Southeast Alaska Economic Plan 2020

CEDS
CEDS Steering Committee

Southeast Conference Committees

- Transportation
- Energy
- Maritime
- Health Care
- Mining
- Tourism
- Seafood
- Timber
Timeline: Where are we in process?

- SWOT & Committee
- Economic Analysis
- Goals & Objectives
- Action Plan Review
- Resiliency
- Priority Objectives
- Draft Plan

You Are Here

May 2020

March 2021
Southeast Alaska 2020 Plan: 46 initiatives

Promote strong economies, healthy communities, and a quality environment in Southeast Alaska.

**Transportation**
- Minimize Impacts of Budget Cuts to AMHS and Develop Sustainable Operational Model.
- Road Development.
- Move Freight to and from Markets More Efficiently.
- Ensure the Stability of Regional Transportation Services Outside of AMHS.

**Visitor Industry**
- Market Southeast Alaska to Attract More Visitors.
- Improve Access to Public Lands.
- Increase Flexibility in Terms of Permit Use.
- Increase Yacht and Small Cruise Ship Visitations.
- Improve Communications Infrastructure.
- Advocate for Adequate Funding to Maintain Existing Recreational Infrastructure.

**Energy**
- Work with Federal and State Government to Promote Regional Energy Projects.
- Diesel Displacement.
- Complete Regional Hydrosite Evaluation for Southeast Alaska.

**Timber Industry**
- Provide an Adequate, Economic and Dependable Supply of Timber from the Tongass National Forest to Regional Timber Operators.
- Stabilize the Regional Timber Industry.
- Work With USFS to Direct Federal Contracts Toward Locally-Owned Businesses.
- Support Small Scale Manufacturing of Wood Products in Southeast Alaska.
- Continue Old Growth Harvests Until Young Growth Supply is Adequate.
- Community-Based Workforce Development.
- Update Young Growth Inventory.

**Other Objectives**
- **Housing:** Support Housing Development.
- **Food Security:** Increase Production, Accessibility, and Demand of Local Foods.
- **Communications:** Improved Access to Telemedicine in Southeast Alaska.
- **Marketing:** Market Southeast Alaska as a Region.
- **Solid Waste:** Regional Solid Waste Disposal.
- **Arts:** Increase Recognition of Southeast Alaska’s Thriving Arts Economy.
- **Mining:** Minerals & Mining Workforce Development.
- **Research:** Attract Science and Research Jobs to Southeast Alaska.
- **Cultural Wellness:** Support Development of Activities and Infrastructure That Promote Cultural Wellness.

**Maritime**
- **Maritime Industrial Support**
  - Maritime Industrial Support Sector Talent Pipeline: Maritime Workforce Development Plan.
  - Harbor Improvements.
  - Examine Arctic Exploration Opportunities That the Region as a Whole Can Provide.

**Seafood Industry**
- Mariculture Development.
- Full Utilization and Ocean Product Development.
- Increase Energy Efficiency and Reduce Energy Costs.
- Regional Seafood Processing.
- Seafood Markets.
- Sea Otter Utilization and Sustainable Shellfish.
- Maintain Stable Regulatory Regime.
Other Objectives

- Housing
- Food Security
- Communications
- Solid Waste
- Arts
- Research
- Cultural Wellness
7 Priority Objectives

- Maritime Workforce Development
- Alaska Mariculture Initiative
- Full Seafood Resource Utilization
- Market Southeast Alaska to Visitors
- Secure Adequate Timber Supply
- Diesel Displacement
- AMHS Reform Project
Key Project Champion
Who will be the project champion moving this project forward?

Outline of steps required for project to be completed.
List steps and dates

People/Organizations responsible for completing these steps
Who will be working on this?

Cost Estimates
How much will this cost, and who will pay these costs?

Evaluation Measures
What are the indicators we can track that will measure project success?
# Committee Meetings

## Southeast Alaska Comprehensive Economic Development Strategy

### Meeting Schedule

<table>
<thead>
<tr>
<th>Month</th>
<th>Transportation</th>
<th>Energy</th>
<th>Timber</th>
<th>Seafood</th>
<th>Health Care</th>
<th>Tourism</th>
<th>Mining</th>
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Sector SWOT Analyses

April/May 2020
The Southeast Alaska sector SWOT analyses were conducted by the Southeast Conference Committees in two sessions: On February 4th, 2020 at Mid Session Summit, and again in April or May. Once the SWOT lists were completed by the group, committee members were asked to prioritize by choosing the top two to three items that they felt were most representative of regional timber strengths, weaknesses, opportunities, and threats.
Southeast Alaska SWOT Tourism

**Strengths**
- Natural Beauty: 76%
- Unique Destination: 52%
- Jobs: 45%
- Growth potential: 43%

**Weaknesses**
- Community relationships/communication: 67%
- Infrastructure: 48%
- Seasonality of industry: 38%
- Seasonal housing: 27%

**Opportunities**
- Cultural Tourism/Collaborate with Alaska Native Entities: 43%
- Community Collaboration and Planning: 33%
- Independent/niche tourism development: 31%
- Better Tourism Marketing: 29%

**Threats**
- COVID-19/Illness: 89%
- Anti-tourism sentiment: 35%
- State/Fed regulations (or lack of): 33%
- Increasing Costs: 30%
Mining SWOT Analysis

**Strengths**
- Provides quality/high paying jobs: 100%
- Supports regional economy: 64%
- High environmental standards: 57%
- Abundant mineral resources: 35%

**Weaknesses**
- Extreme opposition by environmental groups: 64%
- Negative public perception: 50%
- Aging/insufficient infrastructure: 29%
- Finite resource/mine life: 25%

**Opportunities**
- Explore/develop new mineral deposits & expand existing mines: 71%
- Public outreach/educate on value: 57%
- Workforce Development/Increased jobs: 43%
- Increase access into Tongass: 29%
- Small to medium sized mine development: 29%

**Threats**
- Environmental groups/lawsuits: 86%
- New regulations/permits/uncertainty: 57%
- Lack of skilled workers: 29%
- Federal management/bureaucracy: 29%
Transportation SWOT Analysis

**Strengths**
- Strong, reliable airline services: 48%
- Barge services: 38%
- Tourism support/integration: 29%
- Communication/partnerships: 25%
- Alaska Marine Highway: 24%
- IFA ferry services: 24%

**Weaknesses**
- AMHS funding/service cuts: 62%
- Lack of regional transportation plan: 57%
- Small population/low economy of scale: 35%
- AMHS not reliable: 29%
- Not enough exports/lack of backhaul: 24%
- AMHS politics: 21%

**Opportunities**
- Improve AMHS services/efficiency: 67%
- Regional transportation plan: 33%
- New ferry service model: 31%
- New road development: 29%
- Better connections to Canada: 23%
- Tourism integration: 19%

**Threats**
- Demise of AMHS: 52%
- Loss of state funding: 38%
- Loss of political support for Southeast: 33%
- Misconception of AMHS value: 29%
- Regional population/economic decline: 26%
Seafood SWOT Analysis

**Strengths**
- High quality product: 60%
- Sustainable: 59%
- Great reputation/Alaska brand/Origin story: 49%
- Hatcheries: 28%

**Weaknesses**
- Climate/ocean change: 68%
- Transportation expensive & challenging: 39%
- Trade/tariff impacts: 33%
- Workforce limitations: 32%

**Opportunities**
- Increase value added: 56%
- Mariculture: 50%
- Seafood waste utilization: 38%
- Marketing innovation: 36%

**Threats**
- Global/ocean warming/acidification: 83%
- Trade wars/barriers: 64%
- COVID-19: 36%
- Aging fleet/infrastructure: 29%
Energy SWOT Analysis

**Strengths**

- Abundant Hydropower: 96%
- Biomass Availability: 24%
- Innovative: 20%
- Resilient (not in grid): 20%

**Weaknesses**

- High costs of infrastructure: 76%
- Small loads/demand: 42%
- Lack of connectivity between grids: 32%
- Aging infrastructure: 24%

**Opportunities**

- Expand regional Intertie: 48%
- New Hydro development: 44%
- Install more heat pumps: 32%
- Expand electric vehicle use/powering locations: 28%

**Threats**

- Economic downturn: 52%
- Shrinking population/energy loads: 48%
- Climate Change/Drought: 40%
- Loss of PCE: 38%
Timber SWOT Analysis

**Strengths**
- High quality timber/products: 57%
- Sustainable/renewable resource: 50%
- Supports rural SE economies: 43%
- High paying good jobs: 43%

**Weaknesses**
- Environmental groups/litigation: 79%
- Cost of doing business: 57%
- Federal regulations/bureaucracy: 57%
- Workforce limitations: 43%

**Opportunities**
- Increased private/state lands: 57%
- Telling the positive story of timber: 43%
- Develop niche markets: 36%
- Federal land exchanges: 36%

**Threats**
- Environmental groups & Lawsuits: 64%
- 2016 Forest Plan: 50%
- Federal Bureaucracy: 50%
- Roadless Rule: 29%
Health Care SWOT Analysis

**Strengths**
- High % of Population has Health Care Access
- Diverse Rural Services
- Recreation is workforce draw
- Capacity
- Collaboration
- Technology
- Personalized Care

**Weaknesses**
- State Budget Cuts
- Transportation Costs
- Higher Costs
- Lack of Efficiency
- Lack of Specialty Care
- Substance Abuse
- Recruitment
- Increased Costs
- Technology integration
- Senior Care Capacity/Services
- Lack of Collaboration

**Opportunities**
- University Course Development
- Strategic Investment
- Behavioral Health Curriculum Expansion
- Health Care Career Pathways
- Improved Technology Use
- Online Coursework
- Follow Best Practices for Remote Care
- Build Regional Alliances

**Threats**
- Lack of understanding regarding the seriousness of the health care situation
- State Medicaid budget reductions.
- There is a lack of regional vision
- Unwillingness to change
- High costs of health care
- Competition with outside employers.
- Shrinking population
- Access to health care/insurance
The Southeast Alaska Strengths, Weaknesses, Opportunities, Threats (SWOT) analysis was developed by more than 200 Southeast Conference members, including business, municipal, and tribal leaders from across the region in February 2020.
Southeast Alaska SWOT Analysis

**Strengths**
- Beauty and Recreation Opportunities: 50%
- Tourism Sector: 41%
- Seafood Industry: 38%
- Rich Alaska Native Culture and Heritage: 37%
- People and Southeast Alaskan Spirit: 36%
- Great place to raise kids/families: 34%

**Opportunities**
- Strengthen ferry connectivity: 50%
- Mariculture development: 43%
- Seafood products development: 31%
- Cultural tourism development: 28%
- Renewable energy: 23%
- Improve infrastructure: 22%

**Weaknesses**
- Ferry transportation decline: 59%
- Cost of living and doing business: 42%
- Transportation Costs: 34%
- Housing: Not enough/Too Expensive: 32%
- Aging or lack of infrastructure: 26%
- Dependence on State oil economy: 22%

**Threats**
- Reduction/loss of Ferry Service: 54%
- Fisheries decline: 34%
- Poor leadership/decision making: 34%
- Cost of living: 33%
- Climate Change/Global Warming: 29%
- Capitol move/capital creep: 28%
**Southeast Strengths**

- Beauty and Recreation Opportunities: 50%
- Tourism Sector: 41%
- Seafood Industry: 38%
- Rich Alaska Native Culture and Heritage: 37%
- People and Southeast Alaskan Spirit: 36%
- Great place to raise kids/families: 34%
- Wildlife: 30%
- Clean Water: 28%
- Access to Natural Resources: 22%
- Mining: 20%
Southeast Weaknesses

- Ferry transportation decline: 59%
- Cost of living and doing business: 42%
- Transportation Costs: 34%
- Housing: Not enough/Too Expensive: 32%
- Aging or lack of infrastructure: 26%
- Dependence on State oil economy: 22%
- Energy Costs: 20%
- Lack of road connectivity: 20%
- Lack of jobs that can support household: 18%
- Seasonal jobs instead of year-round: 17%
- Lack of childcare: 15%
Southeast Opportunities

- Ferry connectivity strengthened: 50%
- Mariculture development: 43%
- Seafood products development: 31%
- Cultural tourism development: 28%
- Renewable energy: 23%
- Improve infrastructure: 22%
- Housing development: 21%
- Maritime industry growth: 21%
- Diversify the Economy: 21%
- Grow food & harvest plants: 20%
- Mining industry: 18%
Southeast Threats

- Loss/Further Reduction of Ferry Service: 54%
- Fisheries decline: 34%
- Poor leadership/decision making: 34%
- Cost of living: 33%
- Climate Change/Global Warming: 29%
- Capitol move/capital creep: 28%
- State jobs/budget cuts: 23%
- Declining/aging population/loss of youth: 18%
- Radical outside groups/lawsuits: 18%
- Housing related: 15%
Timeline: Where are we in process?

You Are Here

SWOT & Committee
Economic Analysis
Goals & Objectives
Action Plan Review
Resiliency
Priority Objectives
Draft Plan

May 2020
March 2021
The Whole Southeast Alaska Economy

In 2018, Southeast Alaska gained 380 year-round equivalent jobs and $17 million in workforce earnings over 2017. Approximately a quarter (26.1%) of regional workers are non-residents.

**Annual Average Jobs**
45,642 Jobs

**Up 2 Jobs in 2018** +0%

**Employment Earnings**
$2.3 Billion Workforce Earnings

**Up $86 Million** +4%
Between April of 2019 and April of 2020 Southeast Alaska lost (at least temporarily) 13% of all jobs, a reduction representing 4,600 lost workers due to the COVID-19 crisis. The hardest hit were the leisure & hospitality and transportation sectors. These saw a combined decline of 2,000 jobs. Federal jobs increased by 100 (mostly part-time, temporary Census workers). The mining, logging, and information sectors experienced no changes in workforce levels during April.

Source: Alaska Department of Labor Monthly Employment Statistics
Between April of 2019 and April of 2020 the Southeast Alaska unemployment rate jumped 7.6% from 6.2% to 13.8%. Skagway and Haines saw the greatest increases, while the POW Census Area and Yakutat experienced the smallest.

Change in SE Unemployment: April 2019 to April 2020 = +7.6%

<table>
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<tr>
<th>Location</th>
<th>Unemployment Rate April 2020</th>
<th>Increase since April 2019</th>
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<tbody>
<tr>
<td>United States</td>
<td>14.4%</td>
<td>+11.1%</td>
</tr>
<tr>
<td>Alaska</td>
<td>13.7%</td>
<td>+7.4%</td>
</tr>
<tr>
<td>Southeast Alaska</td>
<td>13.8%</td>
<td>+7.6%</td>
</tr>
<tr>
<td>Skagway</td>
<td>31.4%</td>
<td>+19.7%</td>
</tr>
<tr>
<td>Haines</td>
<td>27.3%</td>
<td>+18.7%</td>
</tr>
<tr>
<td>Hoonah-Angoon CA</td>
<td>18%</td>
<td>+4.5%</td>
</tr>
<tr>
<td>Ketchikan</td>
<td>17.3%</td>
<td>+10.5%</td>
</tr>
<tr>
<td>Petersburg</td>
<td>15.5%</td>
<td>+6.7%</td>
</tr>
<tr>
<td>Wrangell</td>
<td>14.7%</td>
<td>+7.1%</td>
</tr>
<tr>
<td>Prince of Wales-Hyder Census Area</td>
<td>13.6%</td>
<td>+2.7%</td>
</tr>
<tr>
<td>Sitka</td>
<td>12.8%</td>
<td>+8.7%</td>
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<tr>
<td>Juneau</td>
<td>10.8%</td>
<td>+6.2%</td>
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<tr>
<td>Yakutat</td>
<td>9%</td>
<td>+3.0%</td>
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Source: Alaska Department of Labor April 2020 Preliminary Unemployment Rates
How do you view the regional business climate right now?

**2018**
- Very Poor: 6%
- Poor: 38%
- Good: 50%
- Very Good: 5%
- Don't know: 1%

**2019 +4%**
- Very Poor: 5%
- Poor: 34%
- Good: 54%
- Very Good: 5%
- Don't know: 2%
Business Confidence: Outlook

What is the economic outlook for your business or industry over the next year?

**2018**
- Much Better: 2%
- Much Worse: 2%
- Worse: 14%
- Same (poor): 18%
- Same (positive): 37%
- Better: 27%

**2019 +1%**
- Much Better: 5%
- Much Worse: 1%
- Worse: 13%
- Same (poor): 18%
- Same (positive): 38%
- Better: 25%
Jobs Outlook

Over the next year, do you expect your organization to add jobs, maintain, reduce jobs, unsure?
### Annual Business Investment

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<th>Quantity</th>
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<tr>
<td>$30,000,000+</td>
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**Total Annual Business Investment:** $221 Million
Which questions should we add for 2020?
1. How many people does your business currently employ?
2. How many people does your business employ during the summer peak?
3. Have you experienced any disruption in business due to COVID-19?
4. Please estimate the percent revenue decline to your business due to COVID-19 in the last 30 days (compared to same period in 2019)?
5. How much do you project your revenues will change in the first half of 2020 compared to 2019?
6. How many employees have you laid off (or put into unpaid status) so far due to COVID-19?
7. Do you expect to make employment cuts in the future due to COVID-19?
8. Has your supply chain been disrupted?
9. Have you experienced disruptions from vendors and service providers?
10. Is your business at risk of closing permanently because of impact caused by COVID-19?
11. If you are at risk of closing, how many weeks of the current situation do you think you will be able to survive?
Submitted Questions

• Business name
• # of employees
• # of part time versus full time
• Check all the benefits your business offers; medical, dental, vision, retirement, paid leave, mat leave etc.
• Select your primary revenue source; tourism, local, transportation, goods and supplies etc.
• Does your business have reserves or emergency funds
• Projected revenue in FY20
• Projected lost revenue FY20
• Check all the impacts that apply; layoffs, cancellations, lost revenue, reduction in employee benefits, etc.
• Immediate needs; resume tourism ops, financial assistance, etc.