadian mines to tidewater at Skagway. Originally a 110-mile line, only 28 miles are now in daily usage, providing summer tourist excursions between Skagway and Fraser with motorcoach service beyond to Whitehorse.

The primary mode of transportation for people to, from and within Southeast is by air, accounting for more than 80 percent of the passenger traffic. Juneau is the region's hub for air travel. Smaller communities rely heavily on the use of small wheel and float planes for emergencies and general travel. There are several float plane bases throughout the region. Jet travel is also common to and from the larger communities. Seven of the state's 36 regional airports are located in Southeast: Juneau, Ketchikan, Klawock, Petersburg, Sitka, Wrangell and Yakutat. Weather and daylight have a significant impact on mobility by air within the region.

The movement of freight and goods in southeast Alaska is done mostly by barge, accounting for 94 percent of all freight and goods tonnage movement from outside the region. Ferries accounted for four percent, and air service two percent. Barges have the greatest capacity and offer more frequent service than the ferry. Communities receiving direct air cargo service include Juneau, Ketchikan, Sitka, Petersburg, Wrangell, Yakutat and, in the summer months, Gustavus. Communities without jet service have their cargo distributed via commuter or non-jet aircraft. Airmail service is provided by Evergreen Air interstate, and by Alaska Airlines within the region.

Southeast's physical isolation and the high costs of transportation to and within the region have long been issues of political and economic concern. Maintaining the capital in Juneau and providing the infrastructure necessary for economic and community development require the identification and full assessment of additional transportation corridors in the region. Among those with potential for linking Southeast to the mainland highway system are the Juneau Access, Portland Canal and Bradfield Peninsula projects. As a means of improving transportation within the region through more frequent ferry service, new routes and the construction of new roads, the Alaska Department of Transportation and Public Facilities has adopted a Southeast Alaska Transportation Plan. Implementation of this plan, created through a public participation process, is endorsed by Southeast Conference.

For Tribal governments, federal funding for transportation development is available to the region through a Federal Lands Program known as the Indian Reservation Roads (IRR) Program. These funds are co-administered by the Federal Highway Administration (FHA) and the Bureau of Indian Affairs (BIA). The regional office of the BIA, in Juneau, serves a total of 227 Tribes throughout the state. BIA is currently updating their regional transportation plan and expects to have it available for public comment by the end of the year.

Water

The region's maritime climate all but assures an abundant water resource, although during a summer dry spell, local droughts are not uncommon. Comprehensive information about the ground and surface water resource and its use patterns is not available. Some general statements can, however, be made based on USGS water use estimates from 1995. They showed an average use of 172 gallons per day per person from public supply, while the national average was 184 gallons. Industry is the largest user of fresh water in Alaska, with about 38 percent of all off-stream withdrawals. In 1995, water used in-stream for hydroelectric power generation was nine times more than that used off-stream by man. In the last decade, Southeast's commercial and industrial water use has decreased due to the closure

of timber processing facilities and changes in the fish processing industry. In recent years, a number of entrepreneurs have entered the bottled water market, tapping natural water sources, and sometimes municipal water systems, for their supply. This product is distributed both within the region as well as to outside markets. Sources of water for personal use vary between households and communities and include centralized public water supply systems, wells, springs and rainwater collection systems. There are many community concerns regarding water supplies. They include mandates to comply with state and federal safe water regulations, improved purification in water treatment plants, clean up of local contamination, new water tanks for water storage, gravity fed water as opposed to pumping, increased hold time for chlorination, and expanded water service to new customers.

Communications

Telephone service is available throughout Southeast but some communities have extremely outdated equipment, limiting the efficiency of transmitting information. In addition, specific locations lack regular telephone service. Teleconferencing is an important means of communication within the region due to the high costs and the time required for travel. Internet service is an especially valuable tool for schools, businesses and homes in rural communities. While local internet service is available in many communities, it is a problem for most of the region's rural communities. It often takes hours of dialing to get online due to the limited number of access lines on the server. Although internet service is most often made available by a telephone company, it often comes about through the collaborative efforts of volunteers, school districts, phone companies and charitable foundations or other funding entities. Improved telecommunications will also allow Alaska's rural health care providers to offer more cost-effective health care services. Telecommunications has pushed to the forefront the required infrastructure including, subsidized high bandwidth data lines, to allow affordable telemedicine. The Alaska Federal Health Care Access Network, a statewide consortium of public agencies and contractors, is collaborating to select and install telemedicine equipment in regional hospitals and remote facilities. These subsidized data lines may also benefit remote communities and businesses by providing more consistent and faster internet uplinks. Fiber optic service has recently been linked to Juneau, providing vastly increased capacity and service reliability. This same capacity is critical to the region's other communities if they are to fully benefit from this communications technology. Daily newspapers are published in Juneau, Sitka and Ketchikan, with weekly papers printed in Haines, Skagway, Juneau, Petersburg, Wrangell and Thorne Bay. Local television stations are situated in Juneau, Sitka and Ketchikan and cable service is widely available. Local radio stations, many members of the Alaska Public Radio Network, serve Klukwan, Haines, Skagway, Juneau, Sitka, Petersburg, Wrangell and Ketchikan. Public radio stations in the region have joined under the CoastAlaska name for increased managerial and budgetary efficiency.

Electric

In an area rich with hydroelectric potential, there is a continuing reliance by the region's communities on producing their own electricity through the use of diesel generation. Larger communities like Juneau, Ketchikan and Sitka, that have developed hydroelectric power, are reaching their electrical generation capacity, increasing the need for supplemental power from diesel generation. Many area residents use a combination of heat sources including wood or pellet-burning stoves, newly-designed small efficiency oil stoves and heat generated by hydroelectric power. This helps offset the high cost of heating that is typical when electricity is the sole power source. In rural areas, the cost of electric power is even higher and has a long history of being subsidized by state government. Nineteen communities in Southeast benefit from the Power Cost Equalization (PCE) program which was implemented in 1985. Changes to the program in 1999 removed commercial customers from eligibility and

reduced from 700 to 500 the maximum monthly kWh eligible for subsidy. The PCE reduces the average residential rate.

It is estimated there is adequate hydroelectric potential to serve all of Southeast for decades to come if an intertie system existed to transport power to load centers. There is concern that without a regional electrical grid, isolated load centers will rely on high-cost diesel generation to meet immediate needs. Existing hydroelectric projects in Southeast fall within two categories. First are those developed by local utilities to serve local demand. Those projects include Skagway, Juneau, Sitka, Petersburg, Ketchikan, Metlakatla and Prince of Wales Island. Second are system hydroelectric projects developed by the state or the Federal Power Administration to serve shared interconnected load centers. Those projects include Snettisham/Crater Lake, Lake Tyee and Swan Lake. The Southeast Alaska Electrical Intertie System Plan is a 20-year regional power grid development plan that would add four new system hydroelectric projects to the current four, linking communities throughout the region and providing lower cost hydroelectric power to communities which would otherwise be dependent on diesel generation. Implementation of the Intertie System Plan is dependent on successful regional and Congressional efforts to secure federal appropriations to fund significant portions of the project.

In addition to the Intertie System Plan, other opportunities to reduce the cost of power generation and consumption are being explored throughout the region. The community of Gustavus, which is not on the regional grid, is currently building a small hydro facility to serve local needs. Cape Fox Corporation and the City of Saxman are proposing a hydroelectric facility at Mahoney Lake near Ketchikan, while nearby Metlakatla explores ways to market its excess power capacity. A number of potential hydroelectric projects are located on Prince of Wales Island. They include Wolf Creek, Black Bear Lake and the Reynolds Creek project near the community of Hydaburg. Projects to connect Hoonah and Kake into existing hydroelectric systems are also high priorities for those communities. Yakutat is pursuing the development of alternative energy sources using a tidal hydro-turbine generator. The link between Juneau and Hoonah is half complete, with service now connecting the Greens Creek mine. The Juneau utility plans to build a hydro site at Lake Dorothy, near Snettisham. In 2005, the Southeast Conference produced a report on the possibility and potential for selling surplus energy from Southeast Alaska to the North American power grid through the Bradfield road corridor and BC Hydro.

The time is also nearing for the development of Alaska's natural gas resources. National and international demand for the resource is skyrocketing with economic forces aligning to make a natural gas pipeline project feasible. Depending on the pipeline route chosen, Southeast stands to benefit to a greater or lesser degree. The region may benefit significantly through the provision of services and skilled workers. The ports of Haines and Skagway might become transshipment centers for construction equipment and materials. The deep water port of Haines may even be considered as a distribution point for markets in the U.S. and Asia with the potential of making natural gas available to the region's communities. There is also the possibility of developing a natural gas system to serve Southeast's rural communities. Two corporations, Sealaska Corporation and Alaska Interstate Gas, are conducting a feasibility study on a project that would bring propane to each rural community and supply residences, small businesses and the community electrical generation system with low cost fuel. In all of the region's communities, affordable energy is a critical component of any economic diversification plan as well as necessary to meet the basic needs of daily life.

Sewer

Based on 1990 U.S. Census Bureau information, the majority of Southeast's residents have public sewage disposal, with the remainder having septic tanks, cesspools, outhouses, composting toilets or other facilities. In the Skagway-Yakutat-Angoon Census Area, 39.1 percent of the households lack complete plumbing facilities, compared with the 2.5 percent of the households in the Juneau Borough. Proposed projects in Southeast communities include replacing individual septic tank systems with piped community systems to eliminate surface water pollution, extending or upgrading their current community sewage services, and constructing new sewage treatment plants and sludge disposal areas due to increased demand. Growth in the region will have to be met by an expansion of water, sewer and storm drains. While some communities have deepwater piping, other communities or households are dumping raw sewage into the marine environment.

Refuse Collection and Landfills

New landfills and landfill clean-ups, incinerators and recycling centers, household hazardous waste collection and research on solid waste transshipment options are all needed throughout the region. Landfills lacking incinerators and improperly sited or operated, can result in contaminated sites, increased liability for the landowner and substantial risk for those who live near them. They also have the potential for polluting local surface and drinking water and harming fish, wildlife and other subsistence resources. Landfills without incinerators or transshipment services also cause problems with resident bear populations that become habituated to eating garbage. Because local landfills have reached capacity, some communities ship their solid waste by barge to sites in Washington and Oregon. Although the costs are often prohibitive, several communities are faced with closing existing landfills and siting new ones. Some rural communities have uncontrolled dump sites, meaning there is no site operator or regular site maintenance. Here, people simply dump their trash, often including hazardous waste, and burn it. This illustrates a real need for training for village dump and landfill operators, equipment for site maintenance, and for hazardous waste storage capacity. Southeast communities are also aware that their dump sites create an eyesore in otherwise scenic and natural settings that are highly valued by residents and visitors alike.

Recycling opportunities are lacking in many of the region's small, rural communities. Larger towns, however, generally have drop-off sites for items such as paper, glass, aluminum, plastic, batteries and paint. The Department of Transportation and Public Facilities recycles crushed glass by mixing it with asphalt for paving local roads. The benefits of recycling include: diverting waste from landfills and incinerators thus preserving valuable waste disposal capacity, reducing risks to human health and the environment that can result from solid waste disposal, conserving natural resources, and in some cases deriving revenue from the sale of recyclable materials. The high cost of transporting to external markets, however, is a major constraint. Based on a study done for Southeast Conference, the quantity of materials collected in each community will determine the total net revenue they can obtain for their recyclables. The study found that with some recyclables regional coordination of efforts would be most feasible, while with other items, it was more advantageous for communities to organize shipping themselves. The study showed that aluminum, office paper and auto batteries were of greatest economic benefit to most communities. Other recyclables include cardboard, scrap metal, white goods, tires, used oil, and hazardous household waste. Many communities participate in a regional household hazardous waste program with a pick-up day scheduled about once a month. While additional recycling opportunities may be possible, they will require regional collaboration and cost efficient transportation to make them feasible.

In 2005, the Alaska State legislature passed a bill authorizing communities to solid waste authorities. About 23,000 tons of garbage per year is now exported to the Lower-48 by Ketchikan, Wrangell, Petersburg, Sitka and Prince of Wales Island at an average cost of \$102 per ton (transportation and landfill charges.) Juneau also is reviewing its landfill options, and

sawmills and a new veneer plant in Ketchikan are looking at ways to deal with wood waste. A 2006 report by Southeast Conference showed there was a good deal of interest in a regional solid waste facility. Thorne Bay, Wrangell and Petersburg expressed interest in siting the facility near their communities. Kake Tribal also is reviewing waste-reduction options for land it owns near the community of Kake.

5.5 Factors Impacting Economic Performance in Southeast

Medical and Health Services

Geographic, demographic and ethnic characteristics shape a unique health care system in Alaska. Large corporations operate acute care hospitals and there are small, community-based providers. No HMOs serve the state. In Southeast, general acute care hospitals are found in Juneau, Ketchikan, Sitka, Petersburg and Wrangell. Community hospitals and some private providers are found in communities with as few as 2,500 residents. Yakutat, Pelican, Hoonah, Gustavus, Haines, Skagway, Kake, Klawock and Tenakee Springs are served by rural health clinics. The state provides itinerant public health nursing, with an emphasis on maternal and child health care services, in some rural communities. Emergency medical technicians and community health aides are also an important part of the health care delivery system. Throughout the region, patients are referred to tertiary care centers or specialized facilities in Anchorage and Seattle, when necessary. While nursing homes and facilities for the elderly are available in the region's population centers, they remain on the wish list for most rural communities.

Approximately 15,500 people live in Southeast's rural communities; those outside of Juneau, Ketchikan, Sitka, Petersburg and Wrangell. For them, access to community hospitals is often difficult and they tend instead to use urban primary care facilities. About 4,400 of these people reside in the region's 25 communities that are without primary health care services. They must travel by plane or boat to access medical care. An additional 2,000+ seasonal workers in the timber, fishing and tourism industries live in these rural communities five to six months a year and use local medical services. The rural communities of Southeast that enjoy health care services to any degree do so largely with the aid and support of Bartlett Regional Hospital in Juneau, Ketchikan General Hospital and the Southeast Alaska Regional Health Consortium (SEARHC).

Bartlett Regional Hospital, a nonprofit enterprise fund of the City and Borough of Juneau, is licensed for 56 beds and serves as a regional secondary care center for northern Southeast. The hospital has 54 credentialed medical staff representing 22 medical specialties and provides a full range of in-house and outpatient services. Bartlett Regional Hospital supports community health centers in Gustavus, Skagway, Tenakee Springs and Yakutat. Medivac transports are provided by Airlift Northwest, which has an air ambulance based in Juneau full-time. Ketchikan General Hospital is a nonprofit regional hospital serving southern Southeast, including Prince of Wales Island, Petersburg and Wrangell. Twenty-six credentialed staff provide a full range of surgical, medical and family practice services. Additionally, the Wrangell Medical Center, with an 8-bed acute care hospital, a long-term care facility and the Stikine Family Clinic has begun outreach services to rural communities on the north end of Prince of Wales Island. The Seaview Family Medical Center in Craig also provides services to close-by Prince of Wales Island communities.

SEARHC, a nonprofit Native health care consortium, provides health care services to 14,000 Native people residing in 18 Southeast communities. Its facilities include a 58-bed regional hospital at Mt. Edgumbe in Sitka, more than 12 primary care clinics, 30 youth and adult behavior treatment beds, health promotion, emergency medical services, air medivac, mental health, substance abuse prevention and environmental health services. SEARHC also provides

primary care services to 3,500 non-Natives residents in these communities. Health care options for Southeast Natives have recently been enhanced by the opening of a major outpatient health facility by the Ketchikan Indian Corporation.

There are many obstacles to accessing health care, particularly in Southeast's rural areas. The cost, availability and reliability of transportation is perhaps the most significant problem in a region so dependent on air and marine transport. Between May 1998 and May 2000, six air taxi operators in the region either ceased operating or substantially reduced their service. This loss makes it difficult for many rural residents to reach primary care facilities or regional transportation hubs. A lack of appropriate outpatient housing, like the recently completed Bartlett House in Juneau, also inhibits underserved populations from receiving care. Southeast's medically uninsured population is largely a result of unemployment or under-employment. Many Alaskans are self-employed in the fishing industry or in seasonal jobs like tourism, logging, mining and fish processing that do not offer health care benefits. Due to high costs, many of these people do not buy insurance or buy coverage only for catastrophic illness. Alaska is also a state with a young population who often do not consider themselves at risk or in need of insurance coverage. In fact, these are the very people who most often require emergency medical services and are hospitalized with injuries.

Telemedicine offers great potential for alleviating some of the problems associated with providing health care in locales with limited medical capabilities. This technology provides distant physicians and laboratories the information necessary to determine appropriate treatments and whether or not patients require transport to a medical facility. It can reduce unnecessary patient travel as well as disruptions to the patient's family, work and lifestyle. Telemedicine has been in use throughout Southeast for a number of years, supporting patient consults, distance education, trauma conferences, tumor boards and teleradiology. The next step in providing access and timeliness of care to those in remote communities may be telemedicine using desktop conferencing. This is especially promising for distance psychiatric, radiology and even patient consults, where a physician and patient can interact desktop to desktop. As a member of the Alaska Federal Health Care Access Network Project, SEARHC benefits from the project's mission to provide telemedicine services to 225 villages throughout the state. Expanded use of this technology promises to ease many of the pressures now experienced throughout the region.

Distinct and unintegrated systems of care now exist in both rural and urban parts of the region. A model of health care delivery that joins private, state, local government, federal and tribal resources to create a comprehensive system of care uniquely adapted to meet the challenging delivery environment of Alaska is desirable. Partnering among health care providers can better maximize service delivery and achieve economies of scale.

Social Services

A variety of social service programs are available throughout the region. An overview of services in each community is available on the internet at AKINFO Network. While public and private nursing homes and housing for the elderly are available in larger communities, many smaller communities lack such facilities. Childcare assistance programs of some sort are offered in most communities. Used clothing stores and community food banks are located in larger cities and many of these facilities offer outreach programs to smaller communities. Programs for the treatment of alcoholism, shelters for raped and battered women, and treatment services for abused and neglected children are available in many communities, but the need for these services is not being uniformly met throughout the region. Regrettably, the lack of social service programs is most acutely felt in many of the region's rural communities where there is a need for mental health services, independent living services for the elderly,

group treatment facilities and programs for youth, and homeless shelters. Some of the leading social service providers in Southeast Alaska include major hospitals, Catholic Community Services, Center for Community, the United Way Southeast Alaska, Gastineau Human Services, and the Boys and Girls Club of Alaska.

Fire Protection and Emergency Services

Fire protection in Southeast communities is provided by a combination of fire departments with paid employees and volunteer fire fighters. Communities that have fire departments with paid positions include Juneau, Sitka, Ketchikan, Wrangell, Petersburg, Skagway and Haines. Several communities in the region have inadequate fire protection and are in need of basic equipment including fire fighting and emergency vehicles, facilities to house vehicles and other equipment, and trained firefighters. There is no funding source for these communities and their only hope to obtain or update necessary equipment is through private funding. These communities rely on a lot of volunteer help, sometimes without adequate equipment. Lack of both manpower and organizational skills are an issue for many locales. One of the jobs of the regional Fire Marshall includes a bi-annual on-site inspection of large residential complexes and public structures in all of the region's communities. Insurance rates are high in areas of inadequate or nonexistent services.

Emergency Medical Technicians (EMTs) are relied on in times of medical emergencies, especially in places with no medical facilities. The National Guard, Coast Guard and volunteer search and rescue teams are called upon in the events of missing persons or accidents.

Schools and Educational Facilities

There are 72 public schools in Southeast, of which 23 are accredited. In addition to the traditional public schools, many communities offer a variety of charter, church-affiliated and other private educational facilities. Based on 1990 U.S. Census Bureau statistics, over 75 percent of the region's population age 25 and older are high school graduates. Over 20 percent of each borough/census area's population have attended college without receiving a degree, while over 10 percent received a bachelor degree. The educational status of the majority of each borough/census area's population in this age group is graduation from high school. Juneau is the exception, with the highest percentage of population with a college education, 19 percent having obtained a bachelor degree and 11.7 percent having completed a graduate or professional degree. Sitka has the second highest rate of bachelor's degree holders at 14.9 percent, while at 8 percent Wrangell-Petersburg has the second highest rate of graduate/professional degree holders among it's population. By comparison, Prince of Wales - Outer Ketchikan has the lowest percentage of population with some college education or degrees of higher education, 21.1 percent and 11.4 percent respectively.

In each borough/census area, the majority of the Native population over the age of 25 has completed high school. Prince of Wales-Outer Ketchikan Census Area has the highest percentage of the Native population in this age class which have completed high school, 44 percent, compared with 35 percent in Ketchikan Gateway Borough. In Juneau, 14 percent of the Native population has obtained a higher education degree, and in Sitka, 8.5 percent.

Throughout Alaska, vocational education is offered in public schools, the University of Alaska system, two state-funded technical centers, a Job Corps center, private non-profit agencies, apprenticeship programs, and private career education institutions. In 1998, an alliance of six Southeast Alaska tribal organizations, including Central Council Tlingit and Haida Indian Tribes of Alaska, secured HUD funding and constructed the Vocational Training & Resource Center in Juneau. The center began offering classes that fall, with emphasis areas

including office and computer skills, business management, construction and carpentry, charter boat and commercial drivers licensing, life skills, Native arts and specialty cooking. Social trends affect the focus of vocational education, as does Alaska's continued integration into the global economy, influencing what courses are offered and by whom.

The University of Alaska Southeast has campuses in Juneau, Ketchikan and Sitka, offering an assortment of associate, bachelor and master degrees in business, education, public administration, health management, science, liberal arts, law enforcement and environmental technology. Sheldon Jackson College in Sitka is a private college that offers associate degrees in a variety of disciplines, and bachelor degrees in business administration, education, natural resource management and development, aquatic resources, interdisciplinary studies and liberal arts. Obstacles to increased course offerings in rural communities are the availability of teachers and the small student populations. The University of Alaska offers Distance Education courses for credit which especially benefits remote communities. The Ketchikan Wood Technology Center also offers training at its research facility.

Housing

At 38.8 years, the median age in Southeast is greater than in the rest of the state. This results in a higher incidence of households with no children. Southeast has the state's smallest households, having dropped from an average of 2.75 persons in 1990, to 2.51 in 1998.

Southeasterners live in an assortment of housing types including single-family homes, apartments and condominiums, manufactured homes, cabins and boats. The 2000 census shows there were 32,515 households in Southeast Alaska. In 1998, there were an estimated 29,041 occupied housing units in the region. In some places, this type of housing may be associated with fish camps, fish processing facilities or seasonal recreation activities.

The need for moderate to low-income housing is an issue for many of the region's communities, especially since housing costs often increase at a higher rate than growth in income. There is a shortage of affordable single family, senior and assisted living housing in the region. The disparity between the annual household incomes of Native and non-Native populations also has an impact on the quality of housing available to the region's Native residents. Nearly half of Native families living in the region own their own homes. However, about a quarter of all Native-owned homes in Southeast have serious health or safety related deficiencies. Although they cannot afford necessary improvements, occupants often remain in their substandard homes because they are more affordable than renting, buying or building safer homes. About 30 percent of the Native population rents housing, the majority of which is substandard, according to federal guidelines. Among those who rent, 75 percent live with extended family. Over half the region's Native elders are disabled and in need of assisted living housing units.

Households by Community	
Borough / Census Area	Households
Haines	1,419
Juneau	12,282
Ketchikan Gateway	6,218
P.O.W.-Outer Ketchikan	3,055
Sitka	3,650

Skagway- Hoonah-Angoon	2,108
Wrangell-Petersburg	3,284
Yakutat	499
TOTAL	32,515

Source: U.S. Census Bureau, 2000

Lack of available financing is frequently cited as a constraint, not only for housing construction, but also for the expansion of public works infrastructure necessary for developing new housing units. The cost of construction materials varies somewhat within the region. A survey conducted for the Alaska Housing Finance Corporation (AHFC) showed the cost of materials to build a single-family home in Juneau in 2000 was estimated at \$23,232. In Ketchikan and Sitka, the cost was \$22,961 and \$24,272, respectively. Comparable costs were \$24,151 for Anchorage and \$26,398 for Fairbanks. These figures represent approximately 30 percent of the total material costs of the model single-family residence. According to a 1998 HUD report, the average per-unit cost to build affordable housing for Southeast Natives is approximately \$138,000. Factors that increase housing development costs include high transportation costs, lack of infrastructure at building sites, limited competition from contractors, a scarcity of skilled laborers to work in remote sites and the application of Davis-Bacon wage rates.

Financial Institutions

A variety of banking services and facilities are available in Craig, Ketchikan, Wrangell, Petersburg, Sitka, Juneau, Skagway and Haines. Some small communities are served by “community agents” who are authorized to perform basic banking functions in the absence of full-service banking facilities. People from smaller communities frequently travel by small plane or ferry to the closest city to carry out their banking transactions, often doing much of their household shopping there as well. This is an area of concern because local businesses usually suffer when people spend their money outside the community where it is earned.

Cultural and Recreational Resources

Southeast Alaska, richly endowed with magnificent landscapes, waterways and wildlife, offers an abundance of outdoor recreation opportunities. While the region’s remoteness may present obstacles to economic development, it is an attribute highly valued by many residents. Hunting, fishing and boating are popular pursuits throughout Southeast as are others associated with harvesting the bounty of the land and waters. During summer months, popular outdoor activities include baseball, softball, soccer, tennis, sailing, kayaking, hiking, biking, skateboarding, parasailing, rock and mountain climbing. In winter cross-country, downhill and extreme skiing, snowboarding, ice skating and hockey lure residents as well as visitors to the outdoors. There are also opportunities for volleyball, track and field, gymnastics, golf, swimming, yoga, and working out at fitness centers in many communities. The region’s most popular indoor sport is basketball, with school and adult teams traveling between communities by air and ferry to compete. Throughout the region, a variety of organized sports and recreation activities and facilities are provided through the public school systems, through municipal parks and recreation programs, and by a number of nonprofit organizations.

The performing and visual arts play an equally vital role in the lives of Southeasterners. The region’s rich historical and cultural heritage provides a fertile environment for nurturing the

arts. Parks, historical sites, museums and interpretive centers showcase many of the region's cultural treasures. Communities large and small offer a wide variety of theatrical, musical and dance groups, of which a number have achieved national and international acclaim. The calendar, summer and winter, is replete with arts activities for the enjoyment of residents and visitors alike. Southeast's visual artists work in an array of mediums, producing traditional and contemporary art ranging from crafts to gallery and museum quality pieces. Dance, storytelling and the visual arts are also important elements of Native culture. Absent written languages, these were the primary means of recording and sharing tribal history and mythology and for celebrating important events. As a result, the region is blessed with inspiring examples of wood carving, weaving, beadwork, and jewelry making that are recognized throughout the world for their quality and purity of design. Increasing emphasis on the preservation and strengthening of Native cultures has resulted in a growing number of tribal performing art groups and more attention being directed to identifying and explaining the value of authentic Native-produced art. Events like the biennial *Celebration*, sponsored since 1982 by the Sealaska Heritage Foundation, draw thousands of participants and feature dance performances, culture-oriented workshops and other arts activities. Events of this nature serve not only to transmit traditions and inspire Native youths, but they also expose a diverse audience to the beauty and richness of the culture.

While cultural and recreational resources do much to enhance residents' standard of living, they also have implications for the regional and local economies. Throughout Southeast, galleries, gifts shops and community marketplaces provide important venues for selling the art and craft products of the region. Additionally, cultural attractions, visual and performing arts and sports events all draw visitors to communities and create opportunities for local businesses and entrepreneurs. This impact is aptly illustrated by the annual Gold Medal Basketball Tournament, organized by the Juneau Lions Club, which draws hundreds of players and fans to Juneau each March. The tournament, now entering its 60th year, is a major event bringing together people from communities large and small not only for sport, but also for socializing, shopping, doctors appointments and lobbying their legislators. Beyond the excitement of outstanding basketball, the tournament has significant economic impact for Juneau. Other sports and cultural events, while not always on a comparable scale, enrich Southeast's communities in many ways.

5.6 Economy in Southeast

Major economic sectors that bring money into Southeast Alaska from outside the region (basic industries) include commercial fishing, timber, mining, tourism, and some government jobs (mostly State and Federal government). Manufacturing is also considered a basic industry and is made up mostly of fish and timber processing businesses.

Commercial Fish Harvest and Processing

While fish processing jobs and earnings are included in regional totals in Tables 3 and 4, fish harvesting is considered a form of self-employment, and is not reported to the Alaska Department of Labor and Workforce Development, so is not included in those counts. Table 5 presents the number of commercial fishing permits and crew licenses issued to Southeast Alaska residents in 2000 and 2004. Between those years, the region lost 6.5% of its permit holders and 14.9% of its crew members. The largest loss in permits over that time was in Prince of Wales/Outer Ketchikan Census Area (CA) with a 12.9% loss, Skagway/Hoonah/Angoon CA with a 12.7% loss, and Haines Borough with a 10.9% loss in permit holders. The City and Borough of Yakutat lost 37.0% of its crew members between 2000 and 2004,

followed by Haines Borough with a 34.6% loss, Ketchikan Gateway Borough with a 29.0% loss, and the Skagway/Hoonah/Angoon CA with a 19.4% loss.

**Southeast Alaska Residents with Commercial Fishing Permits
and Crew Licenses, 2004 and 2000**

	2004 Permit Holders	2004 Crew License Holders	2000 Permit Holders	2000 Crew License Holders
Haines Borough	114	89	128	136
City and Borough of Juneau	472	366	521	412
Ketchikan Gateway Borough	354	301	391	424
Prince of Wales/Outer Ketchikan	357	316	410	322
City and Borough of Sitka	589	517	583	565
Skagway/Hoonah/Angoon CA	254	158	291	196
Wrangell/Petersburg CA	791	622	818	717
City and Borough of Yakutat	157	29	161	46
TOTAL	3,088	2,398	3,303	2,818

Source: Alaska Commercial Fisheries Entry Commission.

This table presents the number of resident commercial fishers in Southeast Alaska communities, pounds of fish landed and value of fish landed by those fishers. These fish were not necessarily caught or landed in Southeast Alaska, but they were caught by Southeast Alaska residents, and the earnings accrue to those resident permit holders. Because 2004 data is preliminary and will likely increase, and 2003 data is missing some information from a confidential Yakutat fishery, it is difficult to fully quantify the changes in those years. However, it appears from the table that while the number of pounds landed has generally increased, the number of permit holders fishing and the value of that catch has generally declined over time. Anecdotal evidence suggests that the markets for wild Alaska seafood are strong and price is higher in 2005 than in recent years.

Commercial Fishing Activity by Southeast Alaska Residents

	2004 Prelim.	2003*	2002	2000	1995	1990
Southeast Region Total						
Number of Permit Holders	3,099	3,143	3,196	3,313	3,735	3,966
Pounds Landed (1,000)	195,688.5	196,781.8	166,577.0	148,710.5	180,385.3	159,167.4
Dollar Value (\$1,000)	\$89,606.7	\$121,341.2	\$104,201.7	\$128,182.2	\$166,493.9	\$178,750.3
Haines Borough						
Number of Permit Holders	114	106	119	127	148	142
Pounds Landed (1,000)	5,719.9	3,829.1	5,153.5	6,842.7	7,809.8	4,394.9
Dollar Value (\$1,000)	\$2,575.5	\$2,573.2	\$2,788.5	\$4,092.3	\$5,628.6	\$6,497.3
Juneau City and Borough						
Number of Permit Holders	474	496	508	521	553	718
Pounds Landed (1,000)	19,627.6	22,935.9	18,385.3	17,496.6	20,760.4	17,973.8
Dollar Value (\$1,000)	\$11,918.6	\$16,094.3	\$13,740.2	\$16,372.9	\$20,453.2	\$24,874.1
Ketchikan Gateway Borough						
Number of Permit Holders	356	373	387	395	504	518
Pounds Landed (1,000)	37,864.8	35,749.2	30,787.9	27,350.0	38,253.9	29,868.4
Dollar Value (\$1,000)	\$10,328.0	\$11,773.5	\$10,293.5	\$13,921.0	\$21,014.7	\$23,786.6
Prince of Wales-Outer Ketchikan CA						
Number of Permit Holders	359	368	380	410	491	459
Pounds Landed (1,000)	12,607.2	10,592.6	9,693.9	8,739.9	11,809.0	10,523.7
Dollar Value (\$1,000)	\$3,895.9	\$7,196.7	\$5,729.0	\$7,277.2	\$10,172.4	\$12,188.8
Sitka City and Borough						
Number of Permit Holders	590	591	582	586	621	678
Pounds Landed (1,000)	33,948.6	28,470.6	26,508.1	29,144.6	26,302.0	22,682.3
Dollar Value (\$1,000)	\$22,625.6	\$27,856.1	\$24,087.2	\$32,041.1	\$31,639.6	\$30,564.1
Skagway-Hoonah-Angoon CA						
Number of Permit Holders	256	267	270	293	342	386
Pounds Landed (1,000)	4,015.7	6,839.8	4,986.0	4,758.2	8,758.6	9,179.6
Dollar Value (\$1,000)	\$4,070.3	\$6,928.9	\$5,735.0	\$6,272.6	\$10,735.4	\$12,526.3
Wrangell-Petersburg CA						
Number of Permit Holders	793	788	795	819	910	911
Pounds Landed (1,000)	79,618.0	86,656.3	68,383.9	52,577.6	63,160.4	61,214.9
Dollar Value (\$1,000)	\$32,304.6	\$47,582.6	\$40,666.6	\$46,697.9	\$63,933.4	\$62,748.3
Yakutat City and Borough*						
Number of Permit Holders	157	154	155	162	166	154
Pounds Landed (1,000)	2,286.6	1,708.3	2,678.4	1,800.9	3,531.2	3,329.8
Dollar Value (\$1,000)	\$1,888.2	\$1,335.8	\$1,161.9	\$1,507.3	\$2,916.6	\$5,564.9

Source: Alaska Commercial Fisheries Entry Commission.

*Yakutat 2003 totals are missing some pounds landed and dollar values due to confidentiality, which will carry through to the regional totals.

Notes: 1. Adjusted for inflation to 2004 dollars.

2. Preliminary figures are generally low, so 2004 totals will likely increase.

A look at active commercial fishing permits owned by all Alaska residents and nonresidents shows that in 1990, 81.2% of active permits were owned by Alaska residents. In 2004, only 77.4% of active permits were owned by Alaska residents.

Seafood processing activity in Southeast Alaska has slowed in recent years. In 2003, Wards Cove Packing Company ceased operation of nine salmon processing plants in Alaska (three in Southeast Alaska). However, the plants were purchased and are operating again, and seafood processing employment, despite some fluctuation, appears to be strong in the region. Employment and earnings in the seafood processing industry are reported under the manufacturing category.

Timber Harvest and Processing

At 16.8 million acres, the Tongass National Forest is the nation's largest and it comprises 73 percent of the land area of Southeast. With the federal government having jurisdiction over 95 percent of the region's land, the management decisions and policies of federal agencies will have major implications for the region's economy. The forest products industry has been an essential component of the Southeast economy for nearly 50 years and has historically accounted for nearly one-third of the region's overall economy. During the last decade, however, land management decisions in the Tongass National Forest and changes in the global market for wood products have resulted in the loss of thousands of jobs and millions of dollars from the region's economy. When Alaska became a state in 1959, the timber industry was growing rapidly and by 1974 the annual harvest from the Tongass National Forest reached a peak of 600 million board feet (mmbf). The Tongass National Forest is currently operating under the May 1998 Record of Decision (ROD) with an allowable sale quantity of 267 million board feet. However, a 2005 Ninth Circuit court decision on the forest plan requires the Tongass to reassess the effects of changing the market demand on land allocations. Recreational use of forests has increased, people are becoming more concerned about ecosystems, and environmentalism has become more mainstream.

In response to strengthening political forces, changing resource management practices and timber sale lawsuits, there has been a 90 percent decline in the timber volume harvested from the Tongass National Forest, from its peak levels of 600 mmbf. As a result, timber industry employment is at its lowest point in 50 years, now providing about 670 jobs. The other impact has been that two thirds of the resulting timber sales have been uneconomical to timber purchasers – meaning they could harvest the timber only with an operating loss. In the 1970s, the industry accounted for nearly 4,000 jobs in Southeast. The loss of timber industry jobs has had a staggering effect on the region's local economies with some areas losing 25-30% of their residents. The total workforce loss (including both direct and indirect jobs) is estimated at approximately 4,000 jobs and well over \$100 million in annual payroll in the region. Timber industry officials, the Southeast Conference, and many communities support a harvest level of 360 mmbf to restore a viable, integrated timber industry that can efficiently harvest several species of timber in various sizes and grades, from high-quality saw timber to lower quality wood. The forest is composed almost equally of high and low quality wood grades.

Moreover, a 75 percent reduction in Tongass stumpage receipts has impacted nearly every local government in Southeast and has been especially harmful to the region's smaller

communities. In addition to the declining harvest levels on the Tongass public lands, Alaska Native Claims Settlement Act (ANCSA) harvests are also declining. In 1971, Congress passed ANCSA, which transferred 560,000 acres of Tongass land to Alaska Native corporations including the regional corporation Sealaska, urban corporations Shee Atika and Goldbelt in Sitka and Juneau, and 10 village corporations throughout the region. Over half of the timber harvested in Southeast since the early 1980s has come from Native corporation lands. Between 1978 and 1982, the dollar was at an optimum against the Japanese yen creating a window of opportunity for profiting on the exports of round logs to Pacific Rim countries. Native corporations harvested timber to provide jobs and economic benefits to their shareholders. Harvests on private lands, after peaking at 530 mmbf in 1989, declined to 105 mmbf in 2003. Sealaska Corporation, with much larger land holdings, is the only remaining Native corporation with a significant timber base.

The timber industry had been the economic foundation for many of the region's communities. With year-round, well-paying jobs, the industry increased the standard of living and developed an infrastructure that made growth possible in other industries like tourism and seafood. Much of the transportation infrastructure that exists today is a result of timber industry activity in the region. The current state of decline in the industry affects transportation costs and other public services including health care, public safety and education that were initiated in part to serve a growing timber industry.

Residents of Southeast's communities have diverse feelings about timber harvests and road construction in the Tongass National Forest. In recent years, loggers have been pitted against fishers and developers against environmentalists. While one community wants timber sales increased, a neighboring community may want smaller sales with a priority for small operators who would practice selective cutting and log locally. In a 1995 study of Tongass management by the McDowell Group, most Southeast residents surveyed thought that people and jobs should have equal weight with fish and wildlife management. About 94 percent of the Southeast residents surveyed were concerned or very concerned with management of the Tongass. The greatest concern over economic issues and the strongest support for employment stabilization in the timber industry came from the communities of Ketchikan, Metlakatla, Wrangell, Angoon, Hoonah, Hydaburg, Kake, Kasaan, Klawock and Yakutat. Juneau and Sitka were most concerned about the number of trees being cut. A majority of residents, 87 percent, agreed that all processing of Tongass timber harvests should be done by Southeast mills prior to export. Ketchikan, Sitka and Wrangell showed the greatest support. Environmental organizations also represent a wide range of viewpoints. Organizations nationally and in Southeast are critical of resource management in the Tongass National Forest, wanting more emphasis to be placed on the importance of wildlife habitat and recreational values. While the Sierra Club wants commercial logging stopped entirely on all public lands, the Southeast Alaska Conservation Council has supported small-scale, sustainable logging in the Tongass National Forest.

Opinions also differ within the timber industry. Many with long histories of working in the industry believe that the old ways are best. Others seek ways to maintain their quality of life through the employment of more sustainable practices that include adding more value to smaller timber cuts. Agencies, researchers and local communities are exploring new technology and the utilization of value-added forest products such as lumber and composite lumber, veneer, furniture, log homes, solid wood doors, windows, boat wood, craft works and cedar siding. Wood waste and cull logs could be used in heating or in specialty products such as garden mulch. Themes of ongoing discussions include looking at new silvicultural systems, sawmill technology in commodity production, quality and grading of Alaska timber, specialty craft uses and special forest products, collaborative stewardship, community dynamics and societal views of forest products manufacturing in combination with tourism and recreation. High value, solid wood products have been predicted by some to be the future for the timber

industry, providing more jobs for each unit of timber harvested and processed. The Alaska Wood Utilization Research Center in Sitka is active in conducting workshops and seeking new directions for the region's timber industry.

In addition to available timber supply and increasingly strict government regulation, high costs associated with harvesting and manufacturing operations and transportation in the region have been a constraint to the development of value-added manufacturing in Southeast. The uncertainty of timber availability is cited by the industry as the biggest obstacle to obtaining financing. Southeast currently has over 20 small sawmills operating throughout the region, sawing less than a million board feet per year and producing value-added products such as rough green lumber, boat-building wood and music soundboards for guitars and pianos. Transportation costs are a key determinate in developing a market outside the region. Another constraint is that Southeast mills are limited due to the lack of drying capacity. As grading services and kiln facilities become more readily available, the number of mills producing dimensional lumber and other products may increase. This is necessary to compete with lumber from other areas of the Pacific Northwest. It is predicted that some mills in the region could serve the majority of their community's needs with an annual production of 200,000 board feet or less. Such changes would allow locally produced products and services to substitute for imports while larger mills would likely continue to focus on Lower 48 markets.

Regulatory policy and initiatives by environmental organizations also play a major role in the forest products industry. Logging and other wood manufacturing operations in the region have produced a significant accumulation of wood residues. These include sawdust, hog fuel (bark and small wood chunks) and pieces of wood that are not suitable for manufacturing or conversion to high value chips. The industry lacks an economical solution for handling this wood waste. The current approach is to landfill or barge the wood waste to facilities in Canada or Washington at prices that add significantly to the industry's operational costs. These same wood wastes can be converted to ethanol, a gasoline additive, and lignin, a by-product that can be burned to produce steam and/or electricity. Complete utilization of the available wood fiber can solve waste management problems for manufactures and maximize the economic benefit available from this wood residue. Another promising opportunity is the conversion of lower grade logs into veneer or medium-density fiberboard (MDF). Test results show that Southeast Alaska's hemlock and spruce peel well and offer attributes not available from other domestic log sources. This material can be used to make a variety of building products including laminated veneer lumber and plywood.

While much about the future of the Tongass National Forest is yet undetermined, there is widespread agreement among industry, the general public and government on certain principles. For the Southeast forest products industry to be sustainable and competitive on a long-term basis, a reliable supply of accessible timber and profitable value-added uses of the region's resource must be developed. An integrated forest products industry, using both high- and low-quality wood resources, is considered essential in restoration of the timber industry and stability in the communities that are dependent of wood harvesting and manufacturing. The State of Alaska has recognized the problem facing many of the timber-dependent communities, and the Governor has proposed a dedicated timber base for industry and communities that would include one-third of the commercial, federal timberlands, or one tenth of the total land base of the Tongass National Forest.

**Harvest and Employment in the Tongass National Forest
1982 to 2003**

Year	Tongass Harvest (MMBF)*	Related Employment	Employment per MMBF of Harvest
2003*	51.3	323	6.3
2002	33.8	195	5.8
2001	47.8	387	8.1
2000	146.9	623	4.2
1999	145.8	671	4.6
1998	119.5	959	8.0
1997	106.6	1,325	12.4
1996	120.2	1,558	13.0
1995	221.2	1,519	6.9
1994	275.8	1,669	6.1
1993	325.4	2,060	6.3
1992	369.7	2,236	6.0
1991	363.8	2,387	6.6
1990	470.7	2,522	5.4
1989	445.0	2,569	5.8
1988	396.0	2,370	6.0
1987	336.0	2,098	6.2
1986	290.0	1,795	6.2
1985	181.0	1,502	8.3
1984	281.0	1,608	5.7
1983	250.0	1,857	7.4
1982	370.0	1,850	5.0

Sources: 1982 – 2002 data from Timber Markets Update and Analysis of an Integrated SE Alaska Forest Products Industry, by McDowell Group for SE Conference, Sept. 2004.

*2003 data from U.S. Forest Service and includes harvest and processing employment.

Note: This is harvest in the Tongass National Forest only, and does not include harvest on State or private lands or the employment associated with it.

Mining

As with timber and fisheries, Southeast Alaska has a tremendous resource of minerals. The region's mineral deposits are large and diverse. Deposits include gold, silver, lead, zinc, copper, molybdenum, platinum, limestone, marble, and even uranium and rare earth minerals. Deposits also include rock, sand and gravel used in construction around the region.

Mining has played a large part in the history of the region. Prince of Wales Island had the first gold mine in Alaska, 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. Currently, the Kennecott Green's Creek mine on Admiralty Island is the largest silver mine in North America. The Calder Mine on Prince of Wales Island is poised to again begin producing pharmaceutical grade limestone and high-grade marble.

Kensington Gold Mine in Lynn Canal is completing its permitting process and could begin production sometime in 2007.

Exploration and examination of other mineral bodies in the region is ongoing. Mine development is mostly dependant on mineral market prices, which have been rising due to strong demand for mineral commodities in developing countries. Undeveloped deposits of base metals in the region (iron, copper, zinc and nickel) are small compared to some areas of Alaska (Red Dog Mine near Kotzebue, for instance), and will likely not see production for a long while. Precious metal deposits (gold, silver and platinum) could see production if market prices continue to rise. Uranium stockpiles worldwide are low and more small reactors are being built, so the demand for uranium is high. As metal prices increase, more exploration and drilling could occur in the region.

Two promising prospects in the region are the Woewodski Island Project southwest of Petersburg, and the Union Bay Project north of Ketchikan. Woewodski Island is being explored by Bravo Venture Group, Inc, and is showing promising deposits of silver, zinc, lead, and a little gold. The Union Bay Project is also in the exploration phase. Freegold Ventures, Pacific North West Capital and Lonmin Plc set a 2004 exploration budget of \$1.2 million for this project, which shows promising deposits of platinum, with some copper and palladium.

Natural resources and mining jobs in Southeast Alaska (most of which is mining jobs) paid an average annual wage of about \$54,104 in 2004. While these are not the highest wage jobs in the region (Federal government wages are higher), the wages are certainly higher than the average annual regional wage of \$33,552.

Tourism

In 2005, about 920,000 cruise ship passengers traveled to Southeast Alaska, up nearly 14% from the prior year. The majority made ports of call at the larger communities, but a few traveled to more rural areas. Hoonah began receiving cruise ships last year, and visitation to their facility will likely continue to grow. A 2001 study by Northern Economics for the Alaska Department of Commerce, Community and Economic Development states that cruiseship passengers have a median expenditure per trip of about \$293 (inflation adjusted to current dollars), which would bring over \$259 million into the state from those visitors, most of it being spent in Southeast Alaska.

Travelers also come to Southeast Alaska communities via the Alaska Marine Highway System (ferries) and airplane, but with those modes of travel it is difficult to determine which travelers are visitors and which are residents. In 2004, 240,666 passengers traveled on State ferries in the region. Some of these visitors may have been from outside of the region, and some may have been Southeast Alaska residents. Similarly with air travel, some travelers are visitors from inside the region, while others are regional residents.

The larger communities in the region reap economic benefits from residents of surrounding communities traveling to the regional hubs to shop or obtain services, or to connect to transportation to take them out of the region. These residents are also visitors in the regional hubs, and while they often get hotel rooms, rent cars and eat at restaurants, they also spend money on goods and services not available in their communities. These neighboring community visitors bring greater economic benefits to the region's larger communities than do out-of-region visitors because repeat visits and large purchases of goods and services.

While the number of visitors to the region seems to increase every year, some types of visitor tend to have a greater economic impact than others. Cruiseship and jet airplane traffic is up, and ferry and small air carrier traffic is has decreased in the past few years. Employment in the leisure and hospitality industry in Southeast Alaska has declined recently, down 2.8% between 2003 and 2004, and down 8.0% between 2001 and 2004. As ferry and plane passengers spend more per visit, the drop off in visitation by travelers using these modes may dampen economic benefits to the industry in the region.

Another indicator of the Southeast Alaska visitor industry's health is the number of charter fishing boats operating in the region. The table below shows the number of charter fishing boats operating in the region between 1998 and 2004. Although the number fluctuates some during those years, the average change over the time period is positive, with an average growth rate of 0.4% per year.

**Charter Fish Boats Operating
in Southeast Alaska, 1998 to 2004**

Year	Charter Boats
2004	1,301
2003	1,294
2002	1,288
2001	1,343
2000	1,345
1999	1,331
1998	1,271

Source: Alaska Commercial Fisheries Entry Commission.

Government

Both State and local government employment have declined in recent years. State budget reductions have contributed to loss in State government employment. That budget tightening has also severely reduced municipal revenue sharing program, which has resulted in budget and job cuts at local government levels. Federal budget cuts will also impact both State and local government programs in the future, likely leading to further job reductions. While high oil prices have temporarily given a boost to State budgets, the State did not reinstate local revenue sharing and those high oil prices are severely impacting local government, local businesses, and cost of living in Southeast Alaska. Federal government jobs are on the increase in the region, likely due to homeland security and transportation security agency requirements. Tribal government jobs have also increased considerably in the past several years.

Other Important Economic Sectors

While retirement is not generally considered an industry, retired persons should be counted in this economy as jobs. Retired persons who settle in Southeast Alaska spend their retirement "paychecks" to live as any other worker would spend their paychecks. Most retirement income originates outside of the community, classifying this group as a basic industry. Retirement is a clean and quiet industry, creating less pollution than most business sectors in the community. It is an industry that heavily supports our health care and social services sectors. Also, the region benefits because senior citizens tend to give to their communities through volunteerism, and families whose elders stay here to retire are happier. In 2003,

5,659 people age 65 and over lived in Southeast Alaska, making this industry about the same size as the State government sector, which employed 5,650 people in the region in that year. Senior citizens brought nearly \$650 million in retirement benefits and social security income to the region in 2002 (the latest year of available data from the U.S. Bureau of Economic Analysis). In addition, they have income from Medicare, investments and savings, private annuities and insurances, and other sources that they spend in Southeast Alaska.

The health and social services sector is on the fastest growing in the state and the region. In 2003, 3,234 people were employed in this industry, and earned about \$97 million in wages. Major employers in the region include Southeast Alaska Regional Health Consortium (SEARHC), Bartlett Regional Hospital, Ketchikan General Hospital, and Sitka Community Hospital. Trained health care professionals are in high demand in the region, and continued growth in the industry is expected.

The majority of the regional jobs in the manufacturing industry are in fish and timber products manufacturing. Another fast-growing manufacturing sector is the bottled water industry. Water bottling plants are currently operating or being developed in Hyder, Metlakatla, Petersburg, Sitka and Juneau. Water in Southeast Alaska is used in another way to benefit the economy. Hydroelectric facilities provide low cost renewable locally generated power to many of the region's largest community, and plans to connect many rural Southeast Alaska communities by an intertie are moving forward rapidly.

Business Climate

In May and June 2005, Southeast Conference distributed a survey on economic development issues to business people and to community and government leaders. In addition, selected business representatives and other knowledgeable parties participated.

Questionnaires asked what respondents felt are the largest impediments to economic development in their community or in the region, as well as what they thought were the largest impediments in several categories: infrastructure, business support services, government regulations, workforce, community, quality of life, politics and attitudes, and other factors of development. They were asked what important factors benefit economic/business development in their community and the region. The survey asked which government agencies played the largest role in future economic development in the region, and why this was so.

Most frequently mentioned business impediments are (in no particular order of emphasis):

- high cost and lack of adequate transportation
- high cost of energy and utilities
- lack of skilled workers
- high cost (to employer) of wages and benefits for workers
- lack of housing (especially seasonal housing)
- cumbersome and duplicate regulatory requirements
- lack of land for development
- high cost of living vs. low wages
- special interests opposing development

The responses are grouped by community size and then by business or agency type. Around 200 surveys were sent out via e-mail, and 35 responses were received. In addition, 20 interviews with community and business leaders around the region were completed.

When asked what factors benefit business development, respondents answered most frequently with (in no particular order) good people willing to work together when needed, clean air and water, abundant resources, and good recreational opportunities. When asked which government agencies are most important in development of the region, many respondents answered that all agencies played a part and must work together. Many others stated that the Federal government (primarily USFS) was most important because it owns and/or manages most of the land in Southeast Alaska.

Survey responses were entered into a database, sorted by size of community represented, and then sorted by type of business or agency represented. Southeast Conference attempted to report these responses as accurately as possible while paraphrasing and grouping similar responses. In some cases, community-specific or other specific references are generalized. This survey is more of an attempt to get impressions from informed and knowledgeable parties in the region about the local business climate. It is not statistically stratified nor randomly delivered, so the results cannot be considered statistically significant.

Cost of Living

Cost of living comparisons are difficult to make with complete accuracy and are easily subject to misinterpretation. Additionally, comparisons among Alaska's communities often fail to consider important factors. Among those are disparities in the goods and services readily available in urban and rural communities, differences in urban and rural buying habits, and the fact that in rural Alaska much of the food consumed is commonly obtained through subsistence activities. This, in particular, has a dramatic impact on an area's cost of living. There remains, however, a fairly clear urban and rural dichotomy in the region with regard to the availability and cost of goods and services. Transportation costs are a significant factor in the cost of living in Southeast, as is the reliance on expensive diesel fuel in many remote areas. High transportation costs are a result of geographic isolation and small population bases. Most residents and materials must travel within and beyond the region either by air or marine transportation. Further, the cost of energy in the region's nineteen rural communities is two to three times higher than the national average. Although rural communities generally have lower sales and property tax rates than their urban counterparts, the higher cost of goods and services, electricity and fuel more than outweigh this small advantage. Moreover, opportunities for earned income in most rural communities are far less than in the population centers of Juneau, Ketchikan and Sitka.

Based on a June 2000 study by the University of Alaska Cooperative Extension Service, the cost of food for a family of four with elementary school-age children ranged from \$111.19 in Juneau, to \$105.16 in Ketchikan, \$123.23 in Sitka, \$125.76 in Craig/Klawock, and \$130.07 in Haines. Juneau's food costs were among the lowest of the Alaska areas surveyed.

Native Corporations

The passage of the Alaska Native Claims Settlement Act (ANCSA) in 1971 marked the beginning of a new era for Alaska's indigenous people. Prior to ANCSA, Alaska Natives had no recognized title to much of the land on which they had lived for thousands of years. With ANCSA, aboriginal claims to all of Alaska were extinguished in exchange for title to approximately 44 million acres of land and nearly \$1 billion from the state and federal governments. Under ANCSA, land and money were distributed to 13 newly created regional Native corporations. In Southeast, there are 12 village and urban corporations and Sealaska, the sole regional corporation. All Alaska Natives who were alive on December 18, 1971 were eligible to enroll as shareholders in their regional corporation. Of the approximately 15,800 Natives who originally enrolled in Sealaska, nearly 9,000 also enrolled in one of Southeast's village and urban corporations. Each shareholder was issued 100 shares of common stock in Sealaska and an additional 100 shares in their village or urban corporation.

Southeast Alaska ANCSA Corporations		
Corporation	Type	Area Represented
Cape Fox Corporation	Village	Saxman
Goldbelt, Incorporated	Urban	Juneau
Haida Corporation	Village	Hydaburg
Huna Totem Corporation	Village	Hoonah
Kake Tribal Corporation	Village	Kake
Kavilco, Incorporated	Village	Kasaan
Klawock Heenya Corporation	Village	Klawock
Klukwan, Incorporated	Village	Klukwan
Kootznoowoo, Incorporated	Village	Angoon
Shaan-Seet, Incorporated	Village	Craig
Shee Atika, Incorporated	Urban	Sitka
Yak-Tat Kwan, Incorporated	Village	Yakutat
Sealaska Corporation	Regional	Southeast Alaska

Source: *25 Years of Progress: The Economic Impact of ANCSA Corporations on Southeast Alaska*, July 1997, by the McDowell Group for Sealaska Corporation

The region's ANCSA corporations have gone through several distinct stages of development; land selection, timber harvesting and start-up, profitability and diversification among them. These reflect a logical progression of using available resources to build assets and meet corporate objectives. In large part, the corporations chose rich timberlands that could be harvested, providing jobs for shareholders and needed cash flow. Many corporations suffered losses when the bottom dropped out of the export log market in the early 1980s. It was through Net Operating Loss (NOL) sales that they were able to maintain necessary cash flow. The second half of the decade offered an improved international log market and timber harvesting continued to be an important revenue source for all the Southeast ANCSA corporations until the late 1990s. While timber harvesting continues to play a role, many of the corporations are actively positioning themselves for growth in other industries including mining, manufacturing, tourism, gaming, communications, construction and services.

ANCSA corporations are now among the region's largest employers. In 1996, the most recent year for which reliable statistics are available, they accounted for nearly 2,800 direct

and indirect year-round jobs in the region. This figure includes employment in corporate offices, subsidiaries and joint ventures as well as contract employment, and represents 11.8 percent of all private sector employment in the region. In that same year, total payroll impact associated with corporation jobs in Southeast was more than \$108 million. Southeast corporations also employ more than 200 workers in other parts of Alaska and several hundred workers in subsidiaries outside the state.

ANCSA corporations pay dividends to their shareholders. For the five-year period 1992-1996, dividends distributed by Southeast corporations totaled more than \$348 million. In 1994 and 1995, dividends were particularly high as corporations distributed proceeds from the sale of net operating losses (NOLs). In 1996, dividends totaled about \$47 million, with \$27 million of that amount going to residents of Southeast. ANCSA corporations are expected to distribute dividends of \$30 million to \$40 million annually, contributing about \$25 million to the economy of Southeast. Like Alaska Permanent Fund dividends, these direct cash payments support jobs in the region as recipients use them to purchase goods and services.

Far beyond the impact of corporation employment and dividends on the region's economy, is the potential for development that exists on corporation held lands. With 95 percent of Southeast's land area under federal jurisdiction, the approximately 2.4 percent held by Native corporations makes them by far the region's largest private landowners. Sealaska alone owns more than 330,000 acres of land and 660,000 acres of subsurface estate. These assets provide a solid foundation for economic development opportunities that can serve not only the interests of Sealaska, but the entire region.

In addition to the ANCSA corporations, Native tribal organizations individually and collectively are important to the economy of Southeast. In FY2001, for example, the Southeast Alaska Regional Health Consortium (SEARHC) will employ approximately 750 people with an annual payroll of \$35 million. The Tlingit & Haida Regional Housing Authority, with an annual budget of \$13 million, provides jobs for over 100 permanent and seasonal employees. Further, they support additional jobs by hiring contractors, tradesmen and laborers to construct and repair housing each year. The Tlingit & Haida Regional Electrical Authority, with an annual payroll in excess of one million dollars, employs 27 full and part-time employees in five communities. The Central Council Tlingit and Haida Indian Tribes of Alaska, the largest federally-recognized tribe in Southeast, employs over 200 people with an annual payroll of \$15 million. Combined, tribes and tribal organizations employ nearly 2,000 individuals throughout the region.

In an era of change, one thing is certain. The importance of the region's ANCSA corporations and tribal organizations will continue to grow as a vital component of the local and regional economies.

Manufacturing

Manufacturing in Southeast has been primarily associated with the timber and seafood industries and was touched upon in those sections. From 1998 to 1999, total manufacturing employment in the region saw a decrease of 250 jobs with AKDOL estimating the loss of another 50 manufacturing jobs in the 1999 to 2000 period. The majority of this loss is being felt in the timber industry while employment in seafood processing remains stable. In addition to wood products and fisheries-associated manufacturing, the region is experiencing some growth in the development of facilities such as Allen Marine in Sitka and the Ketchikan Shipyard in Ketchikan. Allen Marine specializes in the manufacture of high-speed aluminum

catamarans and water-jet propulsion systems. With over a dozen vessels in service in Southeast and Prince William Sound, they are now filling an order for five bow-loading fast ferries from an East Coast transportation company. The Ketchikan Shipyard, owned by the Alaska Industrial Development and Export Authority and operated by Alaska Ship and & Drydock, is capable of providing the full range of services required to maintain and repair the Alaska Marine Highway System fleet. In 1999, the shipyard reported an average annual workforce of 109 full-time equivalent employees with a winter peak of 148 fte workers. Implementation of their development plan will increase employment to between 185 and 210 jobs. An important component of shipyard employment is its counter-cyclical nature, with most ship repair activities occurring in the winter months. Both Allen Marine and the Ketchikan Shipyard are among the region's few manufactures that could be classified as non-consumptive, meaning their end products are not based on adding value to locally extracted natural resources.

Other regional manufacturing expansion plans include a new cannery in Petersburg, water bottling plants in Hyder, Metlakatla and Sitka, veneer plants in Ketchikan and Klawock, and the development of a variety of new seafood and fish waste-based products. The feasibility of designing, constructing and operating an ethanol manufacturing facility is also being evaluated. In Angoon, interest has been expressed in light manufacturing that would use and add value to local natural resources such as wild foods and sea products.

Subsistence

Subsistence refers to the customary and traditional uses of wild resources for food, material, customary sharing, and other local needs. It is a deeply embedded element of Native and rural culture, providing many social and economic benefits and forming the backbone of local economies. Subsistence cannot be measured in dollars because so much of the food and materials are produced and consumed without any connection to commercial markets. As of 1985, fish was the major part of the statewide subsistence harvest, with two-thirds of the harvest consisting of fish and shellfish. The other one-third of the harvest was composed of land mammals, sea mammals, birds and plants. For example, subsistence harvest in the village of Angoon in 1987 was comprised of the following: salmon 30 percent, land mammals 30 percent, other fish 15 percent, marine mammals 14 percent, shellfish 9 percent, plants 2 percent, and birds 1 percent. As a point of comparison, it was cited that while Americans consume about 13 pounds of fish per person annually, rural Alaskans consume about 230 pounds of fish per person each year. Southeast Alaska families harvest some 1.2 million pounds of salmon and trout for subsistence use. In addition to the many species of fish, products such as abalone, cockles, chitons, sea cucumbers, sea urchin eggs and herring roe were also gathered. With the high transportation costs and subsequent high costs of imported foods such as dairy, meat, vegetables and fruit, subsistence harvests of fish, meat, greens and berries provide high quality, nutritional foods to people living in rural areas. Wild fish and game are about one-third higher in protein than domesticated red meats. Over 85 percent of all rural Southeast households harvest subsistence food. Thirty percent obtain half or more of their meat from subsistence activity; 51 percent harvested more than 80 pounds of edible products per capita; 25 percent harvested more than 250 pounds per capita; and 61 percent harvested at least four different types of fish, wildlife and plant resources in 1987.

Subsistence hunting and fishing help stabilize rural economies where there are limited employment opportunities. In many cases it serves as an economic safety net. In addition to the economic aspects, subsistence activities provide a basis for social order. Family activities are centered on the seasonal cycle of harvests. Men are usually involved with the harvesting and women with food processing. Children and the elderly also have important roles. Knowledge, labor and material goods are shared. Foods distributed and shared among households provide a form of social support for those who cannot provide for themselves due

to age or disability. The social roles connected with subsistence activity are important to the psychological and emotional well being of rural villagers.

Subsistence is a controversial issue in Alaska and a source of political division and some racial tension. Subsistence is protected on federal land under the Alaska National Interest Lands Conservation Act (ANILCA), which established it as a priority over other resource uses on federal lands in times of scarcity in rural Alaska. The rural priority for subsistence does not extend to Alaska Natives living in urban communities. In 1990, as a result of the State's failure to come into compliance with language in ANILCA, the federal government assumed management of subsistence hunting on federal lands. More recently they have extended their management authority to also include the fisheries on navigable waters. The State argues that the Alaska Constitution prohibits a rural priority and that all residents, urban and rural, are to be treated equally. The Native Alaskan position, and that of the federal government, is that ANILCA's Title 8 is superior to state statute and constitutional provisions. Therefore, federal law as outlined in Title 8 is the regulatory and administrative format for management and conduct of subsistence in Alaska. Although efforts continue to resolve the issue, positions have become hardened on both sides and a solution that satisfies all the stakeholders seems elusive.

6.0 Vision, Goals, Objectives and Strategies

6.1 Vision

This vision statement describes the attributes of the region as we would have them be. It is a reflection of values identified by the Comprehensive Economic Development Strategy (CEDS) committee members and is a touchstone by which the efficacy of goals and objectives is measured.

Southeast Alaska is a strong and diverse region where educational and economic opportunities are readily available and consistent with the values and needs of its residents. Economic development efforts focus on meeting the long-term needs of the region, maximizing regional self-reliance and self-determination, and promoting sustainable development. There is a strong bond of common purpose throughout the region. At the same time, local needs and priorities are recognized and supported. The region draws strength from its cultural diversity and recognizes and celebrates the qualities each member contributes. Conflicts among disparate groups or interests are resolved in an atmosphere of civility and respect.

6.2 Goals, Objectives and Strategies

GOAL I: Community Development - Initiate activities and assist communities, boroughs and other organizations in efforts to improve the region as a good place to live and work.

The communities in Southeast are as diverse as in any other part of Alaska. With populations ranging from 30,000 to fewer than 20, there is considerable variation in their economic condition, their aspirations and in the resources available to meet identified development and social needs. It is safe to say that in the last decade a majority of communities in the region have experienced a decline in their overall well being. This decline results primarily from changes in the natural resource-based industries that have traditionally sustained the region's economy. Compounding this problem are continuing decreases in state revenue sharing and the state legislature's imposition of unfunded mandates on communities throughout the state. These circumstances most severely impact the region's rural communities that, in general, have a limited local tax base and fewer opportunities for economic diversification. Whether urban or rural, Southeast's communities have many needs in common if they are to build strong local economies, ensure a desirable quality of life for their citizens, and enhance their ability to direct their own futures. Paramount among these common needs are: transportation infrastructure to provide efficient movement of people and goods within and beyond the region, communications infrastructure to provide immediate access to information and to the worldwide marketplace, and energy infrastructure to lower manufacturing costs and the cost of living and conducting business throughout the region. Update here with Impediments Survey While critical for economic development, this infrastructure is also necessary for quality of life considerations. Along with public safety and health care, affordable housing, educational opportunities and recreation, it makes our communities desirable places to live, raise families and spend retirement years. Another important component of community development is maximizing the ability of local residents and organizations to actively engage in planning and managing the affairs of their community. Southeast's cultural diversity lends strength to this effort, bringing both traditional knowledge and contemporary scholarship to bear on issues of local and regional concern. History demonstrates that problems are most effectively resolved when solutions are derived and implemented at the local level. The physical isolation of most Southeast communities creates both a need and a desire for self-sufficiency and self-determination. It is our intent that through this Comprehensive

Economic Development Strategy, the community development needs of the region can better be identified and met.

Objective 2 Quality of Life Improvements - Support efforts to develop, maintain and enhance health care, education, public safety and needed community services and facilities throughout the region.

Strategy 1.2.A. - Support development of more elder care facilities and services in the region, particularly in rural communities.

Strategy 1.2.B. - Further develop enhanced telemedicine capabilities in the region.

Strategy 1.2.C. - Encourage partnering among health care providers to better maximize service delivery and achieve economies of scale.

Strategy 1.2.D. - Encourage new models of health care delivery that harness private, state, local government, federal and tribal resources to create a comprehensive and integrated system of care that meets the challenge of delivering health care to the region.

Strategy 1.2.F. - Recognize and strengthen the critical linkage between health care access and transportation planning.

Strategy 1.2.G. - Support efforts that ensure a local voice in the development and management of community health care facilities.

Strategy 1.2.H. - Support programs to train local people to work in all aspects of the health care industry.

Strategy 1.2.I. - Support programs and projects that contribute to the development of an adequate supply of affordable housing throughout the region.

Strategy 1.2.J. - Support a systematic approach to providing and maintaining critical infrastructure in small communities.

Strategy 1.2.K. - Support the continued subsidy of essential air service to Petersburg, Wrangell and Sitka.

Strategy 1.2.L. - Support funding for health facilities.

Strategy 1.2.M. - Support funding for all local public safety services and facilities.

Strategy 1.2.N. - Promote development of infrastructure needed to improve recreational opportunities, especially in smaller communities.

Objective 3 Capacity Building - Assist local governments and community organizations develop leadership skills and the ability to successfully carry out economic and community development activities.

Strategy 1.3.A. - Recognize the opportunities and strengths engendered by the region's diverse cultures and populations.

Strategy 1.3.B. - Support the achievement of community goals through cooperative partnerships among regional, state and federal agencies.

Strategy 1.3.C. - Support distance learning. Support education and training opportunities to develop leadership and management skills.

Strategy 2.6.D. - Encourage consultation of Native elders for their historic and environmental knowledge.

GOAL II: Economic Development - Provide support and assist in planning and implementing local and regional economic development projects and initiatives.

The economy of Southeast is best typified as one in transition. The region's traditional leading industries: timber, mining, commercial fishing and government, while continuing to be major contributors, are all declining in their overall impact. Since 1997, the service sector of the economy has seen the fastest growth, supplemented by the construction and retail sectors. While total employment numbers have remained relatively stable, high paying jobs in resource extraction, manufacturing and government are being exchanged for lower paying jobs in the tourism, retail trade and service sectors. Unlike natural resource-based activity, this new sectorial growth is largely concentrated in the region's population centers with often-severe impact on rural communities. These changes in the region's economy have been unsettling. The dramatic decline in the timber industry, in particular, has had a ripple effect throughout the region. The loss of over 1,700 direct timber industry jobs between 1990 and 1998 has resulted in significant population losses in many Southeast communities. This, in turn, has often meant declining school populations, a shrinking tax base, reduced purchasing power and increased social and economic pressures on local governments and community organizations. The challenge for the region is to reorient its resource-based industries to address changing political, economic and market realities. In part, this involves putting the necessary infrastructure in place to help the region's products and services compete effectively in the marketplace. This requires not only efficient and reliable transportation, but cost-efficient energy and state-of-the-art communications capability. Further, efforts must be made to ensure a political and regulatory environment that is conducive to economic growth while responsive to quality of life issues. It requires coordinated planning between industry and educational institutions to ensure a well-trained workforce ready to step into new job opportunities. And it is a time to examine new opportunities and models for marketing Southeast's products, and transportation systems to get them there. An important part of meeting this challenge is reaching consensus on the region's economic development priorities and framing a plan to achieve them. It is our intent that this Comprehensive Economic Development Strategy is the beginning of an ongoing process to identify those development needs and bring focus to the planning and development efforts of persons and organizations throughout the region.

Objective 1 Infrastructure Development - Support the development, maintenance and improvement of public infrastructure necessary for economic development and enhancing the quality of life in the region.

Strategy 2.1.A. - Advocate for ferry, port and harbor, road and air transportation system enhancements as requested by the region's communities, as consistent with the regional plan.

Strategy 2.1.B. - Prohibit substantive amendments to the Southeast Transportation Plan without participation by the affected communities.

Strategy 2.1.C. - Encourage more community and private sector participation in the operation and maintenance of public facilities and transportation services.

Strategy 2.1.D. - Encourage the establishment of local and regional authorities to develop and operate transportation facilities and services.

Strategy 2.1.E. - Support completion of the Juneau Access Road, Sitka Access EIS, Bradfield Corridor EIS, and other long range plans to promote informed discussion of Southeast transportation options.

Strategy 2.1.F. - Advocate for full exploration of all potential transportation corridors to/from Southeast Alaska.

Strategy 2.1.G. - Support implementation of a formal, collaborative process for air transportation planning throughout the region.

Strategy 2.1.H. - Encourage the establishment of increased airfreight services to small communities in the region.

Strategy 2.1.I. - Advocate the level of road construction and maintenance necessary in the Tongass to support a viable forest products industry, meet identified tourism

and recreation needs and provide access to developable natural and subsistence resources.

Strategy 2.1.J. - Further develop enhanced telemedicine capabilities in the region.

Strategy 2.1.K. - Advocate full implementation of the Southeast Alaska Intertie Plan, incorporating connecting with B.C. Hydro, if appropriate.

Strategy 2.1.L. - Support the study and application of alternative energy sources, where appropriate throughout the region.

Strategy 2.1.M. - Promote development of infrastructure needed to improve recreational opportunities and support tourism industry development, especially in smaller communities. (See also 1.2.N)

Strategy 2.1.N. – Support the energy demands to support mining activity and businesses, especially in remote locations.

Strategy 2.1.O. - Support programs and projects that contribute to the development of an adequate supply of affordable housing throughout the region.

Strategy 2.1.P. - Support the extension of fiber optic service, or other appropriate communications technology, to as many communities in the region as possible.

Strategy 2.1.Q. - Support a systematic approach to providing and maintaining critical infrastructure in small communities.

Objective 2 Tourism Development - Initiate activities and support efforts to promote responsible development of the tourism sector of the region's economy.

Strategy 2.2.A. - Advocate a regional strategy to work in concert with the cruise industry to maximize benefits to the region's communities and businesses and insure against intraregional competition for cruise industry visitation.

Strategy 2.2.B. - Facilitate communications between the region's communities and the cruise industry.

Strategy 2.2.C. - Support opportunities to promote dispersal of high visitor concentrations by developing hub and satellite programs with outlying communities.

Strategy 2.2.D. - Promote development of infrastructure needed to improve recreational opportunities and support tourism industry development, especially in smaller communities.

Strategy 2.2.E. - Promote return visits by cruiseship passengers as independent travelers.

Strategy 2.2.F. - Work cooperatively Southeast Alaska Tourism Association and other regional tourism marketing organizations to insure opportunities for participation and benefit by small, outlying communities.

Strategy 2.2.G. - Support the development of appropriate scale cruise programs to small communities.

Strategy 2.2.H. - Encourage marketing efforts that promote small group, small community visitation and the use of local guides and service providers.

Strategy 2.2.I. - Encourage partnering between small village corporations and larger Native or tourism industry corporations to foster tourism development in appropriate locations.

Strategy 2.2.J. - Support programs to train residents for seasonal and year-round jobs in the visitor industry.

Strategy 2.2.K. - Insure that State-supported tourism marketing programs provide appropriate representation of all regions of the state and all segments of the industry.

Strategy 2.2.L. - Encourage point-to-point travel on the AMHS to increase visitation and economic benefit to each community.

Strategy 2.2.M. – Encourage independent travel shoulder-season travel to Alaska.

Objective 3 Timber Development - Initiate activities and support efforts to promote responsible development of the timber sector of the region's economy.

Strategy 2.3.A. - Achieve certainty in the Tongass Land Management Plan to allow the timber industry to restructure itself and implement strategies for long-term stability. And participation in revisions of TLMP...Coordinate regional and community input into the plan revision.

Strategy 2.3.B. - Urge the USFS to offer an amount not less than the full allowable sale quantity (ASQ) at each annual Tongass timber offering.

Strategy 2.3.C. - Support efforts that halt further erosion of timber industry jobs in the region.

Strategy 2.3.D. - Advocate the level of road construction and maintenance necessary in the Tongass to support a viable forest products industry, meet identified tourism and recreation needs and provide access to subsistence resources.

Strategy 2.3.E. - Encourage increased small and micro timber sales in support of value-added processing in the region.

Strategy 2.3.F. - Support efforts to halt the spread of beetle infestations into Southeast forests.

Strategy 2.3.G. - Support efforts to develop alternative wood products-based industries on Prince of Wales Island and throughout the region.

Strategy 2.3.H. - Support development of a demonstration sustainable forest plan on private or public lands.

Strategy 2.3.I – Support the transfer of lands in the region from other governmental entities to a state forest management entity which could allow for a more sustainable forest products industry.

Objective 4 Fisheries Development - Initiate activities and support efforts to promote responsible development of the fisheries sector of the region's economy.

Strategy 2.4.A. - Support efforts to equitably settle conflicts and allocation disputes among developing fisheries and resource user groups.

Strategy 2.4.B. - Support regimes that strengthen the role of local advisory boards and maximize local participation in fishery resource management decisions.

Strategy 2.4.C. – Support regional and local fishery marketing cooperatives. Examine the feasibility of regional transportation and marketing cooperatives for fishery products.

Strategy 2.4.D. - Establish community, non-profit organizations to purchase halibut and black cod quotas and hold them in trust for “rent” by local residents.

Strategy 2.4.E. - Insure that any fishery permit “buy back” program targets non-resident permits to the benefit of resident fishermen.

Strategy 2.4.F. - Support the full analysis of Community Trust Quotas by the North Pacific Fisheries Management Council.

Strategy 2.4.G. - Monitor government agency review of permit requirements for the use of “whole fish” and the disposal of fish waste.

Strategy 2.4.H. - Examine the feasibility of “live fish” marketing and other value-added opportunities.

Strategy 2.4.I. - Support continued assessment and development of the Southeast dive fishery.

Strategy 2.4.J. - Support efforts of dive fishers and shellfish growers to improve PSP testing protocols and establish a regional test lab for shellfish.

Strategy 2.4.K. - Support projects that use fish waste in the manufacture of value-added products.

Strategy 2.4.L. - Advocate continuing education programs for fishermen on proper handling, packaging and transport of fish to meet market standards.

Strategy 2.4.M. - Support implementation of fishery management policies based on sustainability.

Strategy 2.4.N. - Support and promote the Marine Stewardship Council's certification of Alaska salmon as a “Sustainable Fishery.”

Strategy 2.4.O. - Support access to the Commercial Fisheries Revolving Loan Fund for direct marketing programs.

Strategy 2.4.P. - Support efforts by fishermen to directly access the market for their fishery products.

Strategy 2.4.Q. - Encourage and support regional identity marketing strategies, using successful models like “Copper River Kings,” to promote the region’s unique qualities.

Strategy 2.4.R. - Establish product standards that qualify products for participation in regional marketing programs.

Strategy 2.4.S. - Investigate the use of regional fish brokers and on-line auction houses for product outlets.

Strategy 2.4.T. - Support designation of wild Alaska seafood as “organic” by USDA.

Strategy 2.4.U. - Examine tax incentives for processors doing value-added processing in state.

Strategy 2.4.V. - Support development of technology that increases opportunities for value-added processing.

Strategy 2.4.W. - Support the development of shellfish mariculture, including construction of shellfish nurseries and training for farmers.

Strategy 2.4.X. – Support the development of improved transportation of fish products to market.

Objective 5 Minerals Development - Initiate activities and support efforts to promote responsible development and permitting of the minerals sector of the region’s economy.

Strategy 2.5.A. - Examine the potential and implications of establishing “mining districts” and/or some other land designation in Alaska that allows for fast track development of mining projects.

Strategy 2.5.B. - Support continued geophysical mapping of the region’s mineral resources.

Strategy 2.5.C. - Support continued identification and development of other mining products in the region such as marble, aggregate and strategic minerals.

Strategy 2.5.D. - Support use of the ~~Coeur-Alaska~~ model of working with stakeholder groups prior to completion of a project’s design.

Strategy 2.5.E. - Support environmentally responsible disposal of tailings. .

Strategy 2.5.F. - Support continued transshipment of Canada-sourced ore through Southeast ports.

Strategy 2.5.G. - Examine the energy requirements to support mining activity, especially in the region’s remote locations.

Objective 6 Business and Industrial Development - Initiate activities and support efforts aimed at business retention and expansion, the development of new enterprises, and ensuring the availability of appropriate technical assistance and financial resources.

Strategy 2.6.A. - Encourage increased airfreight services to small communities.

Strategy 2.6.B. - Support the extension of fiber optic service, or other appropriate communications technology, to as many communities in the region as possible.

Strategy 2.6.C. - Encourage the regionalization and privatization of appropriate public services.

Strategy 2.6.D. - Advocate responsible legislation that removes barriers to economic development.

Strategy 2.6.E. - Advocate more aggressive implementation of the Community Reinvestment Act in the region.

Strategy 2.6.F. - Examine opportunities for mutually beneficial, cross-border business and industrial development with Southeast's Yukon and British Columbia neighbors.

Strategy 2.6.G. - Support the development of trade zones in appropriate locations in the region.

Strategy 2.6.H. - Examine ways to increase access to private capital for business and economic development.

Strategy 2.6.I. - Advocate programs to support and stimulate the growth of local businesses; keeping local dollars circulating in the region.

Strategy 2.6.J. - Examine the need and appropriate locations for small business incubators in the region.

Strategy 2.6.K. - Support development of a one-stop clearinghouse for information on business and economic development resources, through such vehicles as a regional economic inventory.

Strategy 2.6.L. - Advocate increased State assistance for market analysis and development for Alaska products.

Strategy 2.6.M. - Encourage the development and expansion of basic industries in the region.

Strategy 2.6.N. Encourage development of businesses that create import substitution within the region.

Strategy 2.5.O. - Advocate for the reduction of permitting and reporting requirements for the start up and operation of businesses in the region.

Strategy 2.6.P. - Advocate for development of affordable housing (especially seasonal housing) for workers.

Strategy 2.6.Q. - Establish a database of industrial, manufacturing and transportation capacity as a regional marketing tool.

Strategy 2.6.R. - Encourage programs that train local residents to fill skilled positions, and encourage local hire.

Strategy 2.5.S. - Encourage development of transportation systems to get locally made products to market outside of the region.

Objective 7 Labor Force Development - Initiate activities and support efforts to ensure a skilled workforce comprised of local residents is available for employment opportunities throughout the region.

Strategy 2.7.A. - Recognize the opportunities and strengths engendered by the region's diverse cultures and populations.

Strategy 2.7.B. - Support development of more vocational education facilities and training programs consistent with existing and anticipated job opportunities in the region.

Strategy 2.7.C. - Support programs to encourage students, skilled workers and professional Alaskans to return to the region to invest their talents in its development.

Strategy 2.7.D. - Continue efforts to fund scholarships for students at the University of Alaska Southeast.

Strategy 2.7.E. - Support programs to train local residents to work in all regional industries.

Strategy 2.7.F. - Advocate for Alaskan jobs in the construction and transportation of Alaskan resources, such as the natural gas pipeline project.

GOAL III: Environmental Enhancement - Provide support and assist communities, boroughs and other organizations in efforts to sustain and improve the quality of the region's natural environment.

The Southeast economy is fundamentally tied to natural resources and a quality environment. The region is blessed with abundant fresh water, unspoiled marine ecosystems, plentiful timber, fish and wildlife and wilderness resources that are the envy of much of the world. Throughout the last century, new communities have been established in the region. Most of these communities have come into being as the result of the exploitation of natural resources. Cannery sites, gold strikes and lumber camps have grown into many of the region's established communities. As the fishing, timber and mining industries expanded, people were drawn to the area for job opportunities and for the quality of life its abundance afforded. With this growth, tidelands and uplands have been developed for ports and harbors, airports, housing, commercial enterprises and manufacturing sites. And as we did a hundred years ago, we continue to harvest trees, extract minerals, catch and process fish. Now, other industries are part of the economy as well. Government, transportation, tourism, construction, communications, health and medical services and others all contribute to a more diversified economy. All of this economic activity and the population it supports have impacts on the natural environment. In some instances, these impacts can seriously compromise the quality of the environment or pose health and safety risks to the region's inhabitants. Contemporary thinking recognizes the interconnection between strong economies and a quality environment. It might be said that we are taking some lessons from the region's original inhabitants who recognized a relationship between all things and the responsibility to be wise stewards of the land. Now, development planning takes a more comprehensive view of a proposed activity, assessing its environmental impacts, and including those factors in the cost/benefit equation. For example, when development occurs on prime wetland habitat where salmon spawn and fry grow to smolts, it must be considered that as a consequence fewer fish may be available for harvest by commercial fishers and by recreational and subsistence users. This does not mean that beneficial development should not or cannot occur. Rather, it suggests that better decisions can be made after considering the full range of costs and benefits that a project entails. We believe this CEDS is mindful of this approach and that it is consistent with our mission to support strong economies, healthy communities and a quality environment.

Objective 1 Environmental Quality - Initiate activities and support efforts to appropriately handle solid waste and hazardous materials disposal, to insure a safe water supply and guard against threats to the region's natural assets.

Strategy 3.1.A. - Encourage a comprehensive, regional approach to solid waste management that includes a recycling component.

Strategy 3.1.B. - Insure adequate safeguards to protect water quality and fisheries habitat throughout the region.

Strategy 3.1.C. - Support efforts to halt the spread of insect infestations into Southeast forests.

Strategy 3.1.D. - Support watershed planning efforts in which the stakeholders within a watershed are involved in the development, wise use and conservation of natural resources and the restoration of habitat.

Strategy 3.1.E. - Support federal and state financial and technical assistance for maintaining and improving the water and sewer facilities in the region's communities.

Strategy 3.1.F. - Encourage agencies, communities and marine and land-based industries to participate in programs that reduce the amount and impact of discharge of sewage, gray water and other waste into the marine environment.

Strategy 3.1.G. - Work with the Department of Environmental Conservation and Southeast's communities to continue implementation of the Household Hazardous Waste Collection program.

Strategy 3.1.H. - Encourage communities, private landowners and other groups to develop local and sub-regional conservation districts as a tool to implement conservation programs on private lands.

Strategy 3.1.I. - Support efforts to assess and schedule clean-up of abandoned hazardous waste sites that are detrimental to the region's natural environment.

GOAL IV: Organizational Development - Expand and strengthen the organization's ability to advance the economic, social and environmental interests of the region's people, communities and businesses.

The changes occurring in Southeast constitute both a challenge and an opportunity. In many instances, the old ways of doing business are over and we must find new ways of using our abundant resources to build sustainable economies and to maintain a high quality of life for our residents. One aspect of meeting this challenge is developing mechanisms for achieving regional consensus and a shared vision for the future. Southeast Conference and Central Council Tlingit and Haida Indian Tribes of Alaska (CCTHITA) are uniquely positioned to play important roles in that effort. Both have region-wide constituencies and a mandate to work for the betterment of the communities, economies and the natural environment of Southeast. To effectively meet this challenge, both must take leadership roles in identifying, articulating and advancing local and regional development goals. This can first be done by continuing and expanding this initial effort to produce a Comprehensive Economic Development Strategy (CEDS) for Southeast. Second, our organizations can proactively work to increase communication and cooperation among the communities and other economic stakeholders in the region. Both can play significant roles in gathering and disseminating pertinent information and in creating forums for the exchange of ideas and the resolution of problems. And, finally, we can be strong, effective advocates for the economic, social and environmental interests of the region at the local, state and federal levels. The CEDS clearly identifies issues and strategies to enhance the region's well being. It is a "road map" for achieving local and regional goals and aspirations. Southeast Conference and CCTHITA now have the opportunity to use this valuable tool to help chart a new course for the region.

Objective 1 Regional Planning - Initiate and support efforts to unite the region and advance the economic development goals of its communities and organizations through a coordinated, regional planning process.

Strategy 4.1.A. - Continue to collaborate on the development of the 5-Yr CEDS and its annual update

Strategy 4.1.B. - Support continued regional planning efforts in solid waste management and electrical development.

Objective 2 Communication - Expand and strengthen the communication and cooperation among communities, boroughs, tribes and other organizations in an effort to build consensus and advance the economic, social and environmental interests of the region.

Strategy 4.2.A. - Develop a mechanism to disseminate updated information about the organization, its programs and projects, and other matters of concern to members and to the public at large.

Strategy 4.2.B. - Sponsor or participate in conferences, workshops or meetings designed to inform the region's people, businesses and communities about matters of social, political or economic importance.

Objective 3 Regional Advocacy and Outreach - Initiate activities and support efforts to advance the economic, social and environmental interests of the region at the local, state and federal government levels.

Strategy 4.3.A. - Prohibit substantial amendments to the Southeast Alaska Transportation Plan without the concurrence of affected communities.

Strategy 4.3.B. - Resist continued emphasis on AMHS achieving economic self-sufficiency; a condition not required of other state transportation corridors.

Strategy 4.3.C. - Support completion of the Juneau Access Road, Sitka Access EIS, Bradfield Corridor EIS, and other long range plans to allow informed discussion of Northern Southeast transportation options.

Strategy 4.3.D. - Support implementation of a formal, collaborative process for air transportation planning throughout the region.

Strategy 4.3.E. - Support efforts to equitably settle conflicts and allocation disputes among developing fisheries and resource user groups.

Strategy 4.3.F. - Support regimes that strengthen the role of local advisory boards and maximize local participation in fishery resource management decisions.

Strategy 4.3.G - Establish community nonprofit organizations to purchase limited entry permits and hold them in trust for “rent” by local residents.

Strategy 4.3.H. - Insure that any fishery permit “buy back” programs target nonresident permits to the benefit of resident fishermen.

Strategy 4.3.I. - Continue the support the Community Trust Quotas.

Strategy 4.3.J. - Monitor government agency review of permit requirements for the use of “whole fish” and the disposal of fish waste.

Strategy 4.3.K. - Support implementation of fishery management policies based on sustainability.

Strategy 4.3.L. - Support access to the Commercial Fisheries Revolving Loan Fund for direct marketing programs.

Strategy 4.3.M. - Support USDA designation of wild Alaska seafood as “organic.”

Strategy 4.3.N. - Examine tax incentives for processors doing value-added processing in state.

Strategy 4.3.O. - Achieve certainty in the Tongass Land Management Plan to allow the industry to restructure itself and implement strategies for long term stability.

Strategy 4.3.P. - Urge the USFS to offer an amount not less than the full allowable sale quantity (ASQ) at each annual Tongass timber offering.

Strategy 4.3.Q. - Support establishment of a Region 11 in Alaska for the EPA, USFW, USFS, BLM and other federal agencies with significant management and regulatory responsibilities in the state.

Strategy 4.3.R. - Examine possible changes to ASMI regulations to allow direct promotion of regional products or regional tie-ins to ASMI marketing efforts.

Strategy 4.3.S. - Advocate increased State assistance for market analysis and development for Alaska products.

Strategy 4.3.T. - Support a systematic approach to providing and maintaining critical infrastructure in small communities.

Strategy 4.3.U. - Encourage regulatory agencies to maintain personnel within the regions they regulate.

Strategy 4.3.V. - Encourage the Alaska Mental Health Trust to move ahead with implementation of its plans for the development of trust lands.

Strategy 4.3.W. - Urge state and federal agencies to strive for consistency and simplicity in the design and administration of grant programs.

Strategy 4.3.X. - Advocate the elimination of State-mandated, local tax exemptions and other unfunded mandates.

Strategy 4.3.Y. - Encourage state policies more supportive of economic development.

Strategy 4.3.Z. - Advocate responsible legislation that removes barriers to economic development.

Strategy 4.3.AA. - Support the achievement of community goals through cooperative partnerships among regional, state and federal agencies.

Strategy 4.3.BB. - Encourage the incorporation of traditional knowledge with western science in resource management regimes.

Strategy 4.3.CC. - Insure that state-supported tourism marketing programs provide appropriate representation of all regions of the state and all segments of the industry.

7.0 Performance Evaluation

Performance evaluation is an important component of the economic development process. Most simply, it gauges the organization's effectiveness in meeting its goals. To be effective, performance evaluation should be conducted on an ongoing basis and the results used to adjust or redirect organizational efforts.

This Comprehensive Economic Development Strategy (CEDS) identifies four primary goals that give overall direction to the economic development efforts of the Southeast Conference and the Central Council Tlingit and Haida Indian Tribes of Alaska (CCTHITA). Under each goal are a number of objectives that articulate specific types of activity that support CEDS goals. Finally, the CEDS identifies a menu of strategies that may be employed to achieve each objective. The annual Work Plans of Southeast Conference and CCTHITA will identify the specific activities to be undertaken and the performance measure(s) by which their success will be evaluated. Although the CEDS is the guiding document for both organizations, each is individually responsible for preparing an annual Work Plan and evaluating and reporting their progress in carrying out specified activities.

Southeast Conference, as an Economic Development District, will prepare its annual report and performance evaluation consistent with the requirements of EDA. Organization staff will prepare an annual report that includes reporting and quantifying its progress toward achieving CEDS goals and will consider the following values.

- √ The extent to which the Annual Work Plan is consistent with identified CEDS goals.
- √ The extent to which the Annual Work Plan is consistent with CEDS objectives.
- √ The extent to which the organization is meeting the performance measures specified in the Annual Work Plan.

ACKNOWLEDGEMENTS:

The following organizations contributed funding toward the development and publication of this document:

- ◆ **Southeast Conference**
- ◆ **Central Council of Tlingit & Haida Indian Tribes of Alaska**
- ◆ **U.S. Forest Service**
- ◆ **U.S. Economic Development Administration**
- ◆ **U.S. Natural Resources Conservation Service**
- ◆ **Southeast Alaska Regional Health Corporation**
- ◆ **Tlingit and Haida Regional Housing Authority**
- ◆ **Tlingit and Haida Regional Electrical Authority**
- ◆ **Sealaska Corporation**
- ◆ **Alaska Forest Association**
- ◆ **City of Hoonah**
- ◆ **Linda Snow**
- ◆ **Chuck Katasse**
- ◆ **Julie Decker**
- ◆ **Carol Rushmore**