

Southeast Alaska Round-Up: Leader's Community Updates

Southeast Conference Mid-Session Summit

February 2013

Our Region

The Southeast Alaska Panhandle, extends from the Dixon Entrance waters south of Prince of Wales Island to Yakutat in the north. This 500-mile long maritime area is home to 35 communities with just over 73,500 people, of whom 22% are Alaska Native. Islands make up 40% of the total land area and nearly 95% of the area's land base is managed by the federal government.



Southeast Alaska, Map by Alaska Map Company

Southeast Alaska's 2012 Economy

The mid to late 1990's and early 2000's were tough years in Southeast Alaska. In the early 1990's, seafood and timber directly accounted for 20% of the regional economy. Over the next decade pulp mills and sawmills in the region closed laying off more than 3,000 workers. During the same period, the value of salmon declined worldwide, and by 2002 regional ex-vessel values had fallen by 66% below the 1994 peak. Total Southeast Alaska wages hit bottom in 1997. When the regional economy began to show signs of recovery, the 2009-2010 national recession caused a slump in the visitor industry.

It has taken nearly two decades, but the Southeast economy is recovering. Southeast Alaska's population has been growing since its low point in 2007. In fact, Southeast Alaska was the fastest growing region in the state in 2011. Regional bright spots include increased mining, higher fish prices and increased commercial fishing efforts, visitors and cruise ships numbers rising to previous high levels, increasing health care jobs, and

relatively steady government employment. Also interesting are increased marine services activity, such as ship-building and vessel haul-out capacity, and regional investment and activity in mariculture.

Today the region's top industries are government, seafood, tourism, and health care.

While these positive economic indicators are exciting, growth is not occurring uniformly in the region, nor is it clear that this new slow growth can be sustained. The good economic news in 2011-2012 must be tempered against likely declines in both state and federal employment and spending; the fact that the 2011 jump in both salmon prices and pounds harvested is not likely to be a long term trend; and continued weaknesses in the national economy. Moving forward there will be ups and downs on the road to regional prosperity.

In late February 2013, Southeast Conference, a regional nonprofit corporation that advances the collective interests of the people, communities, and businesses in southeast Alaska, hosted a meeting. Regional leaders gave the following brief updates on what was happening in their communities during one of the sessions.

Community reports are presented below, listed from South to North.

SAXMAN - Senior Housing. Industrial Warehouse. Mahoney Lake Hydroelectric.

Joe Williams, Mayor, City of Saxman

In March of 2012 Saxman opened a long desired and actively sought 17 unit Senior Housing complex. It has 14 single bedroom and three double bedroom units. This will help residents age in place and keep individuals and families together and in the community. We also received a \$750,000 grant from the legislature last year to replace the deteriorated roof on our 30,000 square foot (sf) Seaport Warehouse; now this industrial and commercial support facility feels like new and can continue to provide useful service.

Our top project is the Mahoney Lake hydroelectric project. Saxman holds the FERC license, and is partnering with Alaska Power & Telephone and Cape Fox Corporation to develop the project. Saxman is requesting \$1 million State investment in final pre-construction activities so that the project can be developed expediently as a regional resource capable meeting rapidly growing demand in the Southeast Alaska Power Authority (SEAPA) region (Ketchikan-Wrangell-Petersburg-Kake), and supporting economic growth in our communities.

HYDABURG - Partnerships. New Harbor & Roads. Population Growth.

Anthony Christianson, Mayor, City of Hydaburg

Cooperation among the City, Tribe (Hydaburg Cooperative Association) and Haida Corporation is benefiting our community. Tribal sourced funding is helping to improve infrastructure, pave streets and upgrade water and sewer lines. Hydaburg is installing a new harbor with the assistance of state funding, and we are putting in two new road approaches on either side. We are also extending the road three miles south of town, which will provide access to an area suitable for a deep water port. One purpose of these projects is to assist Prince of Wales Island in meeting the demand for vessel moorage and other transshipment needs.

With \$1.6 million from Alaska Native Tribal Health Consortium (ANTHC) we are also upgrading our sewer system including installing new lift stations.

We support Haida Corporation in its efforts to develop Reynolds Creek Hydro to help lower energy costs and provide energy to support mining. We have to get off diesel. We spend \$20,000 month to heat the school and \$15,000 month to heat the city building. This is too much money. We recently installed 30 new LED street lights and decreased our operating expenses 30% in one year.

Hydaburg was recently the region's fastest growing city of any size, adding 8% to its population since 2010. Haida Cooperative Association is an important partner; for example the City of Hydaburg recently transferred 28 lots to the tribe to support residential development - in order for our community to grow, people need a place to live.

A major concern now is the potential loss of Secure Rural Schools funding, as education and our children are our top concern.

CRAIG - Drinking Water. Harbor Expansion. Island-wide Development & Support.

Jon Bolling, Administrator, City of Craig

Craig is currently raising the height of its North Fork Lake dam from six to ten feet. This will increase the lake storage capacity by about 110 million gallons. We also have an ongoing wastewater line replacement and maintenance program. We are expanding our boat harbor now, which is key to our economy as we are primarily a fishing town with the typical long wait list for moorage.



Craig, Alaska

We are tracking the exploration and pre-development of both the NiBlack and the Dotson Ridge prospect at Bokan Mountain in southern Prince of Wales Island

(POW) by maintaining communication with Heatherdale and UCore Corporations respectively. We are optimistic about the job and economic prospects to the Island from these mines. We strongly support construction of a road connecting these mines to the existing road system on POW so that our residents and businesses can easily commute for work and supply purposes as well as providing services.

We are tracking the Tongass Forest Plan 5-year review process and intend to submit a comment as timber is of big interest in Craig and on POW Island. The largest mill remaining in Southeast Alaska is just up the road in Klawock and there are several small mills primarily in Thorne Bay, all of which need a dependable timber supply. As you can see from my overview, we are very

supportive of island wide regional efforts and concerns, as well as Southeast Alaska wide regional efforts, such as Southeast Conference.

THORNE BAY - Harbor Upgrade. Energy Efficiency. Population Growth.

Jim Gould, Mayor, City of Thorne Bay

In Thorne Bay we recently replaced our street lights with LED bulbs and installed a 2nd dock to our harbor system, on the South Side of Thorne Bay, that provides added room for approximately 50 boats. We also purchased a restaurant that the City is currently leasing; this now allows us to provide a much needed service to our community and a small revenue stream for the city. For the last three years the city budget has run in the black, which is a big accomplishment in a small community in Southeast Alaska. We are also actively working with the City of Kasaan to get the Thorne Bay-Kasaan Highway completed.



Thorne Bay, Alaska

Allen Marine tour boats are now coming regularly to Thorne Bay; this has been a real bright spot for the economy. Our population has increased since 2010 from 454 to 508 people! We have the only solid waste dump on the Prince of Wales Island, we are now closing this out and turning it into a transfer site. Soon we will be shipping out garbage south like most others here do.

WRANGELL - Marine Service Center. Downtown Street & Sidewalk Revitalization. Chief Shakes Island Tribal House Restoration.

Tim Rooney, Manager, City and Borough of Wrangell
Wrangell's seven acre Marine Service Center on our downtown waterfront, which supports our and Southeast's fishing and maritime industries, is in active use and the final phases are being completed now, which includes final yard paving and installation of a new 300-ton travel lift. Dock work has just also been



Wrangell's Marine Service Center Boat Haul-Out

completed to upgrade and reinforce the deep water docking facility for another 20 years. We just finished a multi-year Downtown Revitalization project upgrading our streets and sidewalks. Wrangell recently replaced our community's street lights with LED bulbs and achieved \$40,000 savings in a single year. We are actively working with the USFS, as a partner, on the Wrangell Island Timber sale. Our new hospital project looks like it will finally begin construction in 2014. The tribe (Wrangell Cooperative Association) and Borough team up on road maintenance as each has access to different equipment and sources of funding, and this continues to be a successful collaboration.

Wrangell has two major assets that we want to find a new use and tenants for - the former sawmill deepwater industrial site at 6 Mile Zimovia Highway and the 140 acre Wrangell Institute.

The grand celebration for the rededication of the new Chief Shakes Tribal House is May 3-4, 2013; I believe we will have 800 visitors coming to Wrangell to celebrate!

Congratulations to Alaska's 19th and newest borough, Petersburg Borough. The City of Petersburg, Alaska has officially dissolved and has now become the Petersburg Borough. The unofficial results of the voting were 782 residents for the borough incorporation and 600 against. The former City of Petersburg was comprised of 43.9 square miles, and the new Petersburg Borough encompasses 3,829 square miles of land and water in central Southeast Alaska.

PETERSBURG - Borough. Seafood. Construction.

Mark Jensen, Mayor, Petersburg Borough

On January 3, 2013 citizens voted to form Petersburg Borough, the newest in Alaska. Work on our Main Street Revitalization project continues; it is slated for completion summer 2013. As is our new Library. We are also working on a rebuild of North Harbor, our oldest facility at 50 years; we'll be completing replacing it and while it is removed the US Army Corps of Engineers will dredge the area. At the end of 2014 we will have a new drive down dock, which is very exciting and needed by our waterfront users.

Many of you will remember the AMHS Matanuska and Ocean Beauty dock collision in 2012. Repairs are completed and the Ocean Beauty Seafood Processing facility will be operating at full capacity summer 2013. Tonka Seafoods and some local investors recently purchased the old Mitkof Cannery and will be putting it back into use soon to expand capacity for custom processing of salmon, halibut and other seafood. There is the possibility of using it to develop a market for the pink shrimp beam trawl fishery. Petersburg supports any added seafood production.



Groundbreaking- Petersburg Library

KAKE - Support from the Region. Weatherization. Facility Upgrades.

Henrich Kadake, Mayor, City of Kake.

We feel lucky to have Southeast Conference on our side with the recent losses in our community. Southeast Conference is part of us and we are part of Southeast Conference. We know you have our back. For example, AMHS made a whistle stop and helped with transportation at no cost to the community. SEARHC helped, so many entities and people helped. Thanks for all of your prayers and support.

We are working hard to get people to move back home to Kake. Tlingit Haida Regional Housing Authority just assisted with weatherization of 40 homes in Kake to help reduce heating and fuel costs, this employed about 25 people. We are working hard at energy conservation, we have heard anecdotally that Kake has the Inside Passage Electric Cooperative's (IPEC) lowest energy bills/usage.



Kake, Alaska

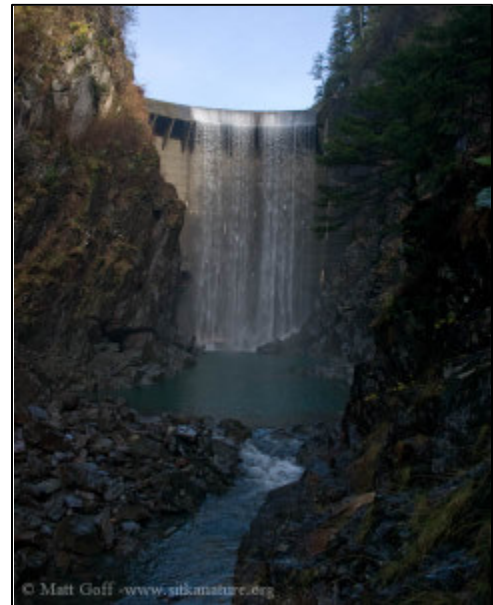
Kake has a new two-lane road, eight mile long; it'll be black-topped in few years. We have new water and sewer lines going in to replace the 60 year old system. We have multiple security cameras installed at our beautiful harbor now. We have a rebuilt Public Safety Building and a new ambulance and fire truck and will soon get a new truck for solid waste pick-up.

SITKA - Blue Lake Hydroelectric. Construction. Housing.

Mim McConnell, Mayor, City and Borough of Sitka

Construction is underway on a project to raise the dam at Blue Lake 83 feet to a total height of 425 feet. This \$150 million, two-year project is underway after bond issuance and state funding.

We have an RFQ out now for a feasibility study for a marine haul-out at the Borough's Sawmill Cove Industrial Park. ADOT&PF is working now on Phase 3 of the Sawmill Creek Road paving project, repaving on Halibut Point Road, and our runway is about to get repaved as well. The Army Corps of Engineers received funding to finish the breakwater that protects Eliason Harbor and the northern end of Sitka Channel. After 13 years of trying we received funding and are now working on a bulkhead replacement project at the Sawmill Cove Industrial Park.



Sitka's Blue Lake Dam

In downtown, we are on the first of a three-phase seawalk project. Starting now at Totem Park, we will eventually have a seawalk from there to the O'Connell Bridge. We are also either at the planning or beginning design stage for improvements to Harrigan Centennial Hall, the City Museum, and Kettleton Memorial Library. The library, an extremely well-used borough facility, is slated for a 60% expansion. The need for housing is critical in Sitka, and we are, under the Sitka Community Development Corporation umbrella, close to enacting a Community Land Trust, which will help meet this need. We have also applied, through the Easter Group, for funding to open a homeless shelter and housing facility.

Welcome to Hal Hart, the new Community Development Director for the City and Borough of Juneau, Alaska's Capital. Hal moved "up" from Seattle in late August 2012 where he was most recently with the private sector firm Eldred Associates assisting with a variety of Western Washington state, federal and local agency planning and permitting efforts.

Hal loves Juneau, finds the vibrant arts community exciting and surprisingly large, and the size and remoteness of the community and region continue to amaze him compared to the "Lower 48." He finds the people here are the community's greatest resource. The biggest challenges since taking the department's helm have been keeping the in-house update to the Comprehensive Plan on track and identifying the department's role and opportunities to confront the significant housing shortage in the community.

JUNEAU - Growing Population & Economy. Sealaska Cultural Center. State Capitol Building. Merrill Sanford, Mayor, City and Borough of Juneau

Juneau's population is growing now after a few years of decline, and is now close to 32,000. We are fortunate to have a good economic base that supports local tax generation, and lucky to have citizens who consistently support us – we recently passed a local bond package and regularly reauthorize sales taxes to support community projects. We are working now on a new Library in the Mendenhall Valley. We are working on an \$80-100 million dock upgrade, paid for 100% with cruise ship passenger fee funding. We are putting about \$50 million into local harbors now to finish up, over time, needed improvements. Like our Southeast neighbors, we need continued state support for Harbor Improvement funding. Bartlett Regional Hospital has just finished a \$75 million renovation. The City and Borough of Juneau is still in the local budget cutting mode after the economic downturn in 2008; we hope that this is the last year of local budget cuts.

Sealaska Corporation's new Heritage Center in downtown will be a Southeast Alaska-wide cultural resource and a major asset and attraction for Juneau.

The Alaska State Capitol is 80 years old and in need of repair. Those repairs and a remodel are starting now and will continue over the next 4-5 years; right



**Braces on Marble Columns,
State Capitol**

now the building is getting seismic stabilization so it can be secure and up to modern earthquake standards.

PELICAN - Commercial Fishing. Controlling Our Future. Ferry Overnighting.

Norm Carson President, Pelican Chamber of Commerce

Pelican's new AMHS ferry terminal has been completed, it's a galvanized steel beauty and we expect it to last another 50 years. Hopefully it will be seeing increased use as this summer and the community seeing increased visitation as the AMHS ferry schedule includes a ferry overnight in Pelican for the first time ever.



Pelican, Alaska

After many years, the City has completed its purchase of all Pelican Seafood's facilities including the dock, fuel facility, and the 75 year old cold storage. To assist with our responsibilities the City has hired a professional city manager, which is new for us. Now that the community is in control of its fate, we must determine what to do with and how to use this facility. Given the changing world of commercial fishing and our location, how do we best utilize this facility? We've just finished upgrading our community water system, and in a few weeks our hydroelectric line renovation will be complete providing us with an excess MW that can be used to support commercial fishing, the cold storage, or other industry that needs inexpensive energy. The road providing access to the dam is also finished now too, thanks to Patty Phillips for many years of work on this. We have two new North Star ice machines that can produce 40 tons ice/day starting this summer - we are ready to actively support commercial fishers.

With the support of USFS funding we are enhancing the Bohemia Trail System for local and visitor enjoyment and use. We'll also be talking to Northern Southeast Aquaculture Association (NSRAA) soon about establishing a hatchery or incubation site in the Pelican area.

ELFIN COVE - Public Safety. Support for Small Rural Places. Reduced Energy Costs.

Steve Alexander, Community of Elfin Cove, Board member

Public safety in small villages like ours is an ongoing concern. We are quite proud to have hosted an EMS training in town recently. Eight people took the class and all passed, providing the community with a new and reinvigorated public safety/EMS capability.

Both Elfin Cove's outer, and especially its inner, harbors need dredging. At low tide now parts of the inner harbor go dry. Residents want an AMHS ferry stop in the community. Perhaps a solution is a small, 40-50 foot, private vessel that could help transport Elfin Cove residents to other neighboring communities to catch the ferry?

We want to note how important state and federal government support and funding is to make a very small place like Elfin Cove function and possible. This is true for all our small towns, we need the state and federal agencies and government to stand with us, not against us. We are good Samaritans and small local places need support.

Energy is our most important concern. We continue to work on feasibility/planning for a future hydroelectric project so we can get off diesel. Don't forget the small places. Remember Franklin Roosevelt's major achievement in the 1930s, the Rural Electrification program - this was so critical to development of America, it lifted people out of poverty.

HAINES - Energy Efficiency. BioFuels. Facility and Infrastructure Upgrades.

Jerry Lapp, Haines Borough Assembly member

Haines Borough's focus areas are preparing Capital Improvement Project (CIP) requests to deal with aging infrastructure that needs replaced or upgraded, port and harbor improvements, and reducing energy costs and continued development and use of renewable energy. We support progress on two private hydroelectric projects: Connelly Lake and Walker Lake.

A significant Borough accomplishment in October 2012 was replacing the Senior Center's heating oil burning boiler with a wood pellet boiler. This one action displaces the need for 1700 gallons of fuel oil annually and over 20 years will save \$100,000. There are plans for six more wood pellet boiler installations in town. We are working to develop a local wood pellet plant, utilizing Haines State Forest wood and some from across the Canadian border. We have also replaced our street lights with LED lights. Plans are underway to enlarge our small boat harbor and upgrading the cruise ship dock, both along our downtown waterfront.



Haines, Alaska

The Alaska Department of Transportation continues to work to upgrade the Haines Highway, including shoulder widening to provide safe year-round user for all users. This will also support Constantine Metals plans to use the Highway to truck ore from a future copper-zinc-gold-silver massive sulphide mine in the western part of the Borough that is very close to the Highway. Haines also supports the AMHS ferry system and continued Lynn Canal ferry service.

SKAGWAY - Harbor Upgrades. New Community Facilities. Ore Facility & Dock.

Mike Korsmo, Municipality of Skagway, Assembly member

Skagway is in the process of rebuilding its small boat harbor by dredging to a deeper depth and replacing all floats and access ramp. This and the other harbor upgrades you've heard about

today are possible due to the State program that provided grants to 17 harbor projects last year, including Skagway.

We are also working on a dock expansion project at the Skagway Ore Terminal—the so-called Gateway Project—this first phase will improve upland areas and the dock itself to support freight and ore shipments. Ore terminal owner Alaska Industrial Development and Export Authority (AIDEA) is working to expand the ore terminal to handle increasing shipments of Yukon mining company's ore through Skagway. Skagway is also expanding its public library, with the dedication of the larger facility set for early May 2013.



Skagway Alaska Harbor with cruise ship tied up along a Dock.

White Pass is improving its Railroad Dock by construction of a new floating dock to accommodate the larger Solstice Class cruise ships that will enter the Alaska market this year.

We are also communicating with State and Yukon Government officials regarding a feasibility study on a West Creek hydro-electric project and transmission line.