

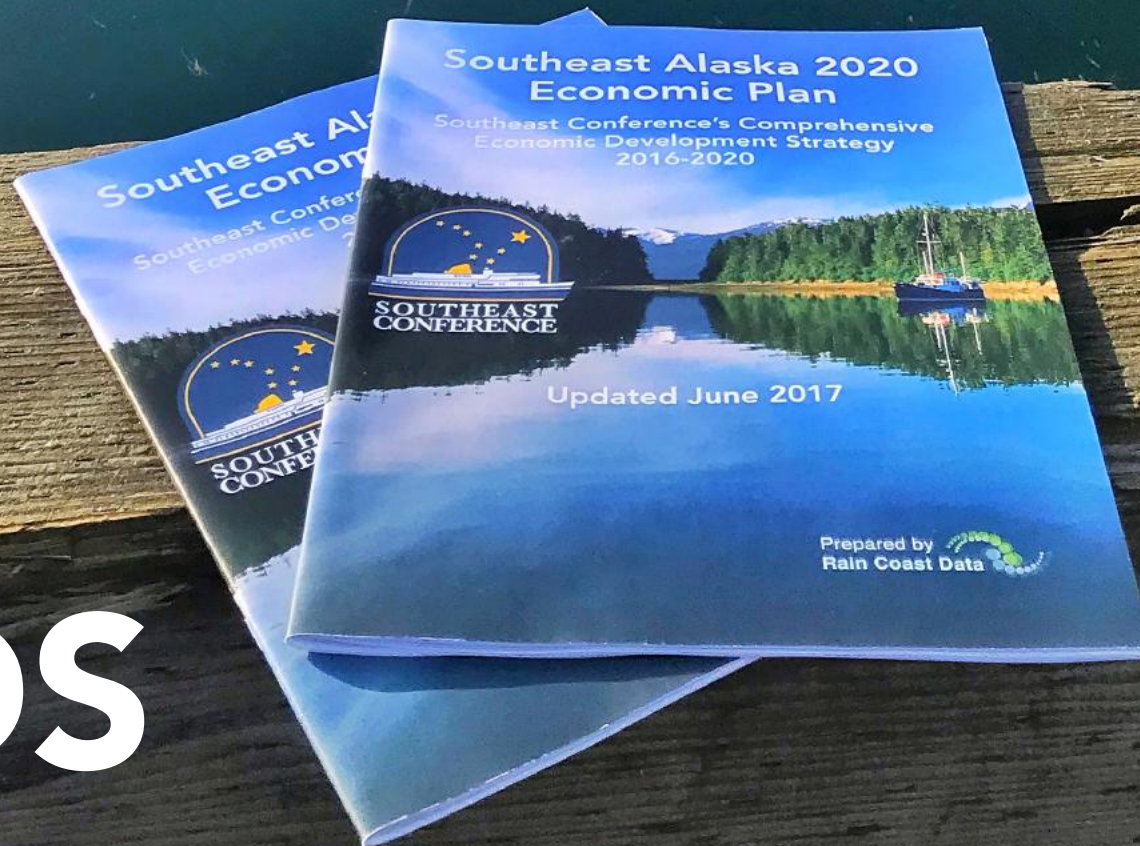
2025

Mid Session Summit
CEDDS Workshop

**Southeast Alaska
Economic Plan**



Southeast Alaska Economic Plan 2020



CEDS

A close-up photograph of a hand placing a puzzle piece into a larger puzzle. The puzzle pieces are dark blue and white. The hand is positioned on the left side of the frame, with the thumb and index finger holding a dark blue puzzle piece. The piece is being inserted into a matching slot in another dark blue puzzle piece. The background is a soft, out-of-focus blue and white. The text "What I think a CEDS is..." is overlaid in white, bold, sans-serif font in the upper left quadrant of the image.

**What I think a
CEDS is...**

Timeline: Where are we in process?

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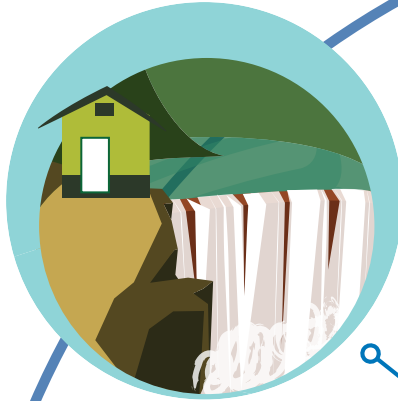
TRANSPORTATION



HEALTH CARE



MARITIME



ENERGY



TOURISM



MINING

**CEDS
Steering
Committee
9**

**Southeast Conference
Committees**

20-50 members each



TIMBER



SEAFOOD

SOLID WASTE

Summary Background

Southeast Alaska by the Numbers

Created Annually

Critical to
planning in region

SOUTHEAST ALASKA
By the Numbers 2020

Tlingit & Haida

VISITORS PAGE 6 SEAFOOD PAGE 7 TIMBER, MINING PAGE 8 CONSTRUCTION, HEALTH PAGE 9 GOVERNMENT PAGE 10 DEMOGRAPHICS PAGE 12 BUSINESS SURVEY PAGE 14 SWOT ANALYSIS PAGE 15

CHANGES 2018 TO 2019 **SOUTHEAST ALASKA'S ECONOMY**

REGIONAL POPULATION
DECREASED BY **284**
PEOPLE TO **72,373**

LABOR FORCE INCREASED
BY **455 JOBS** TO **46,097**
JOBS.
TOTAL WAGES GREW BY
\$63 MILLION OR **3%**

CRUISE PASSENGERS
INCREASED BY **14%** TO
1.33 MILLION

TOTAL GOVERNMENT
PAYROLL INCREASED BY
\$4 MILLION OR **0.5%**

K-12 ENROLLMENT
INCREASED FOR THE 3RD
TIME IN 23 YEARS, BY 10
STUDENTS

TIMBER JOBS
IN THE REGION INCREASED
BY **10%**, A GAIN OF 35
JOBS

2019 The Southeast Alaska summer of 2019 was filled with record-high temperatures and a historic number of visitors coming to Southeast Alaska.

In many ways 2019 should have marked the region's return to a more prosperous and growing economy. Total jobs were up, along with overall wages. Tourism, seafood, mining, and health care jobs were all up, and timber jobs were up by 10%. Nearly every community in the region posted job gains. The number of school children in the region increased for just the 3rd time in 23 years. The number of cruise ship passengers that visited the region in 2019 increased by 14% over the year before as 1.33 million passengers sailed up the inside passage to spend their summer dollars across the region's larger port communities.

State government continued to shed jobs in 2019, but the region had become more diversified. While the State remains the largest wage provider in the region, the continued loss of government jobs was being offset by increases in other sectors, allowing the overall regional economy to return to a positive trajectory.

By March of 2020, the region was still on track to harness the gains of 2019 and continue to grow. The region had added 200 jobs in the first three months of the year and was gearing up for 1.5 million cruise visitors in 2021.

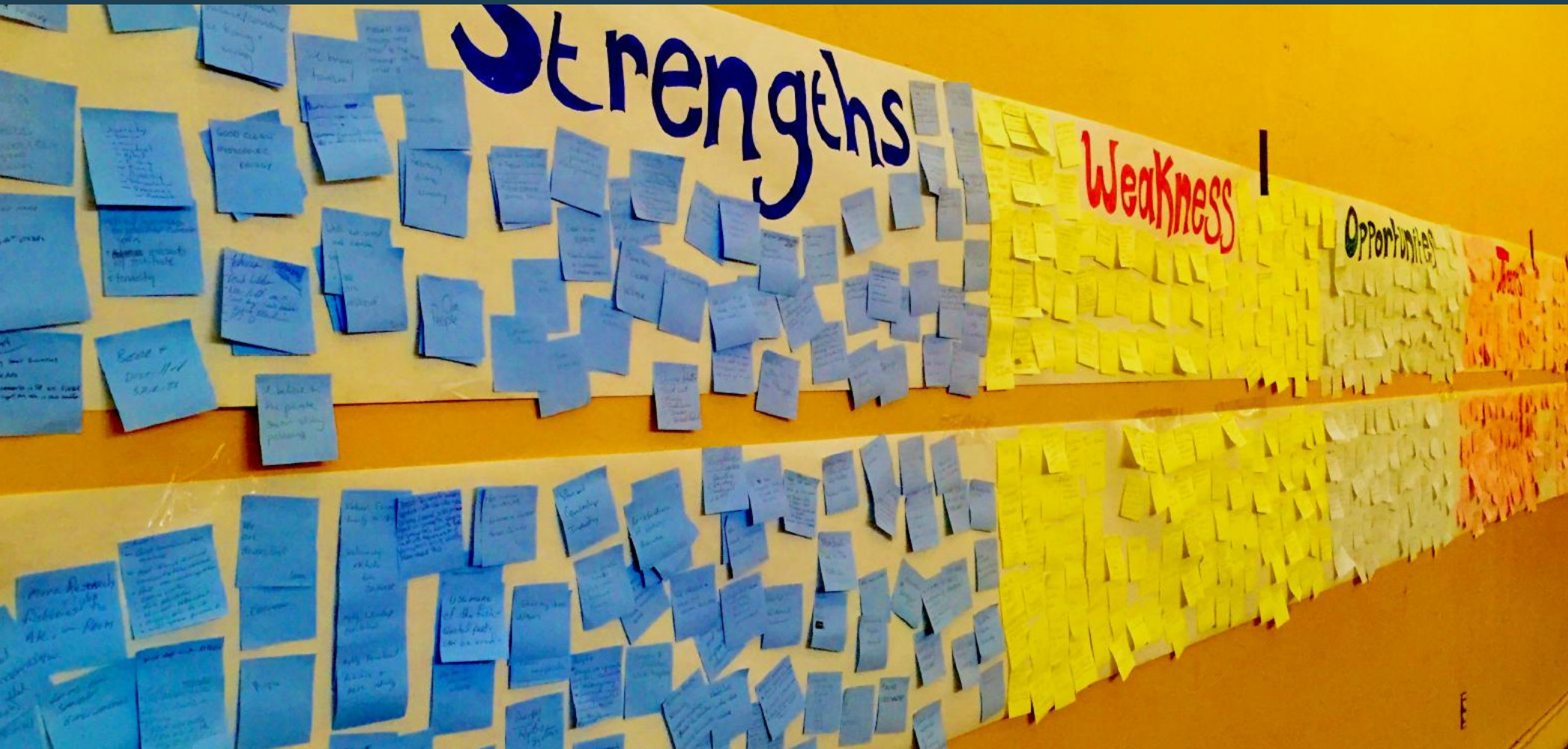
2020 On March 13th, schools across Alaska were closed until further notice, a clear signal that the COVID-19 epidemic had arrived in Southeast. The virus would soon take the regional economy down with it. While many hoped that the tourism season could continue in a modified format, Canada's prohibition of cruise ships effectively ended the regional tourism season before it began.

From April through July the region lost nearly 7,000 jobs across every sector, but tourism was particularly devastated. The region has lost 17% of its jobs due to the pandemic so far, and is the most economically impacted area in Alaska. Regional unemployment rocketed to 11.3% in July, and in tourism-dependent Skagway it was 19.1%.

On top of COVID-19, Southeast Alaska is currently experiencing one of its worst fishing seasons on record. Dismal harvest levels are compounded by reduced prices, as the pandemic has limited global seafood demand. There is tremendous uncertainty moving forward. But there is an eventual light at the end of the tunnel. The resources of Southeast Alaska remain strong. It still has beautiful vistas and recreational opportunities, healthy timber stands, a productive ocean, valuable minerals, and its most important resource—the resiliency of Southeast Alaskans themselves.

SEPTEMBER 2020 A SOUTHEAST CONFERENCE PUBLICATION BY RAIN COAST DATA

Sector SWOT Analyses



SWOT



At Southeast Conference's February 2020 Mid Session Summit, nearly 300 people representing small businesses, tribes, native corporations, municipalities and community organizations participated in two types of SWOT analyses: one for the region overall, and sector specific SWOTs within the Southeast Conference committee areas. Follow up work occurred between March through October in Zoom meetings and through surveys to improve and prioritize the sector-specific SWOTs. **This document is a summary of each of these Southeast Alaska SWOT analyses.**

A SWOT analysis is an in-depth analysis of strengths, weaknesses, opportunities, and threats. These regional SWOT analyses identify the region's competitive advantages along with internal or external factors that keep us from realizing our potential. It helps answer the question, "Where are we now?" by identifying critical internal and external factors that speak to the region's unique assets that we can leverage to maximize the economic potential of Southeast Alaska.

The sectors that received their own SWOTs include seafood, mining, energy, transportation, health care, tourism, and timber.

Conducting a SWOT analysis was the first step in a year long planning effort to develop the Southeast 2025

Economic Plan: A five-year economic development strategy that will act as a blueprint for regional collaboration and growth. In order to develop the elements of this plan—a clearly defined vision with prioritized goals & measurable objectives and a strategy-driven Southeast Alaska action plan—it was critical that an analysis of the region's competitive strengths and weaknesses were assessed so that the foundation of the plan could be built upon a common understanding and set of goals.

The first step for each SWOT was asking participants to write down their thoughts, and in doing so generated more than **2,500 individual written comments** that became part of this analysis. Once categories were solidified, Southeast Conference members participated in a series of prioritization exercises to determine the most significant components of the SWOT.

A full analysis of all 2,500 comments was conducted, and is presented on the following pages. A radical decline in ferry service drove three of the four top responses for each overall regional category:

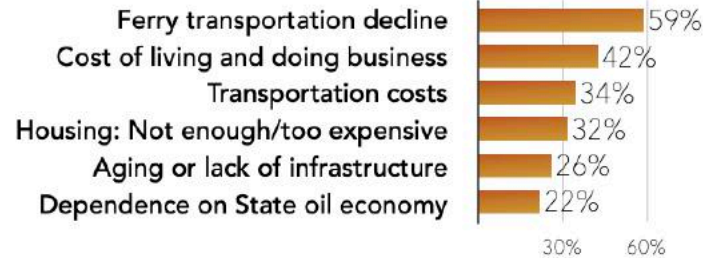
- Top Strength: **Beauty and Recreation Opportunities**
- Top Weakness: **Decline of the Ferry Transportation**
- Top Opportunity: **Strengthening Ferry Connectivity**
- Top Threat: **Loss of Ferry Service**



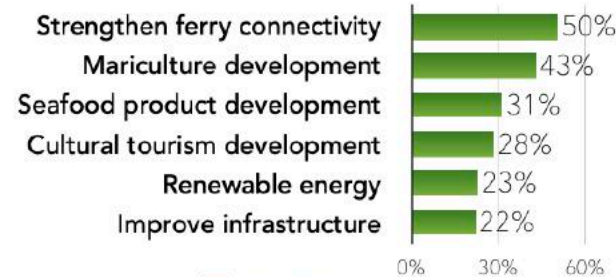
STRENGTHS



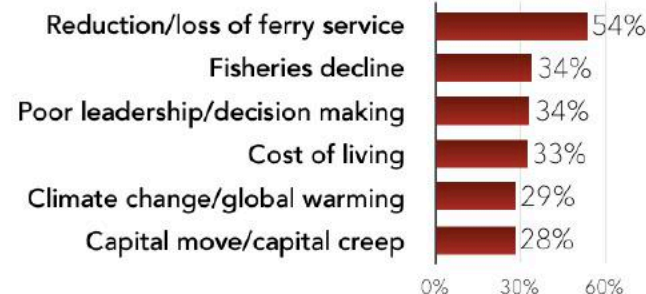
WEAKNESSES



OPPORTUNITIES



THREATS



REGIONAL SWOT SUMMARY

This page provides a summary of the full SWOT process, both for the overall SWOT of the Southeast Alaska economy, as well as for the sector specific SWOTs for seven regional industries.

Seafood

- Top Strength: **High quality product**
- Top Weakness: **Changing ocean conditions**
- Top Opportunity: **Increase value added processing**
- Top Threat: **Ocean acidification & changing conditions**

Health Care

- Top Strength: **Personalized care delivery**
- Top Weakness: **State budget cuts reduce workforce development options**
- Top Opportunity: **Development of health care courses at the university**
- Top Threat: **Growing health care costs**

Visitor Industry

- Top Strength: **Natural beauty of region**
- Top Weakness: **Community communications**
- Top Opportunity: **Collaborate with Alaska Native entities on cultural tourism**
- Top Threat: **COVID 19**

Mining

- Top Strength: **Provides high paying jobs**
- Top Weakness: **Extreme opposition by environmental groups**
- Top Opportunity: **Explore and develop new mineral deposits and expand existing mines**
- Top Threat: **Environmental groups/lawsuits**

Timber

- Top Strength: **High quality wood**
- Top Weakness: **Frequency of litigation**
- Top Opportunity: **Increased state and private lands**
- Top Threat: **Environmental litigation**

Transportation

- Top Strength: **Strong reliable airline services**
- Top Weakness: **AMHS service reductions**
- Top Opportunity: **Improve ferry service**
- Top Threat: **The demise of ferries**

Energy

- Top Strength: **Abundant hydropower**
- Top Weakness: **High costs of infrastructure**
- Top Opportunity: **Expand regional intertie**
- Top Threat: **An economic downturn**

Strategic Direction/Action Plan 2020

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.

Energy



Work with Federal and State Government to Promote Regional Energy Projects.
Diesel Displacement.
Support Community Efforts to Create Sustainable Power Systems That Provide Affordable/Renewable Energy.
Complete Regional Hydrosite Evaluation for Southeast Alaska.

Maritime Maritime Industrial Support



Maritime Industrial Support Sector Talent Pipeline: Maritime Workforce Development Plan.
Increase Access to Capital for the Regional Maritime Industrial Support Sector.
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.

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.

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.
Attract Research Jobs.
Research: Attract Science and Research Jobs to Southeast Alaska.
Cultural Wellness: Support Development of Activities and Infrastructure That Promote Cultural Wellness.

Next Steps



1. High Priority

Maritime

Workforce

Development

Marine
Highway
Reform
Project

Diesel
Displacement

2. Project Champion

3. Timeline

4. Funding Plan (costs, sources)

Alaska

Mariculture

5. Steps

Salmon

7
Priority
Objectives

Secure
Adequate
Timber
Supply

6. People/Organizations

Seafood

Resource
Utilization

Market
Development
Alaska to
Visitors

7. Evaluation Measures

Economic Resilience

What do we need to do immediately?

- 1. Support Expedited Vaccine Distribution**
 - 2. Revitalization of Air, Ferry, Cruise, and Freight Transportation Services**
 - 3. Plan to Regrow the Visitor Industry Post-Pandemic**
 - 4. Economic Disaster Declaration**
-
- 5. Plan for a post COVID-19 Southeast Alaska Economy and Health Care System**
 - 6. Work to Ensure Short-term Viability of the Seafood Sector**
 - 7. Keep Southeast Alaskans in their Homes**
 - 8. Advocate for Childcare Prioritization in an Effort to Restart the Economy**
 - 9. Support Expedited Resolution to Solid Waste Shipping**
 - 10. Request Tariff Relief**

133 Prioritized

Economic Resilience

Resilience Mapping

Moving forward, what actions/initiatives/changes are you planning to implemented to ensure the economic resilience of your business/industry/community until 2022?

Southeast Alaska Resiliency Mapping *Weatherizing for the Economic Storm*



At Southeast Conference's March 2016 Mid-Session Summit, audience members participated in a resiliency mapping exercise. The purpose of this process to determine and detail the key strategies that private business owners, elected officials, tribal leaders, municipalities, and community organizations are implementing or planning to implement in order to respond to our current state fiscal situation.

Economic resilience is the ability to withstand and recover quickly from a disruption to the economic base. Southeast Conference serves as both a source for information to deal with economic challenges and as a convener of regional stakeholders to gather data and collaborate post-disruption. Conducting a Southeast Alaska Resiliency Map was part of a larger planning effort to develop the Southeast 2020 Economic Plan that will be completed in May 2016.

Those not at the meeting in person could participate electronically. More than 200 Southeast Alaskans from 23 communities and 24 sectors across the region rated their level of concern regarding the pending economic crisis, and wrote down the actions they plan to take to ensure the economic resilience of their businesses, industries, communities, and region. Nearly **400 individual written comments** that became part of this analysis. Comments were individually sorted by comment type and content. The results were definitive and clear.

What actions/initiatives/changes will you implement (or what do you think should be implemented) to ensure the economic resilience of your business/industry/community in response to the impacts of the State budget situation?

1. The most frequent response was from business leaders preparing to reduce their expenses in order to be resilient through an economic downturn. **Business are planning on cutting costs**, reducing employees, delaying investments, reassessing operations, refocusing resources on core businesses functions, and increasing savings.
2. The second key strategy regional leaders intend to employ is to **increase economic development through long-term strategies**, collaboration, and support of local businesses.
3. The next most frequent response was to **reduce the size of both state and municipal government** through budget cuts, service reduction, reduced spending, and employee cuts.
4. The fourth area of change Southeast Conference members think is needed to address the fiscal situation is an increase of taxes, specifically **implementation of an income tax**.
5. In the face of impending cuts, members noted that a **strong ferry-focused transportation system** is critical.

In-Depth Presentation of our SWOT and Prioritized Economic Initiatives for the Region

Timber – Bryce Dahlstrom

Tourism - KC Hostetler and Zak Kirkpatrick

Seafood/Maritime - Markos Scheer

Energy - Alec Mesdag

Mining – Jan Hill

Solid Waste – Katherine Bell

Health Care- Meilani Schijvens

Transportation –Dave Kensinger

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