



December 5, 2014 Packet

- 1. Working Table of Contents for Juneau Economic Plan
- 2. Packet with 8 Revised/Updated Initiatives

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Juneau Economic Development Plan

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Dec 5 Revision, Draft 10-Year Initiatives

Initiative: Revitalize Downtown

Introduction

Downtown Juneau functions as the city’s most significant commercial center, supporting two of Juneau’s largest economic sectors (tourism and state government) along with a host of professional and service sector businesses. Downtown also contains a significant number of housing units within the city center and the larger downtown neighborhood. For Juneau residents, downtown provides opportunities for living, working, shopping, and for culture and entertainment, all in a compact, walkable area. Investment in downtown is integral to community prosperity.

Downtown hosts nearly a million visitors who disembark from the cruise ships each summer, in addition to approximately 100,000 independent travelers who often spend money on food and lodging in Juneau. A multitude of retail and other tourism-related businesses rely on that influx of visitors. Downtown also offers a diversity of dining and shopping opportunities year-round for residents. In January 2014, Huffington Post used a study by NPD Group’s annual ReCount survey to identify cities with the most restaurants per 10,000 people, and Juneau ranked #1 with 112 eateries. A trip through downtown today verifies the explosion of places to dine. Just a week ago a ranking by SmartAsset, a financial services website, rated Juneau as the best State Capital in the US to live in, based on five factors: Violent crime per 100,000 people, Property crime per 100,000 people, unemployment rate, discretionary income, and number of dining and entertainment establishments per 10,000 people.

Downtown is also the focal point of State of Alaska government activity, supporting many State offices, and the legislature when in session. The area hosts out of town visitors from all over Alaska for government-related activity, especially during the legislative session. Downtown also serves as the City and Borough of Juneau (CBJ) government center and contains a number of professional services, housing opportunities, cultural destinations, and entertainment options.

Despite its importance as a keystone in Juneau’s economy, the city center faces several significant challenges that represent obstacles to further economic development in the city. Many areas of downtown’s built environment are deteriorating. Several privately held buildings are in various stages of disrepair, including a few vacant and fire-damaged buildings that significantly detract from the overall attractiveness and livability of the area. While a large number of residents live in the downtown neighborhood, few live within the commercial district, partially due to limited availability of housing units in the area. Fewer residents and vacant real estate means less business activity in downtown. Symptoms of a deteriorating environment and lack of residential and business activity are, chiefly, social issues that hinder business development downtown. Behavioral health and chronic inebriate issues

are evident on downtown's streets. These issues, in addition to outdoor smoking, contribute to litter and messes on sidewalks and property.

An economic development initiative that focuses on downtown improvements is critical in Juneau's next decade. Downtown Juneau is already an asset to the community, serving as a lynch pin for several of Juneau's largest economic sectors. Many opportunities for economic expansion also rest squarely in downtown. Thus, now is the time to for Juneau's city government and business community to invest in downtown, to turn around weak elements and capitalize on downtown's existing strengths and opportunities.

Potential Threats/Opportunities

Environmental factors: A physical environment that is attractive, clean, and safe is essential to a successful commercial center. The CBJ beautifies downtown exceptionally well with its investment in wide pedestrian-friendly sidewalks, accessible street crossings, and street design with colored pavers. Volunteers team with the CBJ to place planters, banners and hanging baskets throughout downtown in the summer. The new umbrella bike racks, the period light posts, and other cosmetic elements also add to a pleasing environment.

These beautification efforts are, however, countered to a degree by debris, especially cigarette litter, human activity that can be uncomfortable or even dangerous, and pervasive issues with maintenance and blight on private buildings.

The Juneau Downtown Business Association and the Downtown Improvement Group have worked to address issues regarding routine maintenance and beautification downtown. The DBA's Storefront Star Awards program asks community members to vote on their favorite downtown Juneau storefront. This program draws attention to property and business owner efforts to improve such elements as building façade, window displays, lighting, and cleanliness. The DIG has organized downtown clean ups, improving downtown and attracting attention to downtown issues at the same time.

Management of the physical environment downtown is an important economic development consideration: empty spaces, whether they be alleys, empty or unmanaged parks, vacant storefronts, or long blank walls without windows or doors attract loitering and inhospitable behavior. Such behavior deters business activity. Areas with these issues are in need of activation. As an example, the pocket park at the intersection of Front and Franklin Streets is an especially conspicuous deterrent in the downtown Juneau environment. Though a recent upgrade greatly enhanced the physical attractiveness of the park area, an important tenet in public space management is that attractive public spaces do not, in and of themselves, succeed without activation and management. A successful public space must exude comfort, safety, and cleanliness, none of which the pocket park has for the majority of the public. Unless the CBJ can put major effort into regularly cleaning the space, providing security to ensure safety, and programming the space with music, play equipment, or other activity to make it attractive to the majority of residents and families, the area will continue to attract activity that detracts from a hospitable downtown business or residential environment.

Housing opportunity: Residential activity downtown serves a number of important functions. Residents are in the area 24/7, which means more eyes and ears on the streets. This constant presence can foster an increased security and a sense of community. It also can increase demand for goods and services from businesses in the city center. Additionally, any increase in available housing units downtown helps abate Juneau’s housing challenges.

Neighborhood planning: The CBJ is currently in the process of developing a neighborhood plan for Auke Bay. The plan covers a range of components that, together, are designed to ensure a holistic review of Auke Bay, including land use priorities, transportation infrastructure, business activity, recreation, and residential development. Such attention to one defined area of the community provides for efficient and potentially effective economic and community development. A similar plan was finalized for the Willoughby District in 2012. This area-specific planning model, or “node” planning, focuses on areas where economic, social, and cultural resources are concentrated in a community in order to, among other things, capitalize on geographical proximity and on economic opportunities.

Place: Downtown presents an important opportunity to solidify and communicate community character and sense of place. The importance of this effort to economic development lies in the ability of downtown to help attract and retain Juneau’s workforce, as well as visitors to the community.

Community Support for the Initiative

Many respondents to both the Juneau Economic Plan business survey and the household survey identified downtown improvement and support as an important Juneau economic development strategy. According to respondents, such support includes cleaning up downtown and enforcing standards for conduct on the streets and sidewalks. It also includes facilitating investment in and upkeep of downtown buildings, and increasing housing availability. Several respondents also mentioned the parking system downtown as an issue in need of attention. Attention to all of these downtown issues is seen as a way to increase economic activity in downtown year round.

Discussion

Opportunities to enhance and expand downtown’s contribution to the Juneau economy include significant investment in downtown commercial and residential real estate. This initiative supports current efforts by organizations, property owners, businesses, and city government to create a safe, clean, and vibrant city center. A healthy downtown improves community productivity and enhances quality of life for Juneau residents. It improves opportunities for a year-round, sustainable mix of businesses in the area, making downtown a destination for Juneau residents in search of food, entertainment, housing, services, and other amenities.

McMinnville, Oregon – Investing in Downtown Case Study

McMinnville, Oregon (population 33,131) today is alive with independent businesses and public events. However, thirty years ago the community suffered from a severe economic downturn. In the early 1980's, the community faced a 20 percent vacancy rate in downtown storefronts.

In response, in 1986 a group of local property owners and business proprietors formed the McMinnville Downtown Association. The association's first action was to establish Oregon's first Economic Improvement District. The district was supported through a self-assessment by downtown property owners of a few pennies on the dollar in property tax on all downtown properties. Funds collected from this assessment were dedicated to funding downtown improvement projects.

At the same time, McMinnville established a 15-block area of the downtown as an historic district. Once the historic district designation was achieved, property owners could apply for state and federal tax relief, which left more assets that could be applied towards building renovations and improvements.

Over time the McMinnville Downtown Association's investments in the community have resulted in an influx of investment into the commercial downtown core, including the purchase and renovation of several historical buildings. The Downtown Association has built a robust and broad coalition of supporting businesses and agencies, including 108 property owners, 82 businesses, 20 professional organizations and 78 dues-paying members from outside the district.

Thanks to this engaged support base, the community has had no difficulty continuing to renew the local Economic Development District tax which funds the association's work. It is this sustained effort and community support that earned the community Parade Magazine's "Best Main Street in the West" award in 2014.

See Appendix B – Economic Development Case Studies, for more information.

Goal: Revitalize Downtown, building the link between economic vitality and livable, mixed-use, neighborhoods with design development strategies, investments, and regulation.

Objective 1. Develop and implement a CBJ downtown improvement strategy.

Action A. Ensure that the next CBJ neighborhood plan focuses on downtown. Take into account Willoughby District planning and the waterfront in the plan. s

Action B: Assign a staff member in the CBJ community development department to oversee downtown planning and improvement, and to act as a liaison between the downtown neighborhood and city government. This position will also work with JEDC in their downtown revitalization efforts.

Objective 2. Establish and maintain a safe, clean, and attractive city center.

Action A: Establish a dedicated, funded, entity to oversee downtown improvements. This entity may be housed solely within CBJ, within an existing organization, such as JEDC or the DBA, or may be a newly created organization, such as a Local Improvement District (LID) or Business Improvement District (BID). Depending on the selected structure, it may make sense to incorporate a Main Street program structure. Whichever entity is established will facilitate completion of other actions within this objective. This entity will, among many tasks, track downtown statistics, develop strategies to address downtown issues, market and promote downtown, and advocate for development and improvement strategies that strengthen downtown as Juneau's city center.

Note: This action is not intended to replace existing CBJ maintenance activities or to absolve responsibility of business and property owners from caring for their property and the sidewalk in front of their building/business.

Action B. Consider instituting a free outdoor public Wi-Fi zone in the downtown commercial core. Such a service is attractive for both tourists and legislative visitors, will help disperse summer crowding on sidewalks around Wi-Fi access points, and supports contemporary business internet use patterns.

Action C. Establish a CBJ facade improvement loan program to stimulate investment in downtown properties.

Action D. Activate vacant storefronts and blank walls.

Action E. Actively and aggressively address behavioral issues downtown through enforcement, coordination with social service organizations for behavioral health response, and explorations of homeless shelter models that include support for the chemically-dependent population (such as housing first concepts).

Action F. Coordinate winter snow and ice removal from sidewalks with downtown property owners.

Objective 3. Establish a diverse mix of housing units in downtown Juneau's commercial core, with an emphasis on housing in existing infrastructure. See Housing Initiative.

Objective 4. Manage downtown transportation to ensure circulation that enhances business activity and accommodates residents.

Action A. Establish a new downtown parking management system and continue collecting parking data downtown.

Action B. Continue transit service in downtown that circulates in the core commercial district.

Dec 5 Revision, Draft 10-Year Initiatives

Initiative: The Capital Economy: Protecting and Enhancing Juneau’s Role as Capital City

Introduction

Juneau’s role as Capital of Alaska is a unique asset and the community’s most important source of economic activity. In Juneau, State government:

- Employs approximately 4,300 workers who earned a total of \$245 million in wages in 2013.
- Directly accounted for 24 percent of total wages and 22 percent of employment in Juneau in 2013.
- Including direct, indirect and induced jobs created by state government related spending in Juneau, accounts for 7,000 jobs and \$350 million in annual wages in Juneau.
- Creates year-round economic stability with jobs that pay an annual average wage that is approximately 25 percent above the average wage for all other jobs in the Juneau economy.

Juneau’s role as Capital City also brings economic benefit to the region:

- Juneau represents 43 percent of the regional population and 53 percent of regional wage and salary income. This population helps bolster Southeast Alaska’s political representation, which is increasingly important as the Anchorage-Fairbanks corridor’s population swells.
- Juneau is the retail, financial, transportation, professional service, supply, medical, and government center for much of the region. Juneau’s economy is the heart of complex network of trade, service and other economic functions affecting the entire region. Juneau’s economic muscle means lower costs, a better service frequency, and more goods and services available to surrounding communities.

Juneau’s share of state government employment in Alaska has been trending down. State government employment in Juneau in 2013 was about 75 jobs below the 2004 level. Statewide, employment in state government increased by 2,055 jobs over the same period. As a result, the percentage of state workers located in Juneau fell from 18 percent in 2004 to 16 percent in 2013.

State government employment trends show gains in every other region of Alaska since 2004. The Anchorage/Mat-Su region gained the most state government jobs, with an increase of 1,638. Fairbanks and the Interior gained 155 jobs, while the Kenai and Prince William Sound region gained 174. The rest of Southeast Alaska gained 139 jobs.

Potential Threats/Opportunities

Capital move: A capital move would not result in the loss of all state jobs in Juneau, but most jobs would go. The most recent estimates place the number at about 2,900 jobs, about two-thirds of all state employment in Juneau. Including indirect impacts, total employment losses have been estimated at between 4,300 and 5,800 jobs. Population losses have been estimated at between 7,300 and 9,800 residents, between 20 and 30 percent of Juneau's population.

Legislature move: This is generally recognized as the first step in a capital move, ultimately resulting in the economic losses summarized above. But even this initial step would have immediate and significant economic impacts on Juneau. A study conducted in 2002 estimated that the economic impact of a legislature move would include loss of about 380 full and part-time, year-round and seasonal (session only) jobs, including 180 jobs held by Juneau residents and 200 jobs held by non-residents. Economic impacts in Juneau's economy would also include loss of \$11 million in annual payroll, loss of several million in annual spending by lobbyists, loss of approximately 16,000 hotel room-nights related to Legislature business travel, loss of income to Juneau property owners who rent between 140 and 170 units to legislature-related renters, and loss of more than \$2 million in lease revenues for Juneau's private office space owners.

Capital creep: Under normal circumstances, a moderate number of state positions are transferred among locations as departments and agencies adjust to shifts in work demands and in statutory responsibilities resulting from legislative initiatives. However, there is some past evidence indicating that more state jobs are being relocated out of Juneau than are being relocated to Juneau. Transfers from Juneau to Anchorage have tended to be higher-ranking management, executive and policy-making positions. During the first six months of 2014, 20 positions had been move from Juneau while 18 positions had been moved to Juneau, including vacant and filled positions. Research is underway to gain a longer-term picture of state position transfers.

Replacement of retiring state workers: In 2012 the median age of state government workers was 47 years. As of 2012, 42 percent of all Juneau state workers were 50 years old or older (1,831 workers). By comparison, the median age of Juneau's private sector workers was 36. The challenge for Juneau is replacing retiring state workers. Tier 4 benefits are not attracting workers like previous versions of the state's benefits packages. The real and perceived lack of affordable housing and high cost of living is acting as a barrier to attracting young professionals. Evidently, employers are already having a hard time finding qualified "entry" level employees---especially in IT and finance. The concern is that if Juneau is unable to attract (or produce locally) the workers needed to fill state positions, job creep to Anchorage (with its much larger labor pool) will accelerate.

Further, an aging/retiring state workforce and budgetary pressures may combine to present a threat to state government employment in Juneau in coming years. Retirement allows state departments to trim personnel costs through attrition as opposed to layoffs. There is a potential for continued loss of high-wage, state government jobs through a combination of attrition and relocation.

Declining state revenues: Alaska oil production has been declining steadily since 1989, when it peaked at about 2 million barrels per day. Today production is at around 500,000 barrels per day. Oil revenues have varied significantly, in parallel with volatile oil prices. The State took in \$9.5 billion in unrestricted revenues in FY2012. The outlook for FY2015 is for less than \$4 billion, the result of declining production and lower oil prices. Though the decline in production has slowed recently, Alaska can reasonably expect revenues from oil production to continue on a downward trend. The State has \$12 billion in reserves, to fill budget gaps between annual revenues and expenditures, but pressure to place state expenditures more in line with revenues will continue and perhaps intensify. Perhaps the greatest threat to state employment in Juneau lies in lower budgets for basic state government operations, as proportionately more of the budget is directed to program funding (education, Medicaid, etc.).

Community Support for the Initiative

Survey research found that preserving Juneau's role as Capital is a top priority. 82 percent of Juneau residents consider this a very important economic development strategy, significantly more than any other strategy (expanding university and vocational training opportunities was second, with 59 percent noting as very important). 44 percent of Juneau residents believe preserving Juneau's role as Capital is the single most important strategy (education and training was again second at 14 percent). Surveys of Juneau businesses and employers produced the same results. 81 percent of survey respondents feel that preserving Juneau's role as Capital City is a very important economic development strategy, with 46 percent believing it is the top strategy (second highest was at 22 percent). Two-thirds (63 percent) of business rank preserving Juneau's role as Capital as either the first or second most important economic development strategy for the community.

Discussion

Capital and/or legislative move sentiment is likely to persist in one form or another, driven by varying political interests and motives. Juneau can do little to change that, other than keeping the public informed about the cost and consequences of such events, and making Juneau the best Capital City it can be. In general, supporting the work of the Alaska Committee is critical.

Juneau has little (no) control over the flow of state revenues and how those dollars are spent. To the extent the trend in declining revenues persist, and state government employment in Juneau is negatively affected, all Juneau can do is continue its effort to diversify the local economy, creating less dependence on state government. Pursuing economic development initiatives such as those outlined in the JEP is fundamental to this effort.

Specific objective and actions needed to preserve Juneau's role as Capital City are outline below.

Initiative Goal: Maintain state government employment and real wages in Juneau

Objective 1. Make Juneau the best possible Capital City

Action A. Conduct annual independent surveys of legislators and staff to identify key issues affecting the quality of their experience and seek input on how to enhance their “Capital experience.”

Action B. Incorporate Capital/Legislature-related needs and priorities into downtown revitalization efforts, especially around housing, parking, etc.

Action C. People from around the state need access to the capital. Continue to support efforts that connect Alaskans with their Legislature during the session, including Gavel-to-Gavel and its migration to smartphone and web viewing, the Constituent Airfare program, and other programs. Make Juneau accessible for all means of transportation and communication (such as two-way video communication and ‘Closed Caption’ and other forms of remote and in-person hearing assistance).

Action D. Continue to provide financial support to the Alaska Committee. Also consider best uses of Capital Foundation funds to achieve this objective.

Action E. Initiate a long-range Capital facility improvement planning process. While construction of a new Capitol building on Telephone Hill may yet be years into the future, it is important to have a coordinated plan for maintaining and enhancing capital and related state government facilities in Juneau, including Willoughby District offices.

Objective 2. Enhance Juneau’s capacity to provide the labor force necessary to meet state workforce needs

Action A: Develop a profile of state workers in Juneau by age and job classification, identify areas where retiring workers are likely to leave the largest skill/education/experience gap. Consider broadening this exercise to include federal government.

Action B: Prepare a state government workforce development plan to fill anticipated gaps left by retiring workers. Coordinate this plan with housing development initiative. Also coordinate with the Next Generation Workforce initiative (and UAS’s role in prepare potential state workers).

Action C: Monitor and support efforts to make state government wages and benefits attractive and competitive.

Objective 3. Maintain on-going program to track state job transfers and new position creation

Action A. With the assistance of the Alaska Department of Administration, Division of Personnel, track movement of state jobs out of and into Juneau.

Action B. With the assistance of the Alaska Department of Administration, Division of Personnel, track new state job formation needs across Alaska and identify opportunities for location-neutral jobs based in Juneau.

Action C. Closely monitor and engage in decisions about where commissioners live, as jobs often follow the commissioner. Apply political pressure where possible to keep commissioners based in Juneau.

Objective 4: Brand and market Juneau as a desirable place to live, work, raise a family, recreate, and start a business.

Action A. Enhance and coordinate current Juneau branding efforts by JCVB, JEDC (“Choose Juneau”), JAHC, Juneau Chamber of Commerce, UAS and others to develop an overarching highly web-visible brand for the community. (Consider “People’s Capital”?)

Action B. Lead or participate in branding effort to create a regional identity, with focus on the arts, fisheries and other regional strengths/assets.

Dec 5 Revision, Draft 10-Year Initiatives

Initiative: Promote Housing Affordability and Availability

Introduction

Juneau’s housing supply does not meet the demand in terms of housing type, size, price, or location. In particular, there is a shortage of affordable housing in Juneau (not to be confused with “low-income” housing).

Juneau households and businesses agree that the lack of housing and lack of affordable housing in Juneau has become a critical barrier to economic opportunity (2014, JEP Household and Business Surveys). Nearly three-quarters (72 percent) of Juneau’s households find availability of affordable housing as a significant barrier to Juneau’s economic development. When asked to identify the extent to which various factors were barriers to their own business or organization’s growth, business owners and employers completing the JEP Business Survey rated the cost of living as #1 barrier (44 percent) and the lack of available housing for employees as the #2 barrier (39 percent).

Potential Threats/Opportunities

Critical Gaps: Resident and business concerns are verified by academic studies that show a relationship between unaffordable housing and slower local employment growth, and, between high housing costs and out-migration and job loss¹. For cities, being family-friendly is becoming increasingly important as the large millennial generation enters their 30s, the primary years for raising children and seeking more stable housing. Recent analyzes have suggested that, “All else being equal, high housing prices, particularly for single-family homes, drive people with young children away².”

Having an adequate supply of affordable housing has become an important economic development consideration, as well as a route to social inclusion.

¹ See for example: “Unaffordable Housing and Local Employment Growth”, 2010

<http://www.bostonfed.org/economic/neppc/wp/2010/neppcwp103.htm>

“The Role of the Housing Market in the Migration Response to Employment Shocks”, 2009

<http://www.bostonfed.org/economic/neppc/wp/2009/neppcwp0902.htm>

² Joel Kotkin, a professor of Urban Studies at Chapman University, studies demographic, social, and economic trends. <http://www.forbes.com/sites/joelkotkin/2014/09/11/baby-boomtowns-the-u-s-cities-attracting-the-most-families/> In a recent analysis he reports that virtually all the metro areas where there has been the strongest growth in families from 2000 to 2013 are highly suburban, highly affordable, and located in the South and Intermountain West.

Research, data analysis, and studies have verified Juneau's housing gaps and challenges. See, for example Alaska Finance Housing Authority's 2014 Juneau Alaska Housing Assessment, JEDC's 2010 and 2012 Juneau Housing Needs Assessments, the CBJ Community Development Department 2013 Comprehensive Plan, datasheets from Juneau Coalition on Housing and Homelessness, the 2014 Juneau Senior Housing and Services Market Demand Study, 2006 CBJ Housing Situation Summary Report, Juneau's Affordable Housing Commission papers (Affordable Housing in CBJ, 2006), or speak to those concerned with the lack of housing for Juneau's homeless chronic inebriates and the impact to downtown businesses and shopping environment.

Between 2010 and 2013, Juneau's population grew by 1,789 (ADOLWD). At Juneau's average persons per household of 2.51 (ACS), this would create a demand for 713 more dwelling units. In the last two years (to date) building permits have been issued for 335 dwelling units, which is less than half the projected need.³ From an economic development viewpoint, lack of housing in Juneau today is critical for three key groups (with some overlap among them):

- **Those earning the Juneau area median income (\$78,947, 2008-2012, ACS) or less in our high cost-of-living community.**
- **Young adults, seasonal workers, and young families looking for "starter" homes to buy or rent.**
- **Seniors who wish to stay in Juneau but who now, or in the future, will need a different housing situation in order to remain.**

Juneau's Current Housing Stock and Possible Future Development: There are currently 13,387 Dwelling Units (DU) in Juneau.⁴ Looking five years out, future housing development may be affected by several factors, including:

1. Private sector developers are in active discussion (though not yet permitting, thus speculative) with the CBJ Community Development Department on more than 300 DU in Downtown, Auke Bay, and Mendenhall Valley areas.
2. The CBJ is proceeding to develop access roads, install utilities and plat a subdivision, in phases for about 200 lots on CBJ land at Pedersen Hill. New Single-Family D-10 zoning here will encourage small-lot (5000 sf) residential development similar to the federal "flats" area neighborhood. Yet to be determined is where any financing rules or other incentives should be put into place to help ensure the affordability or

³ This type of calculation is a widely accepted means to determine housing demand, however Juneau's demand is complicated by the high cost of housing. Simple straight division of Juneau's population by average persons per household would suggest that Juneau has an adequate housing supply. Yet we know based on vacancy rates, home selling and rental prices, numbers of persons paying more than 30 percent for their rent/mortgage, and business and household surveys that this is not the case.

⁴ Data from American Community Survey (2008-2012) for Juneau lists 13,052 DU, plus the 136 DU added in 2013 per the CBJ Permit Center's Dodge report, and the 199 DU added in 2014 through mid-October per oral report by CBJ CDD.

prevent speculative land acquisition of these homesites. Initial phases of lots could be ready within five years.

3. The CBJ is proceeding to permit, plat, and install a road and other infrastructure to a parcel of city land across the street from Dzantiki Heeni Middle School for housing development (slated to be affordable at this time). It could support 50 to 150 dwelling units depending on land suitability and build-out density. Road construction is anticipated in 2015 with land disposal following.
4. The CBJ is in the process of identifying city land to help support a project for vulnerable homeless populations.

The numbers above are encouraging, but these developments are still speculative and it is unclear how many, if any, of these possible future dwelling units will be affordable or starter housing. An up-to-date breakdown of the type, condition, and assessed value or sale and rent pricing for Juneau's housing stock is needed.

Affordability – The Gap Between Juneau's Incomes and Housing Prices: A commonly accepted definition of affordability is for a household to spend no more than 30 percent of total household income on housing costs.⁵ Families who pay more than 30 percent of their income for housing are considered cost-burdened and may have difficulty affording necessities such as food, clothing, transportation, and medical care.

On average, approximately 32 percent of households in the City and Borough of Juneau spend more than 30 percent of total income on housing costs, which include rent, utilities, and energy costs. The affordability of renter-occupied units is lower, with 40 percent of renters considered cost-burdened and the median income of renter-occupied households around half of the median income of owner-occupied homes. (AHFC, 2014 Alaska Housing Assessment, City and Borough of Juneau).

The National Low Income Housing Coalition analyzes Fair Market Rent (FMR) affordability in the US for all counties. Its most recent look at Juneau (2012) showed that the Fair Market Rent (FMR) for a two-bedroom apartment is \$1,147. To afford this level of rent and utilities – without paying more than 30 percent of income on housing – a household must earn \$3,824 monthly or \$45,885 annually. Assuming a 40-hour work week, 52 weeks per year, this level of income translates into a **Housing Wage of \$22.06/hour**.

In Juneau, the estimated mean (average) wage for a renter is \$12.06/hour. In order to afford the FMR for a two-bedroom apartment at this wage, a renter must work 73 hours per week, 52 weeks per year. Or, working 40 hours per week year-round, a household must include 1.8 workers earning the mean renter wage in order to make the two-bedroom FMR affordable.⁶

⁵ http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/affordablehousing/

⁶ The final FMR for FY 2014 is just being issued, for Juneau it raises the FMR for a 2-bedroom apartment to \$1,218, which translates to a Housing Wage of \$23.42/hour

Who are these cost-burdened residents? They are a wide spectrum of individuals and families that may include elderly couples on a fixed income, working families, and singles starting out in careers in both the private sector and government. Having a mix of housing opportunities that accommodates a demographically diverse population is needed to create a dynamic, lively, and most importantly, a sustainable community, with income and age diversity.

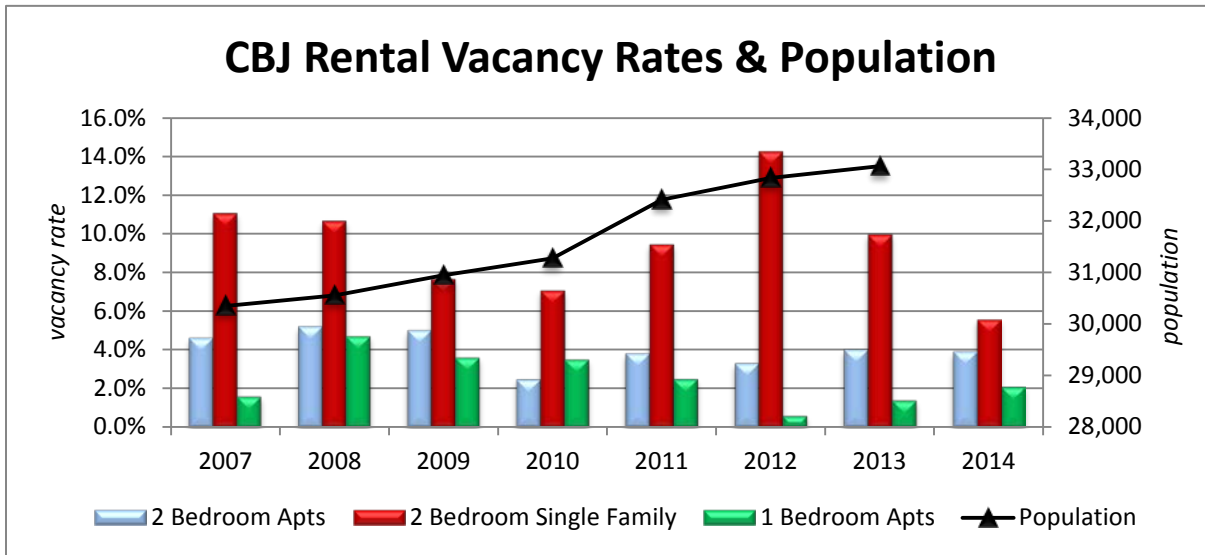
The 2012 Juneau Housing Needs Assessment (JEDC) estimated that to achieve a 5 percent vacancy rate 683 to 747 total market rate housing units and 441 new public housing rental units and/or housing vouchers were needed to bring rents to about \$700/month.

Lack of Dwelling Units for Juneau’s for Lower Income Residents: The 2013 CBJ Comprehensive Plan lists 1,020 low income dwelling units as of early 2010 with more under development. This inventory needs an update.

Juneau Low Income Housing Units (year 2010)	Total Unique Units
Low Income Housing Tax Credit Unit	344
AHFC Public Housing Program	207
Section 8 Project Based Contract Program	170
HUD 202 Supportive Housing for the Elderly	24
HUD 811 Supportive Housing for Persons with Disabilities	16
USDA Section 515 Rural Rental Housing Program	39
Housing Choice Vouchers not used in above units	220
Total of affordable units (including vouchers)	1,020
Reach Inc- 9 HUD 811 units/June 2010 & Juneau Housing Trust - 3 permanently affordable single-family planned	

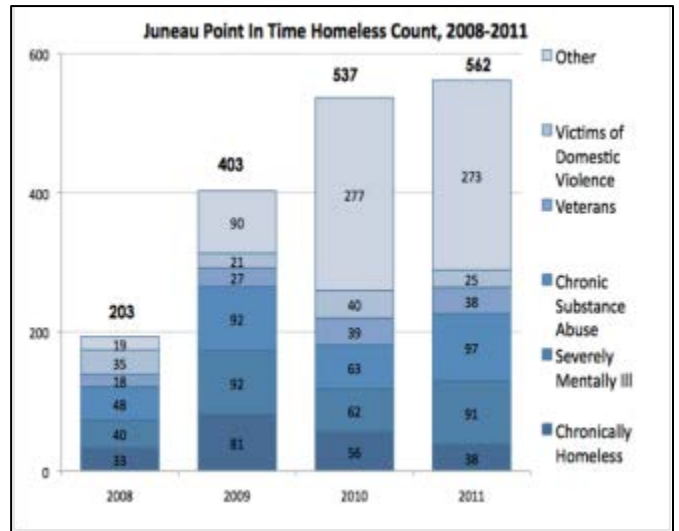
Affordable housing units have been shown to generate jobs and revenue, in addition to providing needed housing. A National Association of Home Builders 2010 study demonstrated that the construction of a 100-unit apartment building, funded in part by Low Income Housing Tax Credits, immediately results in an average of \$7.9 million in local income, \$827,000 in taxes and other revenue for local governments, and 122 jobs. The same development has an average additional impact each year of \$2.4 million in local income, \$441,000 in taxes and other revenue, and 30 jobs. (“The Local Economic Impact of Typical Housing Tax Credit Developments, National Homebuilders Association).

Chronically Low Vacancy Rates: Rental vacancy rates for all size apartments are persistently below 5 percent, a rate considered “healthy.” For rental houses, vacancy rates have generally been falling, indicating a tightening availability, though most recent data has both 2 and 3 bedroom homes above a 5 percent rate (AHFC/ADOLWD). The US Census/ACS tracks vacancy rates for owner occupied dwelling units and shows a 0.6 percent vacancy rate for 2008-2012.



Sources: AHFC and ADOLWD

Housing for the homeless, low-income, and special needs populations: The Juneau Homeless Coalition conducts an annual Point-In-Time Homeless Count. They do this because they strongly believe that it is essential for all communities to provide safe, affordable housing for its residents, especially the homeless, low-income, and special needs populations. Given Juneau’s isolated nature, consistent monitoring of the homeless population through the annual Point-in Time Count (January) and other efforts such as the 2012 Vulnerability Index Street Outreach survey are important. Understanding the housing options available for this population in the community (emergency shelter, transitional housing, permanent supportive housing, and housing choice vouchers) as well as the gaps in the system is vital to community well-being.



Source: Housing First Project in Juneau

The results of the 2012 Vulnerability Index Street Outreach survey showed a gap in the housing system for the homeless, specifically the lack of supportive housing for the chronically homeless with complex needs. In 2012, 40 of 55 persons surveyed were found to be “vulnerable”, meaning likely to die prematurely on the street. This

chronic homeless population also are high-users of public services (hospital, detox services, public safety, jail) and have been associated with negative impacts to the businesses and atmosphere in the downtown corridor.

A community solution for this chronic homeless population is the development of Housing First permanent supportive housing that targets the long-term homeless with complex substance abuse/addiction and mental health issues.

Similar monitoring of other types of low-income, special needs housing is important in order to provide all of the types of housing that will make Juneau a vibrant community, including permanent affordable housing (workforce housing), assisted living facilities, dormitories and housing for transition-aged youth.

Senior Housing Need: In 2014, those aged 65+ in Juneau are about 10 percent of our total population (3,519 in 2014, CBJ Finance Division). ADOLWD projects that the number of Juneau residents age 65 or older will double in 10 years (2025) to 20 percent of population or 6,410 people, and, by 2035 those age 65+ are projected to be about 22 percent of Juneau's population or 7,155. Juneau's senior population is expected to peak between 2032 and 2037. The population over age 85 will continue to grow beyond 2040.

At issue is whether seniors - soon to be 20 percent of our population - will choose to stay in Juneau, and if so, where will they live, what related services will they need, and what can be afforded? From an economic development point of view keeping senior residents in Juneau supports their adult children remaining in town, keeps their retirement and investment income circulating within the community on purchases of goods and a diversity of services, and most important allows seniors to keep contributing professionally and in a volunteer capacity in the community. Juneau is fortunate in that it's senior's incomes are higher than average with a median senior household income in Juneau at \$61,235 (compared to Alaska's statewide senior median of \$47,979, and the US's of \$36,181 (ACS 2008-2013 survey). And, 21% of Juneau's total personal income is now from dividends, interest and rents, which is often linked to retirement related investment. Many households though are also low income and on tighter fixed incomes.

The vast majority of people 50-plus want to stay in their homes and communities for as long as possible. Others desire to or must downsize and still others will find they need help with daily living activities or more constant home health care services and will relocate to a place with assisted living services. To support the ability to age in Juneau, we need a mix of housing including smaller dwelling units (homes, condos or apartments), cohousing and house-sharing options, assisted living, and long term care facilities.

Current Senior Housing⁷ in Juneau includes:

⁷ The CBJ's JEDC recently hired consultant Agnew::Beck to prepare a Senior Services Needs Assessment for Juneau. Data in this section on the number of beds and costs for Juneau's senior-related housing comes from this report.

1. Privately Owned or Rented Homes - There are 1,656 dwelling units owned by those age 65+ (this is the number that asked the CBJ for a senior property tax exemption in 2014 on the first \$150,000 value of their home; this exemption is required by Alaska State law). The ACS 2008-2012 survey lists an additional 371 households occupied by those age 65+ who rent⁸.
2. There are three Senior Apartment Complexes in Juneau with 153 beds; each has a significant waiting list. These include: 1) Fireweed Place with 62 beds and at a monthly cost of \$750-\$1,350 (wait list 16, some with income limits); 2) Mountain View Apartments with 67 beds and at a typical monthly cost of \$400-\$1000 (wait list 45, income limits), and 3) Smith Hall with 24 beds and at a typical monthly cost of \$400-\$1000 (wait list 35-45, income limits).
3. This type of living situation provides no assistance with activities of daily living and can be quite variable: some target higher income seniors, others are more affordable and target those on more limited fixed incomes, they all generally provide a sense of community, and often provide some transportation services.
4. There is one major Assisted Living complex in Juneau, the Pioneer Home, with 48 beds; most residents there (85%) have memory/ Alzheimer related conditions. The cost is \$4,260-\$6,710 per month. The active wait list is 97 and the inactive wait list is 1,573. Nationally, this is the fastest-growing segment of long-term care. In addition, Juneau has a few assisted living homes for developmentally disabled and Helping Hands Healing Hearts with a few beds.
5. Juneau has one Nursing Home, where skilled nursing care is available 24/7. This is Wildflower Court with 57 beds and at a cost of approximately \$19,000/month (Genworth Annual Care Costs in 2014). It is open to all ages but the majority living there are seniors.

Forces Creating Gaps in Needed Housing: Over the last decade there have been many ideas, analyzes and reviews to determine the reasons why there are chronic housing shortages in Juneau. Possible answers include:

LAND & MATERIALS

- Limited developable land base, high cost of land
- Cost of site work
- Tension between the CBJ making land available and allegations of unfair CBJ action to flood the market"
- CBJ is making CBJ land available for housing development, but there is concern that the CBJ-borne costs to permit and install roads and sidewalks will mean it will not be able to be sold at a price to support affordable housing development without a subsidy.
- High cost of local materials and high (and now increasing) cost of shipping in materials
- Underdeveloped and undeveloped land along the transit corridor, higher densities needed

⁸ For estimates, note that the ACS 2008-2012 survey lists 1218 age 65+ owner occupied households while the CBJ number of senior property tax exemptions for 2012 is 1461.

FINANCING

- Uncertainty about whether public subsidy of some type is appropriate, and if so what type(s), to stimulate affordable housing development
- Lack of financing and gap financing for construction of affordable housing, accessory apartment renovations, and manufactured housing; and lack of information about available programs
- Lack of financing for purchase of certain types of affordable housing
- Restrictions placed by purchasers of pooled mortgage loans
- Lack of knowledge about financing available

REGULATORY

- Too many 'optional' code requirements/regulations for development, code too restrictive vis-vis-housing options
- Time and cost of permitting, need for conditional use permits
- No precedents in Alaska for inclusionary zoning
- Restrictions on density increases if no public sewer that may not make sense given modern septic systems and ADEC review
- Changes in public housing and housing vouchers which required more households to move into fair-market units

OTHER

- Too much profit-taking by developers
- Wage/housing price disparity - Wages not high enough for entry level workers and families to afford housing
- Lack of innovation in small housing type construction or design
- Education needed about affordable housing

Local Government Role: Juneau is far from unique in facing housing shortages. Some solutions other local governments have used include:

LAND & MATERIALS

- Sale of municipal land at fair market value for housing development
- Sale of municipal land below fair market value to those building permanent affordable housing or housing to meet other publicly important needs

FINANCING

- Local government financial support (use of dedicated bond sale revenue, low interest loan programs, assistance with TIF district formation and financing, infrastructure development, etc.)
- Subsidize (reduce) development or building fees
- Property tax abatement or deferral for certain types of housing development
- Conduct of Pro Forma and other financial analyzes

REGULATORY

- Zoning to encourage smaller housing development (e.g. multiple small homes on a single lot, cottage housing, accessory apartments, etc.)
- Rezoning or bonuses to allow higher densities

- Reduce permitting burden for certain types of housing development
- Inclusionary housing programs, including fee-in-lieu options
- Requiring commercial development to provide a percentage of workforce housing or pay an employee generation fee
- Local government incentives for employer-provided workforce housing
- Relaxing or stripping required 'amenities' from development codes

OTHER

- Have a local government Housing Office or Planner (information, data acquisition, surveys...) or Housing Authority (can issue bonds, stimulate and leverage development)
- City owned affordable rental housing (through deed restriction)
- Studies to analyze local building industry's profit margins
- Education on co-housing, mixed-generation housing developments, affordable housing, small housing development and options

Economic Benefits: The economic benefits of affordable housing are widely recognized. There are of course short-term benefits associated with construction activity, including jobs for construction workers and sales with

Park City Utah – Affordable Housing Case Study

More than 500 municipalities facing affordable housing shortages have adopted some type of inclusionary housing program.

Park City Utah, population 7,962, is a desirable location for second home owners due to nearby ski resorts and film festivals. An infusion of outside capital resulted in many working class families and young professionals being priced out of the housing market.

Park City adopted Affordable Housing Guidelines in 1995 that require new residential developments to set aside 15% of dwelling units as affordable. These units do not count toward the developer's density calculations, effectively acting as a density bonus. For 40 years after construction, the units must be priced to target the city's median workforce wage, at 100% of the median workforce wage for rentals, and 150% of the median workforce wage for for-sale units.

If desired a developer can pay a fee-in-lieu for each unit required. The city recently used the funds generated to construct the Snow Creek Cottages, a development of 13 single family homes priced at \$228,000 for two bedroom units. The homes were sold by lottery in 2011 to families earning between 60 and 150 percent of Park City's median workforce wage. The project has received awards for both architectural design and energy efficiency features.

Today 137 units under the Affordable Housing Guidelines have been built (45 rental, 92 for-sale).

See Appendix A- Economic Development Case Studies, for more information.

business that provide construction materials and furnishings. Investment in new housing can come from within the community, or it can come from outside developers, who bring new dollars into the local economy. More important, from a long-term perspective, an insufficient supply of affordable housing places local employers at a competitive disadvantage in the regional and national labor markets, because of difficulty attracting and retaining workers.

Initiative Goal: Goal: Break down the housing barriers that are dampening economic growth.

Objective 1. Complete a Housing Action Plan, followed by action.

The Housing Action Plan is expected to cover a broad range of housing needs; from an economic development standpoint key housing needs are those earning at or less than area median income, those wanting to purchase first-time affordable homes, and options for seniors (small dwelling units in walkable areas, mixed-age housing/co-housing, etc).

Actions:

- Establish goals and specific targets for types of housing and in specific locations (use current housing supply and demand, current and projected demographics).
- Prepare up-to-date inventory of current housing programs, vacancy rates, and financing available in Juneau.
- Review and analysis of the reasons behind Juneau’s housing shortage.
- Systematically identify tried and true and newer tools to address housing gaps, evaluate.
- Discuss and vet options to identify those that will be most effective and acceptable to the CBJ to fill gaps. Discuss and vet with elected officials, public & stakeholders.
- Identify our Housing ‘strategic interventions’, sources of funding, and list who-what-when-and how.
- Poise the CBJ for success by soliciting “champions” committed to leading the effort.
- Identify metrics to measure progress
- Identify who will collect data and identify periodic assessment of progress.

Objective 2. Provide Assembly leadership and JEDC and CBJ staff time and support to develop Assisted Living Facilities in Juneau.

Actions:

- CBJ elected officials provide active leadership and support for facility development.
- Support efforts to market the Senior Housing+Services study results and attract assisted living developers to Juneau.
- Assign staff to usher Assisted Living facility project(s) through review and approval process.

Objective 3. Determine why non-resident workforce is not living in Juneau and identify subset of causes that is housing-related. Develop plan to address.

Actions:

- Target 1-3 sectors and interview respective employers, business owners, and employees to identify factors causing employees to choose to live outside Juneau. Prepare paper with details on housing related specifics (type? cost? location? other?)
- Discuss results with builders, affordable housing commission, Assembly, and others as appropriate to address determine which (if any) of issues identified merit CBJ action.

Objective 4: Objective: Understand housing needs for the homeless, low-income, and special needs populations.

Actions:

- Include these types of housing in the Housing Action Plan
- Support the development of HOUSING First for the known gap, and most expensive users of public resources
- Encourage local government (Juneau Affordable Housing Fund, Community Development Block Grant, etc.) and community resources (local donations, Juneau Community Foundation) to go into the development of housing for the homeless, low-income, special needs populations.

Dec 5 Revision, Draft 10-Year Initiatives

Initiative: Build on Our Strengths

Introduction

This initiative is about building on Juneau’s competitive advantages which includes its proximity to natural resources, its rich art and cultural heritage, and incredible outdoor recreation opportunities and resources.

Juneau has several well established and growing private sector industries that already build on the community’s competitive advantages. For example:

- **The Visitor industry:** The visitor industry has been an expanding part of the local economy for much of the last two decades, and now accounts for 2,750 jobs, representing 13 percent of all employment in Juneau. Visitor industry-related labor income totals \$95 million, based on the latest available estimates. This sector, which includes tour and transportation providers, retail establishments, hotels, and restaurants, is Juneau’s largest private sector industry as measured by employment. Additionally, the visitor industry fuels local sales tax revenue: an estimated 20 percent of Juneau’s sales tax revenue stems from visitor spending. The variety of tours, excursions, and attractions, as well as the community’s position as a regional transportation and cultural hub, gives the community an advantage in terms of attracting independent and package visitors from within and outside Alaska. The visitor industry already does a great job of leveraging Juneau’s competitive advantages.
- **The Seafood Industry:** Commercial fishing and seafood processing are important sources of jobs, income, and tax revenue for Juneau. Juneau also benefits economically from being the base of operations for many federal and state government functions that manage or promote the fisheries around Juneau and elsewhere in the state. The DIPAC salmon hatchery creates additional jobs and income in Juneau, and the DIPAC and Armstrong-Keta salmon hatcheries make the regional seafood resource more abundant, creating additional jobs in Juneau as well. Juneau is home to approximately 700 active commercial fishermen (including active permit holders and crew) and 300 commercial fishing boats. Juneau commercial fishermen earned \$25 million in total ex-vessel value (gross income) in 2013 from a total harvest of 17 million pounds of fish. The current value of permits owned by Juneau fishermen is approximately \$72 million. Juneau is home to five shore-based seafood processors who employed 389 workers during the peak of the 2013 processing season. Wages and salaries reached \$6 million in 2013, and increase of over 50 percent versus 2010. The value of seafood landed in Juneau averages about \$50 million annually.
- **Mining:** Mining has been a quickly growing industry in Juneau. In the last decade, the number of jobs in mining has more than doubled, growing from 275 jobs to about 700 jobs. Mining jobs are high-paying, averaging twice the economy-wide average salary. Juneau has a rich mining heritage and continues to

enjoy the economic benefits of a rich natural endowment of mineral resources. Making the most of that natural endowment, in terms of direct, indirect and induced economic benefits, is Juneau’s challenge and opportunity.

- **The Arts and Culture Economy:** Although it is rarely recognized as an industry generating economic activity, Juneau’s arts and cultural resources are unique and offer an opportunity for economic growth. In a recent assessment of the impact of the arts economy on Southeast Alaska, art was estimated to account for the equivalent of over 1,000 jobs. While the arts industry is important throughout Southeast, Juneau has a critical mass of events and concerts, theaters, classes and resources. Many of these resources, such as Perseverance Theater and the new Walter Sobeloff Center, are nationally significant. This well-established arts scene sets the community apart, and generates significant direct and indirect economic activity.

Potential Threats/Opportunities

Opportunities for Juneau to better-use of its competitive advantages include its access to natural resources. While outside goods might be more expensive, Juneau benefits from access to local natural resources, including precious metals, seafood, and scenic amenities. Juneau may have other opportunities to take advantage of certain advantages, as described below.

Seafood: Juneau’s proximity to seafood resources is clearly a natural advantage for the local economy. Southeast Alaska and Bristol Bay are the two regions in Alaska with the most fish, which fuels income, employment, and wages from commercial harvest and seafood processing activity (as well as subsistence harvest, sport harvest and charter fishing). Juneau is the nation’s 44th largest commercial fishing port, by both value and poundage, and the 13th largest commercial fishing port in Alaska.

While Juneau is blessed with abundant nearby seafood resources, it is poorly equipped to meeting the service needs of the commercial fishing fleet (and other owners of larger boats). Juneau lacks vessel lifting capacity and uplands space to stage boats for maintenance and repair work. An economic development opportunity for Juneau is to develop better infrastructure to support of commercial boat owners.

A Juneau competitive advantage and asset is that our two major seafood processors, Alaska Glacier Seafoods and Taku Smokeries/Taku Fisheries are independently owned local businesses. In addition to these mid-size processors, Juneau boasts Round Gold LLC, Northern Keta, Armstrong Keta, Alaska Seafood Company, Taku River Reds, Jerry’s Meats and Seafoods Inc., and other primarily locally owned and operated value-added processing businesses. Juneau’s locally-owned processors can make decisions more quickly than their larger non-local competitors, respond more quickly to changing markets, and be more innovative. On the down side, they do not have the same financial resources, so investment can be more challenging and risk heightened. A few examples of innovation by our locally owned processors include Taku Fisheries subsidiary Alaska Protein Recovery that pioneered fish oil harvest and production for vitamins and pharmaceuticals (business later sold) and whose fish oil capsules are sold in Costco stores. In addition, Alaska Glacier Seafoods is now, in contrast to many of its

competitors, producing very little fish waste and approaching 100 percent utilization of fish into value added products.

Arts and Culture: Juneau is a cultured city surrounded by wild places. The powerful combination of easily accessible outdoor recreation activities and urban cultural amenities make Juneau unique. The community houses a multitude of arts groups, venues, and events including music, theater, dance, arts cinema, festivals and a symphony. Amenities such as these provide opportunities for creative professionals such as graphic artists, web developers, sound and light technicians, film-makers and culinary artists. This cultural activity, reminiscent of a larger city, is rendered more exceptional by the natural beauty and convenient access to outdoor recreation residents enjoy.

Several projects and programs are underway that will further define Juneau's role as a regional arts and culture hub. The Walter Sobeloff Center will serve as a research and cultural center for Pacific Northwest Tlingit Haida and Tsimshian traditions and art. As a fundraiser for the Sobeloff Center, the Sealaska Heritage Institute organized an art auction in January of 2014, showcasing regional and nationally known Pacific Northwest artists as a step towards demonstrating the economic capacity and potential for Juneau as a center for art and artists of Alaska and the Pacific Northwest. The University of Alaska Southeast has also played an important role in growing the capacity of Native Alaskan artists by offering a Northwest Coast Native Arts Minor and Occupational Endorsement on the Juneau campus, as well as developing a Tlingit language program.

In the Willoughby District, the Juneau Arts and Culture Center (JACC) and the Perseverance Theater have launched planning and design for a new performing arts space through several community initiatives, including the pARTnership and the Willoughby Arts Complex. The Willoughby Arts Complex conceptualizes the Willoughby District as a focal point for community arts and humanities activity through a cluster of adjacent art and culture related facilities, including a new Performing Arts Center, KTOO and its 360 North Studio, the newly constructed State Library Archives Museum and the CBJ Convention Center.

Mining: The AJ mine property, jointly owned by the CBJ and Avista Corp., contains an estimated 785,000 ounces of gold, with a current value of approximately \$1 billion. In 2011, the CBJs AJ Mine Advisory Committee produced a report with various recommendations regarding the conditions under which AJ might be redeveloped.⁹ These recommendations pertained to protection of the Gold Creek water supply, tailings disposal (all underground), mine access (outside of Last Chance Basin, Sheep Creek, and residential and commercial areas), milling (conducted underground), and a variety of other issues. An investment of more than \$100 million would likely be required to determine the economic and regulatory feasibility of reopening the AJ. However, if the mine could be redeveloped at a scale of about 3,500 tons per day (the scale considered by the AJ Mine Advisory Committee), the economic impacts in Juneau in terms of employment and tax revenues would be consistent

⁹ AJ Mine Advisory Committee Report to the City and Borough Assembly, May 2, 2011

with, or perhaps somewhat greater than those realized from either Greens Creek or Kensington, in terms of employment and property tax revenues (several hundred jobs and \$1 million in annual tax revenues). As co-owner of the AJ property, the CBJ would also benefit from royalty revenues, estimated at approximately \$20 million over ten years.¹⁰

Juneau is in a very unique position in its ownership of the \$1 billion asset. As owner of the property it is in a position to dictate the terms of development and operation so that community interests are fully protected and maximized. At this point it is incumbent upon the CBJ to have a clear understanding of the benefit and costs associated with monetizing this asset. If current gold prices would not support profitable mine development and operations, knowing at what price it would be possible is necessary to understand where the AJ might fit into Juneau's future.

The Herbert Gold project, owned by Grande Portage Resources, Limited, and Quaterra Resources, Inc., is an ongoing prospect evaluation focused on a high-grade gold deposit located near Herbert Glacier, just a few miles off the Juneau road system. Work on the property has identified an indicated and inferred resource of approximately 850,000 metric tons containing 195,000 ounces of gold.¹¹ The project holds potential for development of a small-scale (relative to Greens Creek and Kensington) gold mine and warrants the community's economic development attention as a source of high-wage jobs and tax revenues.

Financial Asset Management: While petroleum resources are not generally recognized as one of Juneau's natural advantages, management of Alaska's oil wealth is a component of the local economy – a component that may have potential for growth. The Juneau-based Alaska Permanent Fund Corporation manages the \$50 billion Alaska Permanent Fund. The Alaska Retirement Management Board, also based in Juneau, oversees \$25 billion in invested assets. The State of Alaska Department of Revenue manages the Constitutional Budget Reserve Fund (\$11 billion), the GeFONSI (General Fund and Other Non-segregated Funds (\$5 billion), the Statutory Budget Reserve Fund (\$3.7 billion), and the public School Trust Fund (\$0.6 billion). Though small in comparison to these very large State-related funds, other local entities control tens of millions in invested assets, including ANSCA corporations, Juneau Community Foundation, and others. All told, Juneau is home to organizations that control nearly \$100 billion in assets.

It is unclear that Juneau could ever serve as a center around which an "investment finance" cluster might form. Juneau lacks advanced-level communications infrastructure, we are four hours behind Wall Street, and in fact may simply lack the urban lifestyle amenities to which most of the investment world is accustomed. Still, the question for Juneau is if it is possible to leverage \$100 billion in investment muscle into more local financial managers and others involved in asset management. Preliminary research indicates there is precedence for requiring asset

¹⁰ Based on production of 78,000 ounces of gold per year. Page 27, AJ Mine Advisory Committee Report to the City and Borough Assembly, May 2, 2011

¹¹ Source: www.grandeportage.com

management firms have a physical staff presence in the community where asset owners reside. Additional research is required to better understand what is within the realm of the possible in this regard.

Discussion

Much has already been done in Juneau to support existing businesses and to build on the industries and activities that make Juneau competitive in the national and international marketplace. It is important that the CBJ continue to support work underway by community partners, while also looking for new opportunities that build on Juneau's strengths in innovative ways.

Goal: Build on our strengths to expand business opportunities where we have natural advantages

Objective 1: Increase Independent Visitor Travel to Juneau

Actions:

- Support JCVB in developing stronger independent visitor marketing programs. Target markets are summer visitors arriving by plane, ferry, and yacht; winter visitors-especially from neighboring communities and Yukon; fall, winter and spring conferences and conventions.
- Support Eaglecrest and other winter activity providers in efforts to attract regional and other visitors during the winter sports season
- Support transportation systems that provide better access from the ferry terminal to commercial centers for residents of outlying communities
- Work with the USFS to improve facilities at Mendenhall Visitors Center, to enhance the visitor experience for package and independent visitors alike.

Objective 2: Create More Value from Seafood and Other Maritime Resources

Actions:

- Work with the seafood industry to identify additional value-added opportunities and light manufacturing enterprises
- Increase the amount of commercial fish by-product utilization and simultaneously reduce waste streams.
- Work to enhance Juneau's under-developed capacity to provide repair and maintenance services to Juneau large fleet of commercial and recreational vessels, including boat lifting capacity and uplands work areas.
- Work to increase capacity to move fresh fish out via airfreight Work with air carriers to provide regular service with guaranteed space for fish.
- Assist local processors in increasing utilization of fish. Juneau processors are at about 50 percent utilization. Learn from other countries, such as Iceland, which are near 100 percent utilization.

Objective 3: Build Juneau’s role as regional the arts and culture hub

Actions:

- Support development of the Willoughby District as a focal point for community arts and humanities activity through a cluster of adjacent art and culture related facilities, including a new Performing Arts Center, KTOO and its 360 North Studio, the newly constructed State Library Archives Museum and the CBJ Convention Center.
- Support Juneau’s development and image as a center for Pacific Northwest Tlingit, Haida and Tsimshian traditions and art. Build on the powerful presence of the new Walter Sobeloff Center as a research and cultural center. Support the role played by UAS in growing the capacity of Native Alaskan artists by offering a Northwest Coast Native Arts Minor and Occupational Endorsement on the Juneau campus, as well as developing a Tlingit language program.
- Create Juneau’s image as the “Santa Fe of the North” and become a recognized center/hub for Northwest Coast and other arts, by hosting cultural events, festivals, workshops.
- Build the connection between Juneau’s growing role as a center for NWC arts and Southeast Alaska’s independent visit market.
- Consider opportunities to build connections between Juneau’s growing senior population and the arts, in terms of participation in the arts, art production, volunteer activities, etc.
- Enhance connectivity between Juneau’s art venues and assets, through signage, transportation services, transportation assistance, etc.
- Development a strategic plan for “marketing” Juneau to the arts world. The plan must be based on an understanding of who consumers of our art are (or could be), including outside art dealers and art institutions to Juneau from Outside. Also target non-local artists.

Objective 4: Enhance Mining’s Role in Juneau’s Economy

Actions:

- Determine financial feasibility and gold price thresholds required for profitable development and operation the AJ Mine.
- Identify ways the mines can support and grow local business opportunity through their purchase and employment practices (Support JEDC’s work in this area).
- Assist in transitioning more of the mining industry’s workforce to become residents (working closely with efforts related to the housing initiative).
- Recognize that the transition may be dependent on more than just housing and identify what other amenities/issues, such as child care, should be addressed to induce more mine families to live in Juneau.

Objective 5: Leverage Juneau’s Role as Financial Asset Hub

Actions:

- Research ways draw to Juneau more of the expertise engaged in managing the \$100 billion in financial assets under State of Alaska control.

Dec 5 Revision, Draft 10-Year Initiatives

Initiative: Recognize and Expand Juneau’s Position as a Research Center

Introduction

The Alaska State Committee on Research’s (SCoR) 2014 report describes how science and technology have made a big difference in Alaska – from directional drilling and 3-D seismic surveys, to reducing fisheries bycatch and eliminating fish waste, to the FAA’s Next Generation Air Transportation System that has its roots in Alaska’s Capstone Project and pilot testing in Juneau. During Lt. Governor Mead Treadwell’s keynote speech at the JEDC 2014 Innovation Summit he suggested that Juneau could be named a “Center of Research Excellence.” There is something extraordinary going on in Juneau that provides a number of high paying jobs, brings money into town from outside Alaska, and that many people don’t know about – and that is a big part of the problem.

There are additional opportunities to increase employment and economic reward if we can ‘bring home’ to Juneau and Alaska some of the many Alaska natural resource based science and research jobs that are in Washington and Oregon, rather than in Alaska where the work is centered. The current steep decline in federal employment and spending in Juneau is a related concern since many of these lost high wage jobs are scientists or resource managers. The pieces of the puzzle that together will realize the potential here are political leadership, branding and outreach, continued pursuit of research funding and Juneau-based positions, connecting industry and researchers, infrastructure investment, and ideally breaking our internet speed barriers. The economic rewards could be significant if we are successful.

Potential Threats/Opportunities

With the exception of the Coast Guard, federal spending and jobs are in decline: Declining federal spending in Alaska is affecting funding for road infrastructure and maintenance, reducing opportunity in the Tongass National Forest, forcing local post offices to close early some days, and has resulted in no planned vessel replacement for the retired research vessel John M Cobb that was the sole NOAA vessel dedicated to Southeast Alaska inside waters fishery research. Federal funding reductions have resulted in a significant loss of Forest Service employees, about 20 empty offices at NOAA’s Ted Stevens Marine Research Institute, no plan to replace some retiring scientists at Juneau’s US Geological Survey and US Fish and Wildlife offices, and the Pacific Northwest Research Station has reduced its workforce by almost half over the last decade.

Over the past decade, Juneau’s federal workforce has declined by 20 percent, down from 947 employees in 2003 to 761 employees in 2013. The effect of this loss is greater than just the missing jobs because federal jobs pay significantly more on average than any other type of employment in Juneau, except mining jobs. Federal workers

in 2013 averaged \$7,300 per month in wages compared to the Juneau average monthly wage of \$4,062 per month.

Living as we do in a place surrounded by federal land, there is some wariness with the federal government and its regulation and oversight. However, fewer federal land managers, permit adjudicators, resource specialists, scientists, foresters etc. can mean delays responding to questions, identifying changing fish populations, making policy calls, issuing permits, and the like. Reprioritized US Forest Service funding to fight Lower 48 forest fires means fewer resources here for recreation assets, timber management, road maintenance, and the like.

One regional bright spot for federal employment is an increased US Coast Guard presence, employment, and payroll in Juneau and Southeast Alaska. Among other things the Coast Guard presence enhances safety for all working on the water. Between 2010 and 2013, USCG employment in Southeast Alaska rose from 512 jobs to 761, with a related payroll jump from \$37 million to \$61 million. Similarly, USCG civilian employment in Juneau grew by 40 percent between 2003 and 2013 while payroll almost doubled.

Significant science and research work is occurring in Juneau: Juneau's current federal, university and state workforce includes a significant scientific and research presence with associated infrastructure. Most know that scientists are part of the workforce at Juneau's US Forest Service Alaska Region and the Juneau/Admiralty District offices, the Mendenhall Glacier Visitor Center; at federal USFWS and USGS; and at the State Departments of Fish and Game, Natural Resources, and Environmental Conservation. But it is not as well known that Juneau is home to several federal and university facilities and organizations where significant basic and applied research is occurring, including:

- NOAA Ted Stevens Marine Research Institute
- NOAA Auke Bay Laboratory (currently leased to the US Coast Guard for five years)
- Pacific Northwest Research Station, Juneau Forestry Sciences Laboratory
- National Park Service Indian Point Marine Facilities/Field Office
- Juneau Icefield Research Program (JIRP)/Field Station
- Héén Latinee 25,000 acre Experimental Forest
- National Weather Service, Juneau Forecast Office
- University of Fairbanks (UAF) School of Fisheries and Ocean Sciences, Lena Point Fisheries Facility
- University of Alaska Southeast (UAS) Alaska Coastal Rainforest Center
- UAS Spatial Ecosystem Analysis Lab
- Alaska Climate Science Center (under development). UAS is directly involved with the US Geological Survey, UAF, and UAA in the planning of this new regional resource.
- Neighboring Southeast Alaska communities are host to the Sitka Sound Science Center, Oceans Alaska in Ketchikan, and the developing Inian Islands Research Institute.

Among the Juneau assets are two major marine laboratories with saltwater tanks, one of the longest running fish weirs in Alaska, the nation's newest experimental forest, an icefield research station running since 1946, and an

emphasis on both graduate and undergraduate research. Juneau connects ice fields to saltwater and provides unique opportunities to study this connected ecosystem.

Activities are fragmented, need to collaborate: Juneau has the beginnings of a university and research cluster, but it is fragmented with researchers and scientists “doing their own thing” and too many “helicopter scientists” who come up just for the field season in our extraordinary natural and built laboratories then leave. The Alaska Coastal Rainforest Center is sponsoring informal weekly lunches where different scientists report on their research to foster the innovation that can happen when researchers “date,” but there is significant opportunity to enhance collaboration among research scientists, with resource managers, and to advance applied research in support of Juneau and Alaskan businesses and industry.

Research universities and clusters attract the best and brightest young people, with some becoming part of the community’s professional workforce and launching businesses related to their fields. Juneau lacks the private industry side typically present at research-university clusters. In both basic and applied research, Juneau could be a leader in Alaska fisheries, minerals, wood, and climate science.

Some of the obstacles that must be overcome are: the lack of a public profile and recognition for the amount and caliber of research and facilities in Juneau; needed infrastructure improvements to some facilities, e.g. the JIRP field stations; climate science attention being focused on the arctic to the exclusion of contributions from other areas; and obstacles and opportunities for fisheries science are reviewed in its own section below.

Another obstacle that affects all of Alaska’s ability to attract and retain science and research jobs and our success at competing for internet-based jobs that can be located anywhere: Alaska’s internet speeds are increasing but are still the slowest in the US, with an average of 7 Mbps (megabits per second) (see Akamai’s quarterly “State of the Internet” report). Speeds are fast enough that this is not critical except for data-heavy research work, but investment in Alaska’s telecommunications infrastructure is needed.

Alaska Fisheries Science Jobs should be based in Alaska: An opportunity area, due to Juneau’s outstanding marine laboratory facilities that are collocated with the UAF School of Fisheries and Ocean Science, is to strive to have Alaska fisheries science jobs that support management of Alaskan fisheries located in Juneau (some would also logically go to Kodiak and Anchorage). Juneau has underutilized laboratories and facilities infrastructure, the existing scientific and research capacity, and Juneau’s quality of life amenities and culture all support this action.

For example, NOAA’s Alaska Fisheries Science Center (AFSC) has 338 jobs; of these only one-quarter (83) are in Alaska with 65 of those in Juneau at the Ted Stevens Marine Research Institute (TSMRI). In 2007 when TSMRI opened there were 80 positions at the facility. Currently, 75 percent (225 jobs) are in Seattle (a few are in Newport, OR). The AFSC budget has shrunk by about 10 percent in recent years, resulting in about 20 of 85 offices at the TSMRI sitting empty (occasionally filled by contractors). Reviewing the budget information for the AFSC (below) gives a sense of the payroll impacts if all or some of these jobs were relocated to Juneau and Alaska. Estimated payroll looks like about \$120,000/job. Many of these scientists have spouses who are professionals as

well. The “capacity building” effects on Juneau’s research and education sectors will have long-term positive effects for Juneau and Alaska. The CBJ has established a taskforce to review these possibilities.

Alaska Fisheries Science Center FY 2014 Budget		
	Budget	Of Total, Labor Costs are: (does not include contractors)
Alaska Fishery Science Center	\$59,934,843	\$41,678,841 / 70%
Ted Stevens Marine Research Institute	\$12,008,917	\$7,847,273 / 65%
<i>Source: Interviews conducted by CBJ Mayors Review Task Force on Basing NOAA Fisheries & Oceanographic Functions in Alaska</i>		

One thing immediately certain is that to succeed, the desired outcome must be clear and persistent political leadership and action is required at all levels (Congressional delegation, Governor, State Commissioners, University, local). Those watching the process that recently resulted in the relocation of NOAA’s AFSC Pacific Marine Operation Center and its fleet of research vessels from Lake Union in Seattle to Newport Oregon (accompanied by a \$28 million federal investment) suggest that a former NOAA Administrator’s long-standing ties to Oregon State University and its Hatfield Marine Science Center in Newport drove the decision.

NOAA research vessels are managed by the Marine Operations Center – Pacific, formerly in Seattle but relocated to Newport, Oregon in 2010. As recently as six years ago NOAA had five fisheries research and hydrographic vessels dedicated to Alaska science missions. The fisheries vessel *John N. Cobb*, which had conducted work in Southeast Alaska and other Alaska waters since before Statehood, was de-commissioned in 2008. A replacement was designed, but is not in NOAA’s fleet recapitalization plans. Much of the *Cobb*’s work is now carried out with a chartered commercial trawler from Seattle. In 2013 the *Miller Freeman*, a fixture of Bering Sea and Gulf of Alaska fisheries research for more than four decades, was also de-commissioned. It is apparently slated for eventual replacement, but funding is not identified. This leaves three Alaska dedicated vessels in NOAA’s active fleet – the Fishery Survey Vessel (FSV) *Oscar Dyson*, and two hydrographic vessels, the sister ships *Fairweather* and *Rainier*. In early 2004, the City of Ketchikan with Senator Steven’s assistance was successful in getting the *Fairweather* homeported in Ketchikan. However, a dock purchased by NOAA for its use in Ketchikan was condemned. The reality today is the *Fairweather* is operated out of Newport, and all the crew and shoreside support jobs are there. Alaska Division *Dyson*, which is likewise only nominally homeported in Kodiak. All of its crew and support jobs are also in Oregon.

The NOAA vessels situation is an example of why persistent and high-level leadership is needed to bring Alaska fishery and oceans science research jobs home. Genuine homeporting of Alaska-dedicated vessels in Alaska could each bring dozens of crew and support jobs to local economies, and Juneau could make a good case for getting at least one vessel here.

In addition to AFSC more examples of the too-many Alaskan fisheries jobs that are not located in Alaska include those supporting the International Pacific Halibut Commission. Here are another 30 jobs in Seattle even though over 80% of the halibut quota for the Pacific Northwest is in Alaskan waters and two-third of the quota is owned

by Alaskans. Another example is NOAA's Observer jobs (Fisheries Monitoring and Assessment (FMA) Division) that were formerly located in Anchorage but have been relocated to Seattle.

Like "Capital Job Creep," this can be called "Fisheries Job Creep" as one-by-one Alaska fisheries jobs are being relocated from Juneau or Alaska to the Lower 48, positions are being vacated in Juneau, and new jobs are somehow assigned to Seattle or Newport. One recent success, which took concerted and high level action, was getting a Pacific Northwest Research Station fisheries science job assigned to Juneau rather than Newport as first proposed.

Obstacles to success are that these high level political decisions are not made in Alaska and that high level influence is needed. Also, moving occupied positions is expensive (\$50-60,000 per job), scientists with families rooted in the Seattle will be reluctant to move, there is a long standing relationship between NOAA and the University of Washington and Oregon State University, and the still present outdated and decades old paternalist attitude toward Alaska regarding commercial fisheries and management. These considerations should inform Juneau's strategic decisions on what portion, function, or type of AFSC and other jobs it wishes to target for location to Juneau (and Alaska). It certainly seems that at a minimum the empty offices at TSMRI should be filled with Alaska fisheries scientists whose jobs are to support management of Alaskan fisheries.

Connect Juneau Business and Industry with Applied Research: In addition to the clear importance of fisheries science research and jobs to Juneau and Alaska, other opportunities exist linked to Juneau's assets and industries. For example, as part of a Mendenhall Glacier Visitor Center master plan update, this top visitor attraction in Southeast Alaska (over 450,000 visitors in FY 13) and its partners are proposing to reduce vehicle and pedestrian congestion and enhance access by implementing sustainable, zero emission shuttles to the visitor center from more distant parking areas. Innovative thinking by supporters though is proposing to take it farther by coupling this need, applied research, Juneau's abundant renewable energy, business development, and education. The concept out now for funding is to build a Juneau Electric Transportation Research, Business, and Education (RBE) Park near the Mendenhall Glacier Visitor Center. This facility would house researchers and provide community outreach about electric vehicles and electric generation, be the place where electric tour buses recharge, and would generate renewable energy. This would be a part of a larger climate change education program to connect visitors to the tangible effects of climate change that are readily apparent in the area with the sustainable operations that can make a difference (there is one other possible location with different but related benefits).

The RBE Park would connect research to industry with a goal to promote the development of innovative solutions in electric transportation, to cooperatively solve problems of commercial implementation and community adoption, to showcase and educate visitors from around the world about electric transportation possibilities, and to decrease vehicle use cost and greenhouse gas emissions. Projecting economic opportunity based on other U.S. RBE Parks suggests substantial direct and indirect spending in the region, high wage jobs, and support for business startups. The CBJ Juneau Commission on Sustainability's goal in its 2011 climate action plan is to reduce greenhouse gas emission by 25% by 2032. If Juneau could convert 25 percent of the 21,748 registered vehicles

(5,437) in town to electric, zero emission cars, it would result in an economic savings to the community (money available to recirculate in other ways) of around \$5.5 million per year.

Community Support for the Initiative

There are several groups in Juneau that recognize research and science related opportunities and are already working on these matters, including the CBJ Mayors Review Task Force on Basing NOAA Fisheries & Oceanographic Functions in Alaska, Alaska Coastal Rainforest Center, JEDC Board of Directors and its Research & Development cluster working group, University of Alaska Southeast Chancellor's Office, among others.

Initiative Goal: Take advantage of Juneau's natural assets and competitive advantages by making tighter connections to basic and applied research, funding, and employment. Strengthen links among Juneau's scientists, researchers, and businesses.

Objective 1. Recognize Juneau as a Research Center of Excellence. Raise awareness in Juneau and beyond about Juneau's research and science facilities, assets, expertise, and activities.

- Action A.** Pursue formal recognition of Juneau as a Center for Research Excellence by State Committee on Research and others.
- Action B.** Juneau as a Center for Research Excellence should be part of Juneau's "brand." Place banner and science display at Bellingham and Juneau ferry terminals, in Seattle and Juneau airports, at DIPAC, UAS, in the annual All About Juneau (JCVB) publication, etcetera to celebrate/market this.
- Action C.** Prepare informational brochure on Juneau as a Center for Research Excellence. Each election cycle, provide to Juneau's elected local, state and federal representatives, with specific desired actions and support.
- Action D.** Market Juneau's icefield to marine ecosystem, its existing research facilities and capabilities, and current basic and applied research work to three targets: research funders and academia, prospective college students, and locally to raise community awareness and pride. Some differences in messaging are needed for each target market. "Localize" some materials, for example show residents how federal and state research impacts fish stocks, etc.
- Action E.** Take advantage of the trilogy that Juneau's highly visited and road-accessible Mendenhall Glacier, the Juneau Icefield Research Program, and the helicopter supported tourism businesses and visitor treks to the icefield provide to develop an Visitor Industry-Forest Service-CBJ-JIRP-UAS climate change and adaptation education center at Mendenhall Glacier Visitor Center as a destination (and a model) for comprehensive research, education, and outreach. Host related displays at the Juneau, Seattle and Anchorage Airports.

Objective 2. Locate Alaska fisheries science jobs that support management of Alaskan fisheries in Juneau and Alaska. Juneau has the laboratory and facility infrastructure, scientific and research capacity, and quality of life amenities and culture needed to support and sustain this employment and activity.

Action A. Success will be linked to clear targets, concise justification, and a commitment by our congressional delegation, Governor, University, Juneau leaders, and lobbyists at each level to pursue course of action. Those closest to these matters have strong agreement that success is possible with a coordinated strategy. Put a high priority on the CBJ and UA lobbyists and Alaska’s Congressional delegation, and the Mayor and Governor’s offices encouraging US Department of Commerce to refill AFSC jobs in Juneau.

Action B. Review and follow-on/focus on the ADOLWD “Fisheries Workforce Initiative”.

Action C. Identify targets. Should the goal be to target new hires and specify that the next 20 jobs go to Juneau (to fill the 20 empty offices at the lab), or, should the target be an entire division or certain duty-based jobs locate to Juneau? Is the strategy to have a research vessel be based in Juneau (a compliment to the growing Coast Guard mariner and maritime presence here)? Should the goal be to require that vacated jobs be filled in Juneau, that changes to job descriptions occur to require research positions base where the fish are, to selectively refill in Alaska before down south, or that as positions become available they must be posted in Juneau first? Bring the heads of agencies or work groups to Juneau (recruit management first, rest will follow). The CBJ Mayors Taskforce, possibly in collaboration with the JEDC Research & Development cluster working group, could take the lead on this decision-making.

Objective 3. Better connect Juneau’s scientists and researchers with business and industry. Conduct applied research to benefit local business’s ability to compete and expand. Opportunities exist in food/pharmaceuticals, renewable energy, fisheries, mechanical engineering, mining, forestry science, wood products and more.

Action A. Connect entrepreneurs with available and underutilized business-oriented R&D funding, including NSF and NIH grants. The NSF money requires a researcher and business to team. The NIH funding is available to small businesses & entrepreneurs only and few reportedly apply for it (Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) grants). Host a seminar for small businesses on how to apply for these grants.

Action B. Work together to realize the applied research and economic opportunities a Juneau Electric Transportation Research, Business, Education and Transit Park could bring (CBJ), Forest Service, Avista/AEL&P, University, JEDC, cruise ships/JCVB).

Action C. Seek opportunities to solicit input from industry on applied research needs and ideas. CBJ, UA and JEDC opportunities to arrange “dates” but up to industry to drive this. Increase private investment to complement government support for research and development. Some ideas mentioned include chemistry and other fish oil research for food and pharmaceuticals, resource business management (mining, fishing, forestry) certificate programs, use the ferry system for marine experience (Avtec graduates). They can get experience at diesel repair, seamanship, marine hydraulics, welding etc.

Action D. Support opportunities for “cross-fertilization” among businesses, scientists and researchers, such as the Innovation Summits, winter Friday evening firesides at Mendenhall Visitor Center, etc. These events spur invocation and entrepreneurship.

Action E. Identify sources for seed funding in Southeast Alaska in order to support initial research or data gathering, in preparation for larger grants.

Dec 5 Revision, Draft 10-Year Initiatives

Initiative: Enhance Essential Support Infrastructure

Introduction

Economic development is a partnership requiring public and private investment in essential infrastructure. For Juneau to build and sustain a resilient, competitive economy on-going investment is required in transportation infrastructure, access to developable land, communications, and other infrastructure.

This economic development initiative is about the steps Juneau can take to insure that infrastructure exists for the community to take full advantage of its economic opportunities. It includes three areas of focus:

- West Douglas Island access and development
- Freight shipping affordability

West Douglas Island Access and Development

West Douglas Island is formally recognized as a future growth area for Juneau. Goldbelt owns 1,740 acres including all of the coastal frontage between Outer Point and Point Hilda. Inland, Goldbelt’s property is bordered by approximately 3,400 acres of CBJ land. West Douglas has clear potential to play a major role in Juneau’s community and economic development, however, development of the area first requires access.

In July 2010, the CBJ and Goldbelt entered into a memorandum of agreement (MOA) pertaining to West Douglas access. The MOA states:

“CBJ and Goldbelt have jointly contributed to and have adopted a master plan for West Douglas Development. CBJ wants to make some of its West Douglas lands available for future community expansion and Goldbelt wants to develop its waterfront land to construct port facilities, a cultural center, and pursue other development options. Both CBJ and Goldbelt need access to their property to accomplish these goals.”

The MOA also states:

“CBJ and Goldbelt find it mutually beneficial to extend the North Douglas Highway to Point Hilda to provide access to their respective properties. As an initial phase, this project intends to extend the road corridor to the Middle Point area.”

The MOA is dated July 1, 2010 and has a five-year term.

West Douglas-Related Opportunities

Extend North Douglas Highway: As a first phase in access improvement, the CBJ is engaged in an effort to construct a 2.5 mile, \$3.2 million pioneer road (one-lane gravel road), with periodic pullouts from the end of North Douglas Highway. This initial pioneer road would be a limited access road intended to facilitate detailed engineering, environmental studies and planning needed for West Douglas access improvement and development. The CBJ Engineering Department is preparing applications for permits to construct the pioneer road. The key permit is from the Corp of Engineers (COE). The COE permit application review and permit issuance process could take six months to a year. Construction of the pioneer road is an important first step in the development of the West Douglas area.

Select Development of Bench Road: Development from the Juneau Douglas bridge out North Douglas Highway is limited by the pattern of driveways, or long driveways that access a few lots, off of a single long linear arterial. Reconnaissance level drawings have existed for decades of a desired secondary Bench Road that is literally on a bench of generally flat or rolling developable CBJ land. Rather than planning an entire Bench Road, a phased approach is recommended. Identify a stretch that could open up acreage and support a connected grid of streets and sidewalks and a mix of low to high density development (to encourage a mix of housing types and users). Evaluate the costs of development versus Pederson Hill and other options.

North Douglas/Gastineau Channel Bridge: A critical access need to fully realize the residential, commercial, industrial and recreational potential of West Douglas is a northerly Bridge across Gastineau Channel, as noted in the CBJ Comprehensive Plan (page 121):

“For over twenty years, a North Douglas crossing of Gastineau Channel has been identified as the CBJ’s top transportation priority, due to the role this additional access would play in facilitating development of west Douglas Island...”

Other important community benefits a North Douglas/Gastineau Channel Bridge would include providing emergency access in the event the Juneau-Douglas Bridge is inaccessible or out-of-service, improved access for all public safety needs, improved travel efficiency between the Juneau mainland and Douglas Island, and diverting some traffic from the Juneau-Douglas Bridge and thereby freeing-up some capacity there to handle the travel demands of denser development and more people living in West Juneau and Douglas.

A North Douglas/Gastineau Bridge coupled with a West Douglas road extension would have a range of important economic benefits for Juneau. For example, 60 percent of the property on the CBJ’s long-term land disposal list is on Douglas Island in areas that would directly impact the need for and usage of a more northerly Bridge crossing.¹² Further, as is the West Douglas area provides no property tax benefits to the CBJ. Whatever portion of

¹² Second Crossing DEIS, City and Borough of Juneau Population Forecast, prepared by McDowell Group for HDR Alaska Inc, Dec 2003

the 3,400 acres of CBJ-owned property is eventually sold will generate tax revenue only after it is sold, and Goldbelt's 1,700 acres will be taxable only after the land is developed.

Community Development: Community development benefits associated with a North Douglas/Gastineau Channel Bridge and West Douglas Road extension include:

- New housing development. As noted in the CBJ Comprehensive Plan, the West Douglas area “can accommodate over 2,000 new residential units along with commercial, industrial and recreational facilities.”
- At West Douglas (between Inner Point and Point Hilda), development of deep water port facilities and protected moorage for marine transshipment, commercial fishing and maritime services, visitor industry, and recreation marine activities¹³. Juneau lacks either a public dock or a private dock readily available to new users; this inhibits the community's ability to attract additional marine shippers (i.e. competition). In addition, current freight docks are limited by the inability of some container-laden barges to pass beneath the Juneau Douglas Bridge and by the extra time required to transit Douglas Island to reach the Rock Dump facility. These limitations combined with the lack of uplands for marine commercial and industrial development (to support large vessel haul-out, maintenance and repair), suggests that a port with a freight facility and dock at West Douglas, accompanied by uplands available for industrial and maritime purposes, could be an anchor development for the area.
- Improved intermodal transportation links to neighboring Southeast Alaska communities and improve freight movement in Juneau in general. Marine freight handling facilities located in the West Douglas area rather than the Rock Dump could relieve safety and efficiency concerns associated with large freight trucks transiting the core downtown area.
- Potential to relocate federal government waterfront facilities (USCG, NOAA) and free-up extremely high-value downtown waterfront property for other development.
- Significantly increased land available for waterfront and non-waterfront light industrial and other industrial development. Juneau has limited potential for growth in this regard, outside of West Douglas.

Freight Shipping Affordability

It is incumbent upon the community to carefully monitor and engage with the forces affecting the cost of shipping freight into and out of Juneau. As a land-locked community virtually all of the goods and materials consumed or otherwise sold in Juneau must arrive on a barge or airplane (along with a relatively small volume of

¹³ West Douglas Conceptual Plan” Prepared for the City and Borough of Juneau and Goldbelt, Inc. by MRV Architects, May 1997

freight moved by the AMHS). Similarly all of the goods produced in Juneau and sold to outside markets (notably seafood products and beer) must be moved on the water or in the air. Clearly, the cost of these transportation services directly affects the competitiveness of Juneau businesses and on the cost of living for Juneau households.

Several current issues are relevant to the discussion of Juneau’s air and marine freight shipping affordability, and to transportation costs in general. These include the competitive environment for airline and barge services to and from Juneau, the Juneau International Airport (JIA) Master Plan update, and Juneau Access, an effort to improve surface transportation to and from Juneau.

JIA Master Plan Update

JIA has launched an “airport sustainability master plan” project, which will be a comprehensive study that establishes the short-, medium-, and long-term developments needed to meet future aviation demand while fully integrating sustainability.¹⁴

Given Juneau’s overall dependence on air transportation and the critical role the airport plays in the local economy, a high level of community engagement in the airport planning process is essential. A nearly 15 year-old McDowell Group study quantified the importance of JIA to Juneau and its economy. As of 2000:

- JIA had 10 times as many total operations (take offs and landings) per capita as the national average
- JIA accounted for more than 750 jobs in Juneau and annual payroll of \$23.5 million (\$35 million in 2014 dollars).
- The direct, indirect and induced impact of JIA-related purchases, payroll, capital improvements and taxes paid in Juneau totaled and estimated at \$41 million (\$60 million in today’s dollars).
- JIA and its businesses accounted for just under \$800,000 in annual taxes to the CBJ.

Since the date of the study, the economic impact of the airport has no doubt grown substantially. Airport-related construction activity in particular has been significant over the past few years including a significant increase in the land available for leased lots, which supports private and commercial aviation-related development. Further, JIA is a critical component of several of Juneau’s key basic industries. For example, approximately 80,000 non-resident visitors arrive and depart Juneau via the airport. These visitors account for over \$30 million in annual spending, which creates local jobs, wages and taxes revenues. JIA is also a visitor portal (via helicopter flightseeing) to one of Juneau’s premier attractions, the Juneau Icefield. The highest value fresh seafood products produced in Juneau are shipped out via air carrier. A variety of other businesses depend on air shipment for time-sensitive inventory, supplies, and equipment. Preserving and enhancing Juneau’s role as Capital City is directly

¹⁴ <http://www.juneau.org/airport/projects/pdfs/FAQsBrochure.pdf>

connected with JIA's ability to meet the air travel needs of legislators, their staff, and the thousands of other visitors than engage in legislative or other state government functions in Juneau.

Juneau's Barge Services

Juneau's barge services shifted significant in late 2013 with Alaska Marine Lines' purchase of Northland Services, its only competitor in marine deck cargo service to and from the region. As part of the purchase arrangement, the Alaska Attorney General's office required AML to assist Samson Tug & Barge in establishing a competitive presence in the region. According to a Superior Court Consent Decree, this assistance is in the form of space sharing agreements at "commercially reasonable rates" on barges operated by AML; a cargo handling, storage, and wharfage agreement requiring AML to "make certain of its terminal facilities available to Samson to the greatest extent possible, and at commercially reasonable rates, consistent with Samson's needs and at Samson's election;" and charter space on a Samson barge to meet AML's peak season capacity needs.¹⁵

The Juneau Economic Plan project team received several comments about perceived recent increases in the costs related to shipping freight via barge to Juneau. No independent research of marine freight rates was done for purposes of the Juneau Economic Plan and it is not clear how AML's purchase of Northland Services has affected shipping costs for Juneau businesses other than this anecdotal information. Given the close connection between marine shipping costs and the cost of living and doing business in Juneau, close monitoring and community engagement in Juneau's evolving marine freight service sector is required.

Juneau Access Improvement Project

The Juneau Access Improvement project is a long-term effort to improve access within Lynn Canal and enhance Juneau's connection to the Alaska/Canada highway system. A range of alternatives have been studied in the most recent environmental impact statement. Eight alternatives are considered in the Juneau Access Improvements Project Draft Supplemental Environmental Impact Statement (SEIS):

- No Action
- Enhanced Service with Existing AMHS Assets
- East Lynn Canal Highway to Katzehin with Shuttles to Haines and Skagway
- West Lynn Canal Highway
- Fast Vehicle Ferry Service from Auke Bay
- Fast Vehicle Ferry Service from Berners Bay
- Conventional Monohull Service from Auke Bay

¹⁵ SOA v. Lynden/Northland Case No. 3AN-13 Civ. Consent Decree, Superior Court for the State of Alaska, Third Judicial District at Anchorage.

- Conventional Monohull Service from Berners Bay

The Draft SEIS identifies the East Lynn Canal Highway to Katzehin as the Preferred Alternative, i.e., the alternative that best meets the Purpose and Need of the project. As described in the SEIS, the Purpose and Need is to:

- Provide the capacity to meet transportation demand in the [Lynn Canal] corridor
- Provide flexibility and improve opportunity for travel
- Reduce travel times between Lynn Canal communities
- Reduce State costs for transportation in the corridor
- Reduce user costs for transportation in the corridor

The community supports the need for Lynn Canal access improvements but is split on the need for the East Lynn Canal alternative out of concern for the cost of the alternative, its environmental impacts, perceived winter highway travel risks, and impact on traveler convenience.

Among the alternatives considered, the East Lynn Canal Highway to Katzehin would have the greatest economic impact on Juneau. Initially, the \$574 million construction project would create economic opportunity for Juneau construction contractors and their employees, including an average of 300 direct jobs over a six-year construction period. Based on the findings of the SEIS, long-term economic benefits for Juneau associated with the alternative include:

- Approximately 164,500 new visitors annually to Juneau by 2020 (including non-Alaskans, Haines and Skagway residents, and others). Additional new visitor traffic would occur over time, as markets and travelers adjust to improved access to Juneau.
- Enhanced economic sustainability of Coeur Alaska, Inc.'s Kensington Mine as a result of reduced cost of worker and supply transportation between the mine and Juneau. In addition, a road would increase City and Borough of Juneau (CBJ) property tax revenues from the mine.
- Shipping-related benefits to the fishing industry or other manufacturers of time-sensitive goods. In addition, trucking products out of Juneau would create lower-cost back-haul opportunities. Over the long term, Juneau would experience increased use of overland trucking of basic goods into Juneau, as more individual businesses consider the scheduling flexibility trucking provides.¹⁶

The public comment period of the Draft SEIS has closed and Alaska Department of Transportation and Public Facilities (ADOT&PF) and Federal Highway Administration will spend much of 2015 preparing formal responses to comments, preparing a Final SEIS, and issuing a Record of Decision.

Changes in political leadership, potential lawsuits, and other factors are likely to continue casting uncertainty over investment in improving Lynn Canal access. However, change in one form or another is expected over the next

¹⁶ Juneau Access DSEIS Appendix EE Socioeconomic Effects Technical Report.

decade, either as one of the Juneau Access alternatives is implemented, or as the AMHS takes steps to reduce ferry system operating costs. Construction and deployment of two new Alaska Class Ferries (ACF) is part of such cost saving measures. The ACFs will be dayboats that are 280 feet long, with capacity for 300 passengers and 53 standard vehicles. ACFs will replace M/V Malaspina summer service between Juneau, Haines and Skagway. After deployment of both vessels, current plans are for one to operate between Juneau and Haines and the other between Haines and Skagway. It is important to note that an ACF has significantly less vehicle capacity than the Malaspina, which has car deck capacity for up to 88 vehicles and up to 14 vans. ADOT&PF notes that as designed the ACFs will meet 95 percent of current Lynn Canal Traffic requirements.¹⁷

ACFs will have less freight/van carrying capacity than the Malaspina and operational restrictions will further curtail the day boats' capacity to serve freight haulers. For example, unaccompanied vehicles will not be allowed on the new day boat, meaning that all vans must be accompanied by a truck. This will substantially increase the cost of van transport. Mainline ferry service in Lynn Canal will continue after deployment of the ACFs, with no anticipated changes in van transport policies.

A keel laying ceremony is scheduled for December 13 at the Ketchikan Shipyard. Vessel construction will require approximately two years, with completion of the first day boat vessel anticipated in May 2016 and the second in May 2017.¹⁸

Juneau has a critical economic interest in Lynn Canal transportation infrastructure and service, compelling the community to maintain an active involvement in ADOTPF's effort to enhance service and/or control costs. ACF's will represent a general reduction in AMHS capacity in Lynn Canal and in particular a reduction in the system's ability to meet the needs of freight transporters.

Community Support for Transportation-related Initiatives

West Douglas Access and Development

Survey research has measured strong community support for a North Douglas/Gastineau Channel Bridge. A 2007 McDowell Group telephone survey of 500 local households conducted for the CBJ found that three-quarters (76 percent) of Juneau's residents support the crossing.¹⁹ While there is strong and persistent support for a second crossing (survey research in 1984 and 2003 also showed strong majority support), how the project is funded is a key issue. In 2010 Juneau voters rejected a plan to use Juneau's temporary 1 percent sales tax for 10 years to fund construction of a second crossing.

¹⁷ http://www.dot.state.ak.us/amhs/alaska_class/faq.shtml#Q16

¹⁸ Alaska State Legislature, House Transportation Standing Committee meeting minutes, February 4, 2014

¹⁹ "North Douglas Crossing Household Survey" prepared for the City and Borough of Juneau by McDowell Group, Inc., March 2007

Business survey research conducted as part of the Juneau Economic Plan measured significant potential for business-related benefits associated with a North Douglas/Gastineau Channel crossing. One-quarter (26 percent) of the businesses responding to the survey believe a “second crossing” and extension of a highway to West Douglas would have significant potential to enhance their business. Another third of survey respondents believe a second cross and highway extension would have moderate potential to enhance their business or organization.

In terms of formal recognition, the importance of West Douglas in Juneau’s future is clearly articulated in the CBJ Comprehensive Plan (see pages 56, 120-122). Chapter 6 of the 1997 West Douglas Conceptual Plan has been adopted as an addition to the CBJ Comprehensive Plan.²⁰ In 2005, the CBJ Assembly passed a resolution in support of the North Douglas Crossing, including support for completion of an Environmental Impact Statement, support for adopting the 1997 CBJ West Douglas and Goldbelt, Inc. Conceptual Plan as “a general strategy for development,” and support for a bench road on North Douglas “as a necessary transportation improvement in the future to reduce traffic on North Douglas Highway and enhance access to West Douglas...”²¹ Further, the Assembly decided to focus on three potential crossing locations; Vanderbilt Hill Road, Sunny Point, and Yandukin Drive.

Work in 2007 to identify a preferred route²² included new opinion surveys, updating the estimated cost of alternatives, assessing the reconnaissance level impact of alternatives on the airport, wetlands and other environmental characteristics, hunting, and visual features. Together these analyzes pointed to a Vanderbilt Hill area crossing route. However, since early 2007 when the route selection report was completed, several conditions have changed including the airport runway safety area extension has been completed and MALSR lights installed, Sunny Pt intersection improvements were completed (2009) which effects the cost to tie a bridge into Egan at that location, continued glacial rebound effects the extent of wetlands, construction and material costs have changed, both the CBJ and SealTrust’s wetlands mitigation programs have become well-established, and the CBJ population has grown by 2,500 or 8 percent.

Air and Marine Freight Shipping Affordability

Community support for an initiative focusing on shipping costs is evident in household and business survey results. For example, two-thirds of Juneau households cite cost of living and cost of transportation to and from Juneau very significant barriers to Juneau’s economic development. More than half (56 percent) of the Juneau

²⁰“West Douglas Conceptual Plan” Prepared for the City and Borough of Juneau and Goldbelt, Inc. by MRV Architects, May 1997

²¹ Resolution of the City and Borough of Juneau, Alaska Serial No. 2330(b), Resolution In Support of the North Douglas Crossing and West Douglas Development (2005).

²² North Douglas Crossing Project – Juneau’s Preferred Crossing Route, Sheinberg Associates for City and Borough of Juneau April 2007

employers surveyed believe the cost of transportation to and from Juneau is a very significant barrier for development of Juneau's economy. A similar percentage (55 percent) believe cost of living is a very significant barrier. (Of course the cost of shipping goods and materials into Juneau is an important aspect of the cost of living.) More specifically, 37 percent of the businesses surveyed cite shipping costs as a significant barrier to their business/organization's growth. Another 32 percent see shipping costs as a moderate barrier to their growth.

Initiative Goal: Support policies and developments that will control or lower the cost of freight shipment into and out of Juneau.

Objective 1. Proceed with North Douglas/Gastineau Channel Bridge construction to realize the residential, commercial, industrial and recreational potential of West Douglas

Action A: Maintain strong municipal support for construction of a North Douglas/Gastineau Channel Bridge to accommodate new "nodes" of development in West Douglas that each has some type of commercial, industrial, maritime, or recreational draw and a small walkable street and trail grid that encourages vital residential development.

Action B: Renew the CBJ/Goldbelt MOA concerning West Douglas development, which will expire July 1, 2015. Beyond that, next steps will include:

- Obtaining state, federal and tribal support and funding for project planning, permitting,
- design and construction
- Environmental impact analysis
- State of Alaska best interest finding, and/or other decision document
- Permitting
- Obtaining the corridor right of way;
- Detailed design; and
- Construction.

Action C: Proceed with evaluation of the engineering design and costs and the environmental impacts of a North Douglas Gastineau Channel Bridge crossing landing intersection, including consideration of the changed conditions since 2007 when the Vanderbilt Hill Route was selected (see page 4 of this initiative).

Action D: Conduct earnest conversation and outreach with potential public and private sector users about public-private partnerships (CBJ land and road access) in exchange for equivalent industrial, commercial, marine and transshipment facility and employment investments.

Objective 2. JIA Sustainability Master Plan supports Juneau's aviation-related business and economic development needs

Action A: Airport Board, staff and airport users input to and review of 2016 Airport Master Plan ensures it:

- Takes into account regional and industry trends and opportunities in cargo, avionics, and fleet changes,
- Is a welcoming place for tourists, regional passengers, and is an attractive Gateway to Capital City
- Provides efficient, shovel-ready, and revenue-oriented lease lot opportunities and configurations

Action B: Apply pressure for air carriers to reduce fuel surcharges coincident with declining fuel prices.

Objective 3. Engage in planning, policy-making, and monitoring activities necessary to ensure that marine freight service to and from Juneau is high-quality and the most affordable possible.

Action A: Chamber of Commerce (or other) committee proceeds to:

- Provide a single, consistent place for Juneau (and northern Southeast Alaska) where freight pricing data and concerns can be reported (confidentially if needed).
- Stay in regular communication with state Attorney General Office which is monitoring competitiveness to share information regarding issues or complaints linked to Alaskan marine transshipment merger.
- Promote better communication and problem-solving to benefit both Juneau and shippers by meeting with AML and Samson Tug & Barge on a semi-annual basis to discuss issues of concern such as rate trends and opportunities, volumes transshipped, facility needs, and outreach and marketing.
- Apply pressure for shippers to reduce fuel surcharges coincident with declining fuel prices.
- Coordinate shipper-business education, and business to business logistics communications/coordination
 - It will be less expensive to ship 2 pallets once a week, rather than 1 pallet twice a week.
 - Are there any cost-saving opportunities to use back-haul rates by coordinating export transshipment (seafood and alcohol) with imports (lumber, groceries, other)
 - Explore if centralized logistics communication could promote cost savings, such as builders sharing container loads

Action B: A public dock, or private dock readily available to the public, would make Juneau more attractive to additional marine transporters.

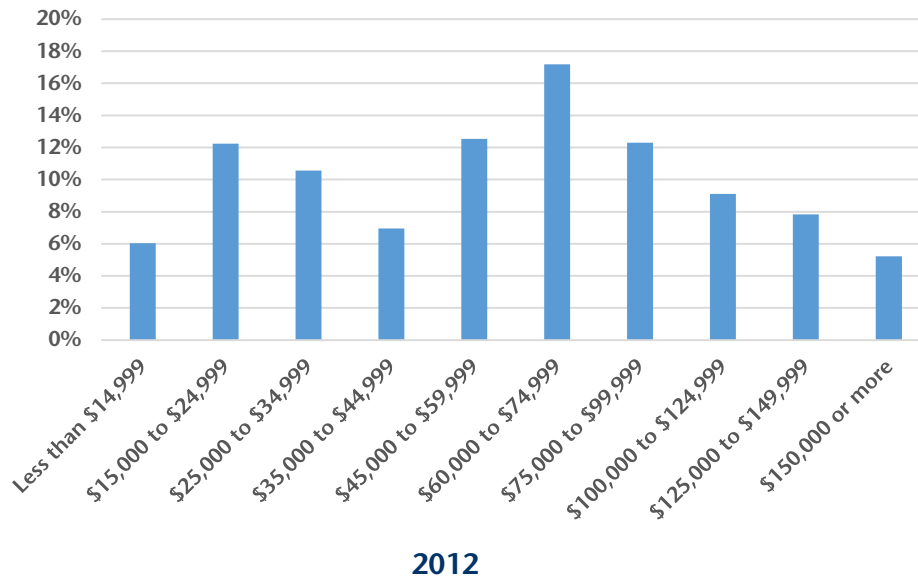
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Initiative: Building the Senior Economy

Introduction

Juneau is home to over 3,200 seniors age 65 and older. These seniors make up approximately 10 percent of the city’s population. Seniors are invaluable members of the community, contributing in numerous ways, culturally, socially, and financially. While individual savings and income varies, as a group the Juneau senior population represents a significant portion of wealth in the community. According to the recent *2014 Juneau Senior Housing and Services Market Demand Study*, much of this income comes from State of Alaska retirement plans and other retirement plans (currently over 6 in 10 Juneau seniors are enrolled in the Alaska Public Employees’ Retirement System (PERS) or Teacher Retirement System (TRS)).

Percent of CBJ Householders 65 Years and Older by Household Income in the Last 12 Months,



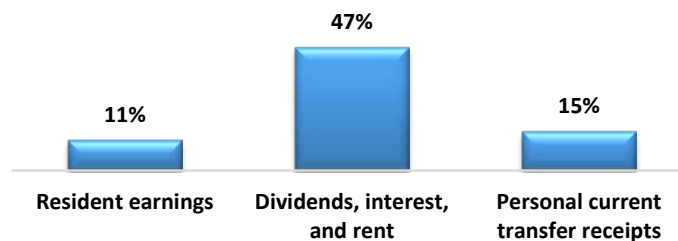
Source: 2010-2012 American Community Survey 3-Year Estimate in 2012 Inflation-Adjusted Dollars.

According to migration analysis in the same study, most Juneau seniors remain in the community after retirement. These seniors contribute to the Juneau economy in a number of ways, including through direct spending on goods and services. Many seniors contribute to the economy further by donating money and time to a wide variety of civic, service, and religious entities. Additionally, Juneau seniors serve as caregivers in the community, for children, other seniors, and people of all ages in need of support. Much of this caregiving allows others in a household to participate in the economy who otherwise would not be able to.

The role of seniors in Juneau’s economy will grow in importance in the coming years. Projections are that within ten years one-fifth of Juneau’s population will be over 65 years of age. The proportion of seniors in the population is projected to remain at or near 20 percent through 2042. Juneau is presented with both a challenge and an opportunity in this growing segment of our population. Within the next decade, the community will shoulder the responsibility of providing increased levels of senior services. At the same time, Juneau has an opportunity to harness the economic potential these seniors offer our community. This potential includes more jobs and spending that will accompany new services for seniors, as well as additional retirement income and savings that will circulate in the community.

Between 2003 and 2012, Juneau resident personal income from dividends, interest, and rent grew at a much faster rate (47 percent total increase) than the other two primary sources of income in the community: resident earnings increased 11 percent and transfer receipts increased 15 percent. “Dividends, interest, and rent” describes investment income, such as dividend income from stock ownership (including dividends paid to retirement plans), interest earned on savings accounts and bonds, and rental income from property ownership. As more residents retire, this source of income will continue to become more prominent in the Juneau economy.

Growth in Juneau Resident Personal Income, Percent Change, 2003 – 2012



Source: Bureau of Economic Analysis.

Potential Threats/Opportunities

An initiative to carefully plan and structure services and opportunities related to Juneau’s aging population will benefit the Juneau economy as a whole. One challenge Juneau will face is providing the services and amenities that will encourage residents to remain in Juneau once they retire. Important factors in keeping seniors within the community include opportunities to age in place or access age-appropriate housing, access to health care and basic needs, a cost of living that is affordable for retirees, ease of mobility, and opportunities for community involvement and support. Juneau could also play a greater role in serving the needs of seniors from surrounding communities.

Senior housing: As Juneau residents age, many need or choose to re-assess their housing situation. Some Juneau seniors choose to “age-in-place,” living in their current residence and possibly making modifications to the residence in order to remain there. Other seniors may move from their homes to alternate living arrangements. Such a move may entail down-sizing to a place that has better access or is easier to maintain and/or afford, or a

move to organized housing with health care or other support services. The city is taking an important step toward securing housing that meets the needs of Juneau seniors through the current *Juneau Senior Housing and Services Market Demand Study*.

Health care: As health care needs increase with age, so do health-related expenditures. It is estimated that Juneau residents 65 years old and older spent over \$90 million on health care in 2013. This number demonstrates the importance of health care services in the economy. As the number of seniors increases, so will expenditures on health care.

Health Expenditures for Juneau Residents by Age Cohort, 2013

Age Group	Estimated Alaska Expenditures per Capita	Juneau Population	Total Estimated Health Expenditures by Juneau Residents
0-19	\$5,800	8,252	\$49 million
20-44	\$7,400	11,392	\$83 million
45-54	\$11,500	5,292	\$61 million
55-64	\$17,100	4,866	\$82 million
65-74	\$23,700	2,218	\$49 million
75+	\$41,600	1,044	\$43 million
Total	\$11,200	33,064	\$367 million

Note: Columns may not sum due to rounding.

Source: CMS, National Health Statistics Group; DOWLD, Research and Analysis; U.S. Census. Calculations by McDowell Group.

A significant portion of this spending likely occurs, and will continue to occur, outside of Juneau, especially in Seattle and Anchorage. However, opportunity exists for establishing more health services in Juneau and, subsequently, capturing more health care spending within the Juneau economy. A recent survey of Juneau seniors, conducted by the Juneau Commission on Aging, identified some perceived outstanding health care needs in Juneau. These needs include more medical specialists and medical care options overall. Specific perceived needs identified within Juneau include:

- Gerontologists, geriatric physicians
- Sub-acute care
- Rehab facilities
- Cardiology unit at hospital
- Stroke center
- Heart and lung specialist
- Mental health care providers
- Health clubs that focus on aging

While this list is not inclusive, it does demonstrate the depth and breadth of potential health related business opportunities in Juneau.

Basic Needs/Cost of Living: Many Juneau seniors face challenges in meeting their basic needs, including food, shelter, transportation, and health care. One frequently cited need is for reliable transportation, as seniors often either can no longer drive or do not have a vehicle and, thus, face difficulties accessing basic necessities, such as food, medications, and medical care. While Juneau does have many great transportation options for seniors, such as the Care-A-Van service, transportation improvements for Juneau seniors include not only better vehicular access, but also improvements to winter mobility (including maintenance of sidewalks and parking lots) and transportation-related logistics such as bus schedules.

Information and Education: In order to better serve Juneau seniors, it is important to track data on the type and level of support available to seniors. This data might include the number of seniors in need of food resources, transportation, and health support. Data collection and analysis is especially important for identification of gaps in service. A comprehensive community assessment that includes mapping of senior needs (see the Clackamas County case study as an example), may help provide a more comprehensive picture of senior needs in the community.

As Juneau's working population ages, residents will need to prepare for retirement. The better prepared for retirement the Juneau population is, the better Juneau's economy will be. Thus, education on retirement planning will be a worthwhile investment, with the long-term goals of increasing financial security among future senior populations.

Community Support for the Initiative

Over 80 percent of Juneau households believe expanding senior services is a somewhat or very important economic development strategy, with 43 percent of households stating this strategy is very important. Juneau businesses also recognize the economic development benefits of expanding senior services in the community: 36 percent of Juneau businesses surveyed believe expanding senior services is a very important economic development strategy, while another 44 percent believe this strategy is somewhat important. Comments in both the household and business survey draw particular attention to the need for more and improved senior housing and for enhanced health care services for seniors.

Several organizations and businesses concentrate on senior issues in the Juneau. The Juneau Commission on Aging continues to advocate for Juneau seniors, as do many health care entities and non-profits in town. Recent attention to senior food issues, housing, and overall planning for seniors in the community have led to improvements and collaborations by the many providers who currently serve the senior population. Such efforts must be supported and expanded to prepare for this changing demographic in the community.

Important components of a strategy to support Juneau seniors and nurture the economy they support follow.

Clackamas County, Oregon – Senior-Friendly Economies Case Study

Clackamas County, which lies immediately to the east of Portland, covers a predominately rural area within which most of the communities have populations under 30,000. Like many areas of the country, the County expects an increase over time in the proportion residents over the age of 65. In anticipation of this change, in 2009 the Clackamas County Social Services (CCSS) Division partnered with AARP Oregon and the Oregon State University Extension Service to launch a comprehensive senior needs assessment.

The assessment process was dubbed *engAGE in Community*. CCSS staff used the assessment itself as an opportunity for meaningful senior engagement and participation. With the assistance of researchers from Oregon State University and Portland State University, CCSS coordinated the recruitment of local seniors and residents in a participatory mapping project, Mapping Attributes: Participatory Photographic Surveys (MAPPS). MAPPS participants were given GPS enabled cameras, and instructed to take pictures of things in the community that helped or hindered their ability to live there. These photos, along with comments from the photographer for each feature, were then loaded into a map to help identify trends and problem areas.

During the course of the MAPPS project, 62 volunteers submitted over 630 photos of community features. General themes emerged from the submissions: transportation was by far the most frequently mapped barrier, as residents documented adverse conditions related to walkability, pedestrian safety and accessibility. Housing was also a commonly cited concern. The information gathered through the mapping process, as well as the data from over 100 one-on-one interview with seniors, focus groups, and a community survey were compiled into a report, and was eventually included in the Area Plan for Aging.

EngAGE in Community has morphed into an ongoing means to implement community improvements and programs. The initiative led to the formation of a county-wide Age Friendly Committee. While many of the big issues of transportation and housing remain unresolved, the measure of *engAGE* initiative's success is in the continued engagement and support that the community has built towards making Clackamas County livable for residents of all ages.

See Appendix A – Economic Development Case Studies, for more information.

Initiative Goal: Facilitate development of the services and facilities necessary for residents to comfortably and affordably retire in Juneau. In this way, Juneau seniors can continue to participate in the economy and contribute to the community.

Objective 1. Support development of a range of housing options and supportive services that meets the housing needs of Juneau’s senior population. (See Housing initiative)

- Action A.** Implement recommendations from then 2014 Juneau Senior Housing and Services Market Demand Study, which focuses on senior assisted living housing development.
- Action B.** Identify public/private partnerships, including those to provide land, for assisted living development in the community.
- Action C.** Identify alternate funding options for senior housing development. These may or may not include city bonding, grant programs, or other funding sources.
- Action D.** Support independent senior housing, including additional dwelling units (accessory apartments) within seniors’ homes.

Objective 2. Increase the depth and breadth of local, skilled health care services.

- Action A.** Develop a needs list for health care services in Juneau and make available to entrepreneurs and health care providers.

Objective 3. Develop more in-home care options for Juneau seniors.

- Action A.** Ensure CBJ adequately supports home health care for Juneau seniors, including around the clock respite and hospice care.
- Action B.** Institute a home health care agency.
- Action C.** Train a workforce to provide care in assisted living facilities and for in-home care and personal attendants.

Objective 4. Improve senior access to community-based services and activities.

- Action A.** Expand data collection on Juneau senior needs and availability of resources.
- Action B.** Improve Juneau transportation services specifically for seniors.
 - Regularly update the Juneau Coordinated Human Services Transportation Plan.
 - Ensure all bus stops and sidewalks in commercial areas are safe, and clear of snow and ice.
 - Provide information to seniors on services available to help access basic needs, include case management in this process.
 - Evaluate and enhance Care-A-Van service to ensure it meets senior needs, including service schedules and the amount of items clients may transport per trip.
- Action C.** Encourage entrepreneurial solutions to improve senior access to food, such as grocery deliveries, and medical resources, such as prescription deliveries.
- Action D.** Support meal delivery services for homebound seniors.
 - Support Meals on Wheels.
 - Establish a delivery service in Juneau and/or a volunteer shopper program.
- Action E.** Consider a full-service senior center as a central information source and center for activities and services for Juneau seniors.

Action F. Consider a senior-friendly business program.

Objective 5. Increase meaningful opportunities for seniors to be involved in the community through volunteerism, activities, and job opportunities.

Action A. Develop a senior “talent pool” of residents interested in paid jobs and volunteer positions.

Action B. Increase opportunities for meaningful volunteer activities.

Action C. Increase opportunities for lifelong learning.

Objective 6. Prepare the next generation of Juneau retirees.

Action A. Coordinate with AARP, UAS, CPAs, estate planning attorneys, and other local financial planners to provide community courses on preparing for retirement.

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Initiative: Attract and Prepare the Next Generation Workforce

Introduction

A key ingredient in a community’s economic vitality and development potential is its capacity to attract and retain the workforce local employers need. In fact, a community’s “human capital” is its most important asset.

Several forces at work in Juneau are challenging our community’s capacity to be successful in this regard. The most powerful of those forces is demographic. Twenty percent of Juneau’s population will be sixty-five years of age or older within a decade. In Juneau, like in much of Alaska and the nation, the retiring Baby Boom population will leave employers with significant recruiting challenges. Based on anecdotal information, Alaska state government offices are already struggling to fill positions with suitably qualified workers. The future promises a continuing challenge, as 42 percent of Juneau’s current state employees, more than 1,800 workers, are 50 years of age or older.

While “back-filling” behind retiring state employees is especially critical to Juneau’s capital economy, other sectors of the economy are also challenged to find the right people to fill workforce needs. Business survey results indicate professional services firms often feel constrained in their ability to grow by a lack of suitably educated or trained local workers. Further, while Juneau may have a particular focus on “white-collar” positions, employers seeking to fill vocational, technical, and trade positions are also challenged to meet their workforce needs. Still further, Juneau’s workforce needs will evolve as the business environment changes; for example, employment needs will likely change to serve the community’s growing senior population.

Juneau’s resident population has not been keeping pace with the workforce demands of local employers. While Juneau’s economy has gained 350 jobs since 2006, the number of Juneau residents in the labor force has declined by nearly 1,000. Some of this divergence is due to the nature of the Juneau’s recent job growth, and some is due to barriers to residency in Juneau, such as the tight housing market and the shortage of childcare services.

Juneau’s low unemployment rate attests to a tight labor market in the local economy. Juneau’s unemployment rate dropped to 4.6 percent in 2013, the lowest point since 2007. Juneau’s unemployment rate in 2013 was lower than the Alaska average (6.5 percent) and the national average (7.4 percent). A low unemployment rate is an indirect indicator that some employers are likely not able to fully meet their labor needs.

Building the next generation workforce is not only about training a younger demographic to replace their senior counterparts at public agencies and private firms. The term “next generation” also refers to new and evolving small businesses, technologies and markets. Innovators and entrepreneurs will be the drivers of the next generation of small business ventures. This is a critical sector of Juneau’s economy, as 72% of Juneau’s businesses employed 10 employees or fewer in 2012. By supporting and training entrepreneurs and innovators, Juneau’s

workforce will be better able to keep up with current technological and economic trends, and respond to new and changing markets. Innovators and entrepreneurs will be the drivers of the next generation of small business ventures

It is in Juneau’s best interest to invest in efforts to attract and build the professional, technical, skilled, entrepreneurial, and creative labor force that local employers need today and in the future. Investments should focus on attracting new workers to Juneau as well as educating and preparing Juneau’s current residents. Doing what we can to attract and build the “next generation workforce” will help preserve (and enhance) Juneau’s role as Capital City, help local businesses grow, and provide a resident population base that can support local infrastructure and services.

Potential Threats/Opportunities

Threats associated with workforce development include the potential for increased “Capital creep,” as state jobs migrate from Juneau to Anchorage or elsewhere in Alaska where the labor supply is larger and more diverse. Further, other Juneau employers, whether for profit or non-profit, will be less able to fulfill their potential for growth if they are unable to find the workers they need. It is possible that labor supply challenges could discourage new business development in Juneau.

In addition to the threat of lost jobs, Juneau also faces the threat of losing talent to communities where costs of living are lower. In order to attract and retain the next generation of professionals, the community must provide a socioeconomic environment that is attractive to a young and mobile workforce. To attract and retain young families, affordable housing is key, along with a strong education system. Affordable, quality child care is critical for many families, and Juneau suffers from a severe shortage of child care services. Currently, housing and child care barriers are limiting the ability of many young households and parents to participate fully in Juneau’s workforce.

The goal of workforce retention relates to an additional trend which serves as both a threat and an opportunity. A growing percentage of Juneau’s workforce, 30 percent in 2012²³, is composed of non-residents. This means that nearly a third of the people who work in Juneau do not live here year round (minus a small number of year-round residents who have not lived here long enough to have established residency). These non-residents earned a total of \$167 million in wages in 2012. The community stands to gain significantly by converting these non-residents to full time residents, thus keeping their payroll in Juneau.

While the trend of a growing non-resident workforce threatens to take ever more payroll dollars out of the community, the number of seasonal employees also provides access to a demographic of young, receptive potential residents who generally find value in the outdoor recreation amenities that make Juneau unique. Many

²³ Alaska Department of Labor and Workforce Development

of these seasonal employees are already choosing to make Juneau home. Juneau has benefitted in recent years from an in-migration of young professionals. Between 2010 and 2012, Juneau gained 1,600 new residents. Of that group, two thirds were under the age of 30, and 75 percent had at least come college education.²⁴ This influx of members of the “millennial” generation could be an important economic driver if the community can retain these young professionals as they build families and careers.

Juneau’s opportunities to attract and retain a strong local workforce include offering residents a high quality of life. In an age when workers are increasingly mobile, many choose where they live based on the availability of amenities such as recreational opportunities, cultural activities, and natural areas. High quality, affordable communications infrastructure and services are an important part of this equation. Communities that can offer these amenities may be more competitive than others in attracting a desirable workforce. Juneau has great opportunity to leverage its outstanding quality of life to build its human capital.

Community Support for the Initiative

In recent surveys, Juneau households and businesses noted the importance of a skilled and educated workforce that meets the needs of Juneau employers. Business survey respondents were asked to rate a list of barriers to their business or organization’s growth. Over one-quarter (28 percent) of Juneau businesses who responded to the survey rated availability of a professional/technical workforce as a significant barrier, while 44 percent identified that factor as a moderate barrier. In a household survey, 6 percent of respondents identified the need for an educated workforce and the need to fund education as the most important challenges facing Juneau’s economy in the next five years.

In survey responses and in public workshops, Juneau residents have supported both the importance of making Juneau an attractive place for new and current residents to live and raise a family, as well as the importance of training Juneau’s youth to become the community’s next innovators and leaders. The need for a well-funded, well-operated education system in Juneau was mentioned throughout *Juneau Economic Plan* survey research. Household survey respondents cited educational funding and the quality and cost of education as significant barriers to Juneau’s economic development. Additionally, among survey respondents who indicated that they were likely or very likely to move from Juneau, 15 percent reported that the reason they were likely to move was to seek better schools/education.

Community opinions about issues related to Juneau’s ability to attract and retain a strong workforce also include concerns about quality of life, such as housing affordability and child care. Juneau households and employers see housing as the top barrier to economic development in the community. Two-thirds of Juneau households cite availability of child care services and the cost of those services as a somewhat or very significant barrier. More

²⁴ Sheinberg Associates. (2013). Southeast Alaska by the Numbers 2013. Juneau, AK: Southeast Conference.

than 70 percent of businesses and other employers cite the cost and availability of child care services in Juneau as a somewhat or very significant barrier to economic development.

Community opinions about issues related to Juneau’s ability to attract and retain a strong workforce include concerns about housing, education, and child care. Juneau households and employers see housing as the top barrier to economic development in the community.

In addition to community development needs such as the availability and affordability of housing and child care, the cultivation of a skilled workforce depends on the provision of economic development services, infrastructure and training. Several local organizations and institutions are already making progress in this arena, and would be key players in expanding such programs. The University of Alaska Southeast (UAS) is a particularly powerful asset. UAS offers certificate programs and curricula to meet the needs of local employers. The Central Council Tlingit and Haida Indian Tribes of Alaska (CCTHITA) operates the Vocational Training and Resource Center (VTRC). Existing small business owners and entrepreneurs can utilize the JEDC’s small businesses counseling service, while the Juneau Small Business Development Center helps individuals develop business plans to launch new ideas. JEDC also offers a revolving loan fund to finance local start-ups and expansions. The Haa Aani Community Development Fund has partnered with the Nature Conservancy to encourage entrepreneurs to develop sustainable business plans through the Path to Prosperity business development competition and sustainable business development “Boot Camp.” Competition winners receive start-up capital.

Discussion

In order to meet the needs of Juneau employers over the next decade, the community must both attract workers from outside and build local programs that prepare local residents to participate in the workforce. Local programs include a well-funded and functioning education system in the community, from pre-K to postsecondary programs, programs and services that support working families, and investment in quality of life amenities that attract and retain workers in the community.

Specific objectives and actions to attract and prepare a workforce that meets Juneau employers’ needs are outlined below. Conceptually, these actions include:

- **Support Quality Pre K-12 Education:** Attract families and businesses to Juneau and build a strong local workforce by raising education standards, offer education that includes vocational alternatives; support entrepreneurship and business education in Juneau’s schools; enhance job-readiness.
- **Invest in Post-Secondary Education:** Support UAS and UAF in meeting local employers’ needs and expanding targeted high-need programs.
- **Ease the Child Care Barrier:** Increasing the capacity, quality, and affordability of child care will allow more Juneau residents to fully participate in the local workforce and more fully utilize their talents and energy.
- **Invest in Quality of Life Amenities:** Social, cultural, and recreational facilities and services enhance the quality of life in Juneau and make the community an attractive place to live and work.

- **Convert the Non-Resident Workforce to a Resident Workforce:** Retain in the local economy payroll dollars that now leak from the community.
- **Support Innovation and Entrepreneurs:** New business ideas and entrepreneurial energy can be sparked with appropriate programs that support business incubation and innovation, including training, facilities, funding, permitting support, public/private cooperatives, and other tools.

Initiative Goal: Prepare and attract the professional, technical, skilled, entrepreneurial, and creative labor force that Juneau’s diverse employers, businesses, and non-profits need.

Objective 1. Develop a better understanding of the workforce needs of Juneau’s key employers, especially state government.

Action A. Develop a “Top Jobs” list for Juneau, which identifies and prioritizes key recruiting and training needs.

Action B. Define and update a State of Alaska job “skill set” to help prepare workers for non-technical jobs in the state workforce.

Objective 2. Increase availability of child care year round, with an emphasis on Kindergarten readiness.

Action A. Continue funding the Hiring Educating and Retaining Teaching Staff (HEARTS) Initiative to train and retain qualified teachers in full time child care and preschool classrooms.

Action B. Collaborate on development of an 80-100 child daycare facility in Juneau. This may include public or private assistance with securing a facility.

Action C. Utilize CBJ lobbyist to push for a revaluation of State of Alaska subsidy rates for child care assistance to reflect current child care market rates.

Action D. Support and expand after school and summer child care options that are compatible with working parent schedules.

Action E. Support Juneau’s Imagination Library project.

Action F. Collaborate with child care and pre-K education providers to secure affordable and appropriate space for pre-K programs.

Action G. Encourage employers to provide child care or assistance with child care. Such assistance might mean financial subsidies, family-friendly work schedules, flex time to allow workers to participate in child activities, and child care space near or on-site for larger employers.

Objective 3. Prioritize an education system that prepares Juneau’s youth to successfully participate in the Juneau workforce.

Action A. Continue to invest in Juneau’s education system as a priority, including education-related activities and transportation. Recognize that early education has an important impact on the future Juneau workforce.

- Action B.** Support and seek additional partnerships that provide STEM and computer training and education, such as the recent CCTHITA, Microsoft Corporation, and State of Alaska collaboration and funding of training in Information Technology.
- Action C.** Support experiential learning. This may include development of learn/work partnerships between the high school and local employers so high school students may gain direct experience in the workforce.
- Action D.** Celebrate the variety of Juneau education successes. Make the value of quality education in the community a public education campaign priority.

Objective 4. Actively support and maintain quality of life infrastructure that attracts and retains a desired workforce.

- Action A.** Provide resources necessary for the CBJ Parks and Recreation Department to support amenities and activities that contribute to quality of life in the community for the Juneau workforce.
- Action B.** Support amenities that attract and retain Juneau’s workforce, including recreational, arts, and cultural amenities, such as Eaglecrest, the ice rink, swimming pools, libraries, museums, and wild spaces.

Objective 5. Take steps to convert the non-resident workforce to a resident workforce.

- Action A:** Explore ways to increase resident workers in Juneau economic sectors that currently support a large non-resident workforce. Determine housing and lifestyle needs and barriers to these employees becoming year-round residents. Potential focus areas for this effort include:
- Mining sector: Miners, extraction workers, drillers, machine operators, heavy equipment mechanics
 - Maritime industry: Ship engineers, sailors, marine oilers, captains, mates, pilots of water vessels.
 - Construction sector: construction laborers.
 - Tourism Sector: retail salespeople, bus drivers, servers.

Objective 6: Develop the infrastructure needed to support innovation and entrepreneurship.

- Action A.** Ensure that Juneau residents have access to fast, competitively priced internet service. This is particularly important for business and research requiring large amounts of data.
- Interview providers and identify Juneau’s maximum, average, and minimum internet download and upload speeds and costs.
 - Identify geographic, hardware and other factors affecting speed and capacity constraints.
 - Interview researchers, scientists, those using telemedicine, and those with large data transfer needs who are limited by internet speed and cost to better understand how this limitation is affecting economic and employment opportunities.
 - Develop Action Plan based on data and analysis above.
- Action B.** Facilitate the development of shared workspaces in Juneau where entrepreneurs, and creative professionals can share ideas and resources.

Objective 7: Support adult education, training, and events that increase innovation and entrepreneurial capacity.

- Action A.** Support competitions, such as the Path to Prosperity, that develop sustainable businesses.
- Action B.** Continue to fund and support an annual Innovation Summit to encourage professional connections and advances within Juneau’s key sectors.
- Action C.** Support the development of a Makerspace where designers, artists and engineers can share tools, resources and ideas, and attend classes.
- Action D.** Continue to support entrepreneurship opportunities in Juneau through small business counseling, planning support, site selection, and permitting review.
- Action E.** Develop networking events for entrepreneurs.

Objective 8. Enhance access to unconventional and venture capital.

- Action A.** Support SBA, JEDC, Haa Aani, and other support/programs including financing for higher-risk or innovative businesses.
- Action B.** Publicize venture capital sources that loan in Alaska.
- Action C.** Provide training on the effective use of Peer-to-Peer lending platforms.