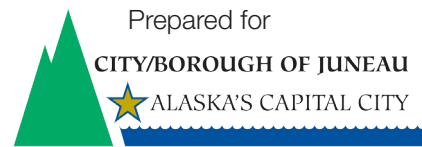




Juneau Economic Development Plan

FINAL PLAN

Adopted by the City and Borough of Juneau,
Ordinance 2015-10, February 23, 2015





Prepared for:
City & Borough of Juneau

Prepared by:



Juneau • Anchorage



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Executive Summary

The City and Borough of Juneau (CBJ) contracted with McDowell Group and Sheinberg Associates to prepare the Juneau Economic Plan, a 10-year economic development road map for Juneau. This economic development plan is the result of the CBJ Assembly desire to position the community on a path of increasing economic resiliency and prosperity.

Juneau has many of the hallmarks of an economically healthy and vibrant community; comparatively high per capita income; low unemployment; new construction (investment); a spectrum of arts, cultural, and recreational amenities; and a range of social services for those in need. However, Juneau remains heavily dependent on one primary economic engine: state government. In the face of declining oil revenues, how Alaska funds state government services and manages government functions may critically impact Juneau's economy. Federal government, another source of high-wage, year round jobs, has seen a steady decline in employment in Juneau over the past decade. While the community must pursue initiatives to preserve or enhance its role as a government center, it is increasingly evident that Juneau must diversify its economic base within the private sector to provide future economic opportunity.

Demographic forces are also bringing economic change to Juneau. Within a decade, 20 percent of the population will be age 65 and above. Also, Juneau's non-resident private sector workforce is growing in relation to the resident labor force, with 38 percent of the private sector workforce currently non-resident. Addressing the implications of a declining resident labor force and meeting the needs of a growing senior population present economic development challenges and opportunities.

Juneau already sustains an impressive level of energy and resources dedicated to initiatives that in some way enhance the economic well-being of its citizens. These initiatives are varied in their scope and purpose; different efforts focus on housing, senior services, transportation infrastructure, workforce development, traditional business and economic development programs, among other topics. What has been lacking, however, is a coordinated, overarching plan that weaves together, with an economic development thread, all of these independent efforts. The Juneau Economic Plan provides that thread, building on these efforts to provide a strategic economic development roadmap for Juneau.

"There are a variety of community economic development plans, but successful communities tend to have one thing in common — an articulated, shared vision of where they want to go and of what things residents and businesses value in their community. Their plans for economic development reflect these shared values."

-Wisconsin Economic Development Institute

Scope of Work

This economic development planning process was guided by four overarching economic development goals:

- *Build a more resilient and diversified economy*
- *Provide infrastructure that supports and strengthens the economy*
- *Leverage natural, competitive advantages to create new wealth*
- *Preserve or enhance quality of life attributes that are closely tied with community economic well-being*

To gather the information needed to pursue these goals extensive primary and secondary research was required. The ***Juneau Economic Baseline Report*** provides a comprehensive analysis of conditions and trends in the local economy. Recognizing the powerful connection between community engagement and long-term commitment to economic development initiatives, the project team conducted extensive public outreach, including household and business surveys, stakeholder meetings and interviews, visits with high school classes, and town meetings. Detailed survey results are provided in the July 2014 ***JEP Household Survey Report*** (with results for telephone and on-line surveys) and the August 2014 ***JEP Business Survey Report***. These and other documents summarizing various components of the plan are available on-line at www.juneaueconomicplan.org.

This Executive Summary distills 11 months of work and 300 pages of research, analysis, and planning information down to the essential ingredients for successful economic development in Juneau. Readers interested in learning more about the plan and the planning process are encouraged to review the full plan and supporting documents.

The Vision: Juneau's Desired Economic Future –

A vibrant, diversified, and stable economy built around a business climate that encourages entrepreneurship, investment, innovation, and job creation; and supports the environmental, cultural, and social values that make Juneau a great place to live and enjoyable place to visit.

-Citizens of Juneau, 2014

Juneau's Assets and Challenges

While Juneau faces some significant economic development challenges, including powerful economic forces that are beyond control at the local level (oil prices and state spending, for example), the community is blessed with a range of economic assets and opportunities. Noteworthy advantages and challenges include:

Juneau's Assets and Competitive Advantages	
• Alaska's State Capital	• Diverse indoor recreation facilities
• Abundant sustainably-managed fishery resources	• Affordable high-quality winter recreation opportunities
• Economic concentrations of minerals; two active mines	• Easily accessible glacier on the road system
• Popular cruise and independent visitor destination	• High per capita income
• University of Alaska Southeast	• Access to hydro-power
• Abundant water supply	• Role as regional transportation, service, supply and medical care hub
• World class natural setting and scenic beauty	• Strong Alaska Native presence and rich culture, regional tribal government location
• Great hunting and fishing	• 100+ year Filipino roots and history
• Clean water and air	• Vibrant, art-music-theater-design scene
• Diverse outdoor recreation opportunity	
Competitive Disadvantages/Challenges	
• High cost of living	• High freight costs
• Affordable housing shortage	• Workforce shortages – overall, skilled, and professional
• Limited developable land base due to topography/geography	• No connection to continental road system
• Lack of access to developable waterfront land for commercial/industrial uses	• Underdeveloped maritime services industry

"Regions that will prosper are those with strategies that make the most of their assets."

- Soji Adelaja, Professor and former Director of the Land Policy Institute at Michigan State University

Knowing where to invest economic development time and money is key to 1) addressing Juneau's economic development challenges and 2) effectively leveraging Juneau assets to create a stronger, more vibrant and resilient economy.

Economic Development Priorities

Identifying specific initiatives, objectives, and action items for this plan involved a process of screening and evaluating a wide array of potential projects, programs, and policies related to economic development in Juneau. Through this process, the planning team identified a set of eight high-potential economic development initiatives (not listed in order of importance):

Juneau Economic Development Initiatives
• <i>Enhance Essential Infrastructure</i>
• <i>Build the Senior Economy</i>
• <i>Attract and Prepare the Next Generation Workforce</i>
• <i>Recognize and Expand Juneau's Position as a Research Center</i>
• <i>Build on Our Strengths</i>
• <i>Protect and Enhance Juneau's Role as Capital City</i>
• <i>Revitalize Downtown</i>
• <i>Promote Housing Affordability and Availability</i>

These initiatives, described in detail later in this document, together represent a spectrum of 36 important economic development objectives and associated actions that provide a map forward for Juneau's economy. To provide a strategic economic development plan, further prioritization of the initiatives and objectives was required. This step in the process narrowed the planning focus to 16 objectives with the greatest potential for meaningful return on the community's investment in economic development. Towards this end, each initiative was considered in terms of its potential to:

- **Create new jobs and wages**, especially for residents
- **Add to community economic resiliency**; enhancing ability to weather economic down-turns
- **Leverage other investment**, from the private sector, as well as state and federal government
- **Result in broad distribution of economic benefits**, across sectors and demographic strata
- **Directly or indirectly result in wealth creation**, building on Juneau's "natural advantages"
- **Realize foundational benefits**; providing needed supports for other initiatives
- **Produce multiplier effects**; creating indirect and induced economic benefits
- **Generate CBJ revenues to offset costs**
- **Sustain community support**; including consistency with core community values
- **Garner on-going leadership from within the community.**

With these factors in mind, the following have been identified as Juneau's top economic development goals and objectives. Specific actions supporting these objectives are provided in Chapter 5. A range of other objectives and actions identified in this planning process are also provided in Chapter 5.

Recommended Economic Development Goals, Objectives, and Actions



INITIATIVE - Enhance Essential Infrastructure

Goal: Support transportation infrastructure-related policies and developments that will provide access to developable land and control or lower the cost of freight shipment into and out of Juneau.

Why Pursue?	Foundational. Access to high-value, locally-controlled assets; potential to lower cost of living and cost of doing business. Gives the community room to grow.
Objective to Accomplish	1. Proceed with extension of North Douglas Highway, and North Douglas/Gastineau Channel Bridge construction to realize the residential, commercial, transshipment and maritime, industrial, and recreational potential of West Douglas.
Milestones or Metrics	<ul style="list-style-type: none"> • Renew the CBJ/Goldbelt West Douglas MOA by April, 2015. • Establish West Douglas Task Force by year-end 2015.
Objective to Accomplish	2. 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.
Milestones or Metrics	<ul style="list-style-type: none"> • Track shipping rates. • Seek engagement of Chamber of Commerce. If priority for Chamber, establish working group to interact with shippers to identify issues and concerns by year-end 2015.
CBJ Roles	Coordination. Leadership in CBJ-Goldbelt working relationship. As appropriate and needed: land exchanges, development reviews or incentives. Active CDD, JEDC, and other conversation with potential private and public sector West Douglas tenants and users. Scenario development for zoning and CBJ ROI options.



INITIATIVE - Build the Senior Economy

Goal: Facilitate development of the services and facilities necessary for residents to comfortably and affordably retire in Juneau.

Why Pursue?	To allow residents to continue participating in and supporting the economy as they age and retire.
Objective to Accomplish	3. Support development of a range of housing options and support services that meet the needs of Juneau's senior population.
Milestones or Metrics	<ul style="list-style-type: none"> • # of dwelling units specifically designed/designated for seniors. • # of businesses that specifically serve seniors/tax revenue from these businesses. • # Care-A-Van rides by seniors.

Objective to Accomplish	4. Increase the depth and breadth of local, skilled health care workers and services for seniors.
Milestones or Metrics	<ul style="list-style-type: none"> • # of health care positions in field related to care of seniors. • # home health care workers (and types), # training programs, and # trained. • Prepare a needs lists/gap analysis for health care services for seniors by 2016.
CBJ Roles	Conduct development reviews and provide development incentives. Leadership in marketing/attracting providers (housing, services) to Juneau. Coordination with the Juneau Commission on Aging, Bartlett Regional Hospital, SEARHC, Catholic Community Services, CBJ Affordable Housing Commission, and others.



INITIATIVE - Attract and Prepare the Next Generation Workforce

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

Why Pursue?	Foundational for effective workforce development, to ensure job retention, and prevent capital creep. Critical for attracting millennials and retaining existing young families. CBJ controls public infrastructure that is central to quality of life measures that influence location decisions for millennials and others. Generates wealth and ensures job retention.
Objective to Accomplish	5. Develop a better understanding of the professional, technical, and other workforce needs of Juneau's key employers, especially state government.
Milestones or Metrics	<ul style="list-style-type: none"> • State worker position profile prepared by year-end 2015. Identify State workforce needs and track/anticipate potential changes in State employment in Juneau. • Juneau "top jobs" list with recruiting and training needs prepared by year-end 2016.
Objective to Accomplish	6. Increase availability of child care year round, with an emphasis on Kindergarten readiness.
Milestones or Metrics	<ul style="list-style-type: none"> • Ratio of child care slots in Juneau to population of children under six. • By year-end 2015, complete an ordinance and zoning code review to ensure they allow for appropriate development of child care facilities.
Objective to Accomplish	7. Actively support and maintain quality of life infrastructure that attracts and retains a desired workforce.
Milestones or Metrics	<ul style="list-style-type: none"> • Usage and participation counts. • \$ Track trends in cost per participant. • Track age distribution of Juneau population.
Objective to Accomplish	8. Prioritize an education system that prepares youth to participate successfully in the Juneau workforce, in vocational and professional jobs.
Milestones or Metrics	<ul style="list-style-type: none"> • Graduation rates and test scores of Juneau HS students. • # student participants in STEM education programs. • # of HS students eligible for the Alaska Performance Scholarship. • Educational attainment of Juneau population.

CBJ Roles	Provide education funding. Support STEM programming (JSD, JEDC, UAS, and others) for workforce and talent development. Work with AEYC to track child care statistics, CDD review of Title 49 to support child care facilities. Consider effect of quality of life infrastructure and programming on workforce locational decisions when budgeting.
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INITIATIVE - Recognize and Expand Juneau's Position as a Research Center

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 between Juneau's scientists, researchers, and businesses.

Why Pursue?	New jobs and wealth creation based on natural assets and advantages. Adds resilience by strengthening the federal jobs base and activity. Adds to diversification, as well as investment in education and future generations.
Objective to Accomplish	9. Locate Alaska fisheries science and management jobs in Juneau.
Milestones or Metrics	<ul style="list-style-type: none"> Track AFSC job listings in AK, WA, and OR. By year-end 2016, identify specific targets and a strategy to promote Juneau as a research/science center for excellence. # FTE positions and # empty offices at NOAA and PNWRS facilities in Juneau. # meetings with Congressional delegation and NOAA on jobs.
Objective to Accomplish	10. Better connect Juneau's scientists and researchers with business and industry. Conduct applied research to benefit local business' ability to compete and expand.
Milestones or Metrics	<ul style="list-style-type: none"> \$ Federal, state, or private grants or loans to an applied science or supporting business. # patents to Juneau businesses or researchers.
CBJ Roles	Assembly and Community Development coordinate with Mayor's federal fisheries job taskforce, JEDC Research & Development Work Group, and UAS.



INITIATIVE - Build on our Strengths

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

Why Pursue?	New jobs and wealth generation, adds to community resilience and CBJ revenue. These jobs are broadly distributed through economy.
Objective to Accomplish	11. Increase independent visitor travel to Juneau.

Milestones or Metrics	<ul style="list-style-type: none"> Track hotel and B&B occupancy, room tax revenues, counts of independent visitors.
Objective to Accomplish	12. Create more value from seafood and other maritime resources and services.
Milestones or Metrics	<ul style="list-style-type: none"> \$ Track value of fish landed, fish taxes paid to CBJ. Annual communication with Juneau processors regarding land, infrastructure, or permitting needs.
Objective to Accomplish	13. Build Juneau's role as a regional arts and culture hub.
Milestones or Metrics	<ul style="list-style-type: none"> \$ Annual spending by Juneau arts/cultural organizations. \$ Event-related spending by audience. Progress on Willoughby Arts Complex.
CBJ Roles	Coordination, support, and outreach to seafood processors through JEDC Seafood Products Working Group. Coordination between JEDC and CBJ Fisheries Development Committee. Coordination, support, and outreach to JCVB, as well as JEDC's Visitor Products Working Group. Work with JCVB to refine marketing program funding needs.



INITIATIVE - Protect and Enhance Juneau's Role as Capital City

Goal: Maintain state government employment and real wages in Juneau and "brand" Juneau as a great Capital City.

Why Pursue?	New and retained jobs (support Juneau's most important source of employment and income). Wealth creation and foundational development, attract investors and next generation workforce.
Objective to Accomplish	14. Make Juneau the best possible Capital City
Milestones or Metrics	<ul style="list-style-type: none"> Maintain funding for the Alaska Committee. Track state employment and payroll. Initiate a long-range Capital Campus planning effort by July 2016.
Objective to Accomplish	15. Brand and market Juneau as a desirable place to live, work, raise a family, and start a business. Focus brand on Juneau as Alaska's Capital, a Center for Science and Research, a vibrant arts and culture destination, and a place with diverse recreational assets and opportunities.
Milestones or Metrics	<ul style="list-style-type: none"> Identify specific employment needs and locations to target marketing. Branding and targeted marketing plan in place by mid-year 2016.
CBJ Roles	Ongoing funding support for Alaska Committee. Coordinate with Alaska Committee, JCVB, Chamber, JEDC, JAHC, and UAS on branding.



INITIATIVE - Revitalize Downtown

Goal: Revitalize Downtown, building the link between economic vitality and livable, mixed-use neighborhoods.

Why Pursue?	New jobs and businesses, leverages other investment, generate CBJ revenue, existing support by CBJ and business owners.
Objective to Accomplish	16. Develop and implement a CBJ downtown improvement strategy.
Milestones or Metrics	<ul style="list-style-type: none"> • Immediately begin to identify and apply for grant funding to supplement downtown planning. • Begin downtown neighborhood and business plan process by August 2015. Include a funding commitment, identification of project partners, and project scope. • # businesses in area. • # vacant properties in area. • \$ property tax revenue from area. • \$ sales tax revenue from area.
CBJ Roles	Assembly and Community Development - Coordinate with and support Downtown Business Association, Downtown Improvement Group, Willoughby District Group.



INITIATIVE - Promote Housing Affordability and Availability

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

Why Pursue?	Foundational. Lack of “starter” or affordable housing is critical economic barrier holding back progress on other initiatives.
Objective to Accomplish	17. Complete a Housing Action Plan, followed by action. Set goals for “starter” and affordable housing, senior housing, as well as special populations downtown.
Milestones or Metrics	<ul style="list-style-type: none"> • Set specific and measureable housing goals and implementing programs in 2015. • Annually track: # dwelling units (DU), # new DU starts and remodels, # DU selling below \$300K, # DU for rent in Juneau total and in Downtown/Willoughby.
CBJ Roles	Continued support for CBJ Affordable Housing Commission. Provision of adequate land. Additional CDD development reviews, assistance, code changes, and CBJ incentives as needed to accomplish goals recommended in Housing Action Plan.

1. Purpose, Scope, and Context

Introduction

The City and Borough of Juneau (CBJ) contracted with McDowell Group and Sheinberg Associates to prepare the *Juneau Economic Plan*, a 10-year economic development road map for Juneau. This economic development tool is the result of the CBJ Assembly desire to identify strategic initiatives to position the community on a path of increasing economic resiliency and prosperity.

Why Engage in Economic Development Planning Now?

Now is an opportune time to create and implement an economic development plan for Juneau. By most measures, Juneau's economy has remained strong and stable over the past decade. Wages and per capita and median household incomes are above Alaska averages, and well above national averages. Unemployment is low and the local population has been growing slowly. Juneau enjoys bright economic opportunities in several growth industries that are locally supported. Also, Juneau's greatest economic asset, the quality of life offered by our natural surroundings, is the reason many of us chose to make Juneau home, raise families here, and build businesses and careers.

Despite these strong economic conditions, our community faces a number of looming economic and demographic forces that threaten our economic security. These forces include:

- Expected declining oil production and revenues. These revenues fund Juneau's single most important industry in terms of employment and wages: state government. This long-term concern is now exacerbated by the rapid and unanticipated decline in oil prices that occurred in late 2014. This decline will more immediately impact state spending and employment in Juneau.
- An aging population and retiring workforce. Within a decade, 20 percent of Juneau's population will be over 65 years of age (up from about 13 percent today). As Juneau's population ages and retires, the community will need new services and facilities in order to keep this segment of our population in Juneau. The senior population is an important economic asset in the community for a variety of reasons, including the income they spend, the talents they contribute, and the families they help support. Also, Juneau will need to attract a workforce to replace workers as they retire.
- Growing dependence on a non-resident workforce to meet the needs of Juneau employers. Currently, more than one-third (38 percent) of Juneau's private sector workforce is non-resident. Almost a third of all private sector payroll goes to non-residents.
- Recent decline in Juneau area employment. Juneau lost more than 200 jobs in 2013, the first decline in employment since 2009. The most recent available data shows the trend of declining employment continued into 2014. A sharp drop in high-wage federal government employment, which is continuing,

accounts for much of the decline. Local government-related employment in Juneau has also declined steadily over the past several years.

- Ongoing challenges with funding local government infrastructure maintenance and the services. For a variety of reasons, Juneau has not been producing the tax revenues needed to cover the cost of providing the level of services and maintenance that Juneau businesses and households expect. Local government services and facility operations and maintenance, as well as the employees who provide these services, are a key component of the economy.

Recognizing these economic development challenges, and demonstrating an important collective belief in the value of economic development planning, the CBJ Assembly launched this planning effort in late 2013, with the goal of having a plan ready for action by late 2014. McDowell Group, Inc. and Sheinberg Associates were hired to lead the community through the economic development planning process to develop a strategic plan that enjoys broad-based community support.

While Juneau already invests a great deal of time and resources in economic development-related activities, what has been missing from Juneau's economic development arsenal is an overarching, comprehensive economic development roadmap. Thus, the McDowell Group-Sheinberg Associates team set out to identify Juneau's economic challenges and build on the community's strengths and opportunities through a plan that addresses the following questions:

1. Where are we today, in terms of economic well-being, how did we get here, and what forces may be shaping our economic future? What assets, advantages, and disadvantages offer opportunities or challenges?
2. Where do we want to go; that is, what are our economic development goals?
3. What strategic investments can we make to attain those goals?
4. How will we measure progress toward those goals?

Five Keys to Economic Development Success

The planning team was guided by lessons learned elsewhere about a set of common characteristics successful economic development programs share. They are:

- **Understanding the Economy:** Economic development planning requires an understanding of the economic and demographic forces at work in the local economy. Without an understanding of the forces that have shaped and are shaping our collective economic well-being, it is not possible to draw a map from where we are now to where we want to be in five or ten years into the future.
- **Community Engagement:** Community and stakeholder outreach is an essential part of the economic development planning process, especially in establishing economic development priorities and goals for the community. Economic development and economic well-being mean different things to different people and goals for the future may differ accordingly. Finding common ground and creating a shared vision are important. The initiatives that have broad community support are most likely to succeed because they will have long-term community and political commitment.

- **Long-term Commitment:** Success in economic development does not happen overnight. It requires long-term commitment and on-going investment of resources. Economic development is an investment in the local economy. The return on that investment depends on the strength of the initiatives, how much is invested, and the commitment to pursue those initiatives over a period of years.
- **Leadership** - Locally elected leaders that support development of the infrastructure needed to strengthen the local economy are critical to economic development success. Further, leaders that support entrepreneurs and small business are also necessary for success. They create an environment that engenders business growth and expansion by prioritizing issues important to entrepreneurs and small businesses and outwardly demonstrating this priority.
- **Partnerships** - Collaboration among multiple partners working together to solve a shared economic concern is key to economic development success. Surveys of city and county economic development initiatives, successes, and case study research find that capitalizing on networks of public, non-profit, and private partners is a common theme.

Preparing the Juneau Economic Plan

Preparing the Juneau Economic Plan was an iterative process that occurred over 11 months, with contributions by a broad spectrum of Juneau residents and businesses. Twelve key steps included:

1. Development of a detailed economic baseline report, to identify trends in Juneau's economy and provide an understanding of the forces that are now shaping the local economy.
2. A statistically-significant telephone survey Juneau households, to gather household perceptions and priorities regarding economic development challenges and opportunities in the community.
3. An open-access online survey giving all Juneau residents an opportunity to offer opinions about local economic development. A total of 563 local residents participated in that survey.
4. An online business survey of more than 200 businesses and other employers in Juneau, to gain the perspective of the business community and non-profit organizations on issues related to economic development in Juneau.
5. A wide-ranging community outreach and communications effort that included meetings and presentations to approximately 25 CBJ Committees, special interest or other community groups; town meeting-workshops (April 29, October 21 and 29); meetings with high school students, and regular media outreach (project website, Facebook page, Twitter outreach, an email contact list, press releases). Special recognition is acknowledged for input from the Boards of Directors of both the Juneau Economic Development Council and the Juneau Chamber of Commerce.
6. Development of a shared vision statement and guiding principles that capture the community's priorities for Juneau's economic future.
7. Research into best practices and case studies from other communities.

8. Review of project progress and issues at multiple informal (Committee-of-the-Whole) Assembly meetings that were advertised and open to the public.
9. Making draft plan elements (vision, principles initiatives) regularly available and review and use of many comments provided by the Assembly, Planning Commissioners, and public.
10. Working with CBJ staff to analyze assessor and property data to begin development of a Return on Investment tool to assist the Assembly.
11. Identifying and using 10 factors to develop high-priority economic development initiatives with goals, objectives, and actions to provide guidance for public investment in economic development. Then, strategic selection of a subset for focused and immediate attention.
12. Submittal of the draft Juneau Economic Plan to the Assembly on December 24, followed by submittal of the final Plan in mid-January 2015, and lastly Assembly adoption of the Plan following a Public Hearing.

Organization of this Plan

This planning document begins with an overview of economic development planning concepts and practices, including a detailed discussion of the critical role of local government. The next chapter provides a summary of the research conducted in support of the planning process, including the economic baseline report and the survey research conducted with households and businesses. Juneau economic development vision is the described, along with the community's core economic development principles. Follow that is the Action Plan for Juneau's economy, including detailed descriptions of eight economic development initiatives.

2. Economic Development Planning Concepts and Practices

What is Economic Development?

The term “economic development” means different things to different people, and economic development initiatives can have a diversity of goals. Economic development is not necessarily synonymous with growth or expansion, though that is often an implicit or explicit goal. Economies with expanding populations, employment, and income bases are viewed as healthy. An expanding economy is a good environment for investments in businesses, homes, and other portions of the economy. As a result, many economic development programs are about facilitating local business expansion or attracting new employers and new residents.

Economic development can also focus on creating a more diversified economy; an economy with a broad foundation across a number of basic industries. A diversified economy can ride out a down-turn in one sector without significant economic disintegration. Juneau’s economy has the foundation for a diversified economy, with a suite of basic industries including state government, federal government, tourism, mining, seafood, the university, light manufacturing, and others. But the community remains disproportionately dependent on state government, and exposed to state revenue-related risk.

Economic development can be about reducing seasonality. Highly seasonal economies can be difficult investment environments and pose labor force challenges. Juneau’s economy does have a degree of seasonality, with a highly seasonal visitor and seafood industries. That seasonality has its greatest effect on the downtown retail sector. But government, including state federal and local government, provides Juneau a solid base of year-round employment. Further, the legislature provides an important source of “off-season” economic activity.

Community economic development efforts can also focus on improving the standard of living of community residents. Initiatives focused on employment training programs (to provide a better match between the needs of local employers and the capacity of the local work force), for example, can improve the standard of living (and benefit local employers). Initiatives that seek to reduce the cost of living (in housing, energy, transportation) are also tools to increase the standard of living.

Economic development can be defined in other terms as well. In any case, this diversity of perspectives on economic development illustrates the importance of community outreach and stakeholder engagement in the planning process. Such engagement is needed to identify and articulate a broadly supported vision for the community’s future.

An Economic Framework: Industry and Business Supported by Strong Foundations

To organize and consider the wide spectrum of Juneau’s economic development opportunities and challenges, a framework with three strategies was developed:

1. **Support, retain, and expand existing industry and businesses,**

2. **Support the ability of local entrepreneurs to take advantage of trending and new business opportunities, and**
3. **Remove barriers and strengthen six “foundational areas” that support economic progress.**

The Juneau’s Economic Plan includes initiatives that collectively poise the community for economic success by focusing on local business support, retention and expansion, on new business incubation and/or recruitment, and on reducing barriers and taking advantage of opportunities in all foundational areas.

Each element of this Framework is briefly summarized, below.

1. Support, retain, and expand Juneau’s existing ‘economic pillars’ - our traditional, proven mainstay sectors and businesses.

- This element focuses on the top economic sectors and activities that comprise Juneau’s economy today. These sectors include the existing businesses and industries that provide the bulk of today’s jobs and wages in the community. State and federal government, the visitor industry, commercial fishing and seafood processing, mining, construction, education, and health care are among Juneau’s economic pillars, along with local government and other key support sector service and supply providers.

2. Support the ability of local entrepreneurs to take advantage of trending opportunities, innovation, and creativity (particularly related to Juneau’s unique assets and competitive advantages).

- These elements are key opportunity areas that will allow Juneau to continue diversifying beyond its traditional economic base. Some are opportunities that spring from our changing demographic profile. Others are creative and innovative ideas based on a new application, product, or service that capitalizes on our natural, cultural, and economic strengths and assets. This area includes senior housing, services and care; attracting “location-neutral” internet-based work, workers, and technology; jobs, research, and science-related enterprise linked to our cultural and natural assets, value-added manufacturing; agriculture and food production, the Creative Culture, and more.

3. Remove barriers and strengthen the foundational areas that support economic success.

- **Favorable business climate - regulation, policies, and practices that support businesses and employers.** The environment in Juneau that is relevant to operating a local business includes quality government services with a problem-solving attitude and approach; tax rates and policies; regulatory and financial incentives, disincentives, and rules; investments in infrastructure and marketing; relationships between labor unions and employers; and more.
- **Infrastructure - transportation, communication, housing, energy, and other systems we construct to create and realize economic opportunity.** These are the physical and organizational systems, structures, facilities, and services needed to support and enable business operations and an economy. This infrastructure includes affordable housing, transportation of goods and people to support businesses, high speed internet at a reasonable price, affordable energy, and more.
- **Quality of life –attributes and amenities that attract and retain workers and businesses to Juneau.** Infrastructure also includes the social, cultural, and recreational facilities and services that enhance the

quality of life in Juneau and make the community an attractive place to live and work. Individuals and families are more fluid than ever in their locational decisions, and communities can put themselves at a distinct advantage in attracting young adults, professionals, new families, and others by providing desired amenities.

- **Human capital (talent)** - the professional, technical, skilled, entrepreneurial, and creative labor force that Juneau's diverse employers, businesses, and non-profits need. These are the skills, knowledge, and experience that Juneau businesses and employers need and are looking for, as well as those that will be needed to support future opportunities and industry needs.
- **Access to capital** – businesses' and homebuyers' ability to access the capital they need for business and housing development and growth. This includes lending institution policies toward business activity and the level of communication among these parties.
- **Land availability** - an adequate supply of appropriately zoned land is available for commerce and industry, as well as residential development. This includes access to the land needed to support commercial, industrial, and other development. This also includes zoning that supports neighborhood-based small business growth that creates jobs and provides services which area residents and the community need. This type of small business development and growth also supports quality of life and walkable mixed-use neighborhoods.

Economic Development Framework



Approach to Achieving Economic Development Success

As described in the following section, economic development initiatives can be broadly categorized as either being industry-focused or foundational area (infrastructure)-focused. It is important to recognize both as critical aspects of economic development, and that these approaches impact the economy in difference ways.

Basic Industry Development

Many economic development programs and initiatives are focused on industries that sell a product or service to an outside market and draw new money into the local economy, creating new jobs, new wages, and new local tax revenues to support public services. These so-call “basic” industries, or “wealth generators,” can include private and government sector activity. Juneau’s largest private sector basic industries include tourism, seafood, and mining. Other private sector basic industries in Juneau include light-manufacturing (the brewery being a notable example), a range of professional services (engineers, architects, attorneys, and others who serve customers outside Juneau), and a variety of other relatively small-scale ventures that serve outside markets. To the extent that Juneau’s service and support sectors serve residents of outlying Southeast Alaska communities, they too are part of Juneau’s mix of basic industries.

Juneau’s “**Build on Our Strengths**” initiative is mainly about drawing new money and jobs into the economy with the goal of long-term, ongoing growth and sustainability. Basic industries specifically noted in this initiative include the visitor industry, the seafood industry, mining, and the arts/culture sector. Growth in these sectors would affect the economy in different ways, and would have different “multiplier effects.” Multiplier effects reflect the full spectrum of economic impacts, including:

- **Direct impacts:** those jobs and wages within the basic industry (such as mining company employees, crew on a whale watching boat, and commercial fishermen).
- **Indirect impacts:** jobs and wages at the many businesses that provide goods and services to basic industry businesses.
- **Induced impacts:** jobs and income created as a result of basic industry employees spending their payroll dollars in the local economy.

Multipliers can be applied to employment, wages, and spending on goods and services. Employment multipliers are most commonly considered, and range from 1.3 to about 2.0. A multiplier of 2.0 means that for every direct job - a job in a mine, for example - there is one additional job in the support sector attributable to mine related spending in the local economy. The magnitude of an industry’s multiplier effect depends on its labor intensiveness, the value of local purchases of goods and services, wage rates, its capital intensiveness (which translates into property tax generating potential), and workforce residency, among other factors. Multiplier characteristics of Juneau’s key basic industries include:

- **Mining:** Mines are among the largest private sector employers in Juneau in terms of payroll; highest average wage jobs in Juneau; major property tax generation (the mines are Juneau's top two largest property tax payers), and above average dependence on non-resident labor.¹
- **Visitor Industry:** The visitor industry is the largest private sector employer in Juneau. Direct employment is largely seasonal; visitor spending is a critical source of sales tax revenue; the industry is an important source of port-related revenues; and the industry has above average non-resident labor participation.²
- **Commercial Fishing/Seafood Processing:** Fishing and processing are both labor-intensive; a source of shared seafood taxes; and highly dependent on non-resident labor for seasonal processing workforce needs. Also, hatchery operations generate a range of community economic benefits ³
- **Light Manufacturing:** Though never specifically measured, Juneau's brewery likely has among the highest private sector multipliers in the local economy. The Alaskan Brewing Company provides above average wages for an entirely resident workforce and has significant "capital intensity" (which supports a strong property tax base). Alaskan Brewing illustrates the high potential economic impact value of year-round light manufacturing activity.
- **Arts and Culture:** Juneau's arts and culture sector includes a combination of events that draw visitors to Juneau (Celebration, for example), design and art production/creation, and other activities that collectively have multiplier effects similar to the visitor industry.⁴
- **Government:** Portions of state and federal government are also basic industry activities in Juneau. State workers manage the affairs of the State of Alaska, providing services to all Alaskans, drawing state revenues (mainly oil revenues) into Juneau's economy. The "**Protect and Enhance Juneau's Role as Capital City**" initiative is about preserving and, to the extent possible, enhancing this critical source of basic industry activity. State government employment and state-related spending in Juneau together have a high multiplier effect, due to above average wages, near 100 percent resident workforce, and large amounts of program and capital spending in Juneau. ⁵

Certain Juneau-based federal workers manage national assets in Alaska (e.g., the Tongass National Forest, fisheries resources, etc.), drawing federal funds into the local economy. Those high-wage jobs and related agency spending also account for relatively high multiplier effects.

- **University of Alaska:** The University of Alaska Southeast (UAS) and Juneau-based Fairbanks (UAF) programs are also a basic component of the Juneau economy, to the extent they attract funding for

¹"Socioeconomic Impacts of the Greens Creek Mine" prepared for Hecla Greens Creek Mine by McDowell Group, 2008.

² McDowell Group estimate, based on McDowell Group's, 2008 study "Economic Impact of the Visitor Industry in Juneau" prepared for Juneau Convention and Visitors Bureau.

³ "Economic Value of Alaska's Seafood Industry" prepared for Alaska Seafood Marketing Institute by McDowell Group, 2012. Only regional multipliers have been estimated which are slightly above a Juneau-specific multiplier.

⁴ "Economic and Value-Added Impacts of Sealaska Heritage Institute" Prepared for SHI by McDowell Group, 2014.

⁵ "The Capital Economy, 2008." Prepared for the Alaska Committee by McDowell Group, December 2008.

faculty and staff wages, and attract non-resident students to Juneau who spend money locally while in the community.

When basic industry growth opportunities are considered in economic development planning, attention is best focused on capitalizing on an area's unique assets and competitive advantages.

Foundational Area Development

Foundational area initiatives (or projects) do not by themselves draw new sustained income or otherwise generate on-going economic activity. But they can be critically important if lack of infrastructure or the high cost to use or purchase an amenity constrains economic growth. In Juneau, housing is widely regarded as a constraint on economic growth, thus the central role of the **"Promote Housing Affordability and Availability"** initiative in the Juneau Economic Plan. A housing market with better balance between supply and demand would, for example, makes it easier for employers to fill positions that are now vacant because of housing cost and availability barriers. Based on anecdotal evidence, it's possible that Juneau's employment base would be several hundred jobs larger than it is currently, if not for housing barriers. However, it is clear that resolving Juneau's housing challenges will take time, perhaps many years before the community can, with some confidence, believe that housing is no longer acting as a major barrier to the community's collective economic opportunity.

Like housing, transportation infrastructure development can provide an essential foundation for economic development, or conversely, act as a barrier to economic development. The Juneau Economic Plan **"Enhance Essential Infrastructure"** initiative is about creating the transportation infrastructure needed to take full advantage of economic development opportunities. This includes access to land for residential, commercial, or industrial development, which can stimulate investment that simply would not take place in the absence of that access.

Other forms of infrastructure also support economic development. The **"Attract and Prepare the Next Generation Workforce"** initiative looks at child care services, for example, as this important service makes it possible for more local residents to participate in the workforce and to raise their household income. Quality public education programs are also part of this initiative, as quality education supports the economy in many ways, including the important role it can play in attracting location-neutral professionals who are looking for the best educational opportunities for their children and business developers who seek a work-ready labor force.

Economic Development Planning

Economic development planning is about understanding conditions in the local economy, understanding which forces shaping the local economy are susceptible to local influence, and identifying strategies to achieve specific development goals. Juneau's economy is influenced by powerful forces beyond the community's control; oil prices in global markets, interest rates (which affect household and business investment), and economic conditions in other countries (which affect demand for seafood, minerals, and the Alaska visitor experience). Further, investment and other spending decisions made by state government (the single largest force in Juneau's

economy by far) are largely outside Juneau's influence. The same is true about federal government. However, communities can be passive, leaving the local economy to its own devices, or be proactive, working toward a common goal and doing whatever can be done to influence local economic conditions. Economic development planning can focus on a variety of specific goals (which may vary from community to community). However, in general local economic development efforts are focused on business support, retention and expansion, new business incubation and/or recruitment, and enhancing or removing barriers from foundational supports.

Roles of Local Government in Economic Development Planning and Action

Local governments that take an active role in economic development employ a range of strategies. Most commonly, the types of strategies used to stimulate economic activity include:

- A. Coordinated Economic Development Programs and Support Services
- B. Development Reviews and Regulations
- C. Business and Entrepreneurship Support
- D. Development Incentives (Including Tax Policy, Financing, Underwriting, Risk)
- E. Workforce and Talent Development
- F. Providing an Adequate Land Supply
- G. Infrastructure Investment
- H. Support for Quality of Life Conducive to Business Innovation and Worker Retention

These strategies are described in more detail below. Juneau, through direct CBJ action or Juneau Economic Development Council effort, is active in all these areas.

BEST PRACTICES: PARTNERSHIPS ARE THE KEY TO LOCAL GOVERNMENT ECONOMIC DEVELOPMENT SUCCESS

Local governments are commonly engaged in economic development efforts. This is not surprising given that they depend upon a strong and sustainable economic base and local taxes to support the services, infrastructure, education, and amenities that residents' desire.

A 2014 National Association of Counties (NAC) review shows that more than 90 percent of county governments engage in economic development initiatives. Local government economic development initiatives capitalize on the networks of public, non-profit, and private partners that are necessary for successful local economic development. Strategic external partnerships are typically formed with businesses, private or non-profit organizations, higher education institutions, and state-level entities. The NAC developed 35 case studies of county economic development initiatives from around the country. This study found that while each initiative solved an economic development problem within the framework specific to local resources and constraints, the initiatives were common in that they all highlighted collaboration among multiple partners working together to solve a shared economic concern. Other sources used to prepare the Juneau Economic Plan agree. From the National League of Cities, "Harnessing the breadth of resources, knowledge, leadership, and skills of stakeholders that may not typically interact is essential for effective implementation of your city's economic development strategies."

Revenue to fund local government economic development efforts most often comes from general revenue; state or federal grants, contracts or other allocations; tax increment financing; and bonds.

The NAC study also reports that counties are keeping track of their investment in economic development initiatives. The top five metrics counties are using are:

1. Job creation and retention
2. Increase in county tax revenue
3. Reduction in unemployment rate
4. Growth of capital investment
5. Growth in tourism spending

A. COORDINATED ECONOMIC DEVELOPMENT PROGRAMS AND SUPPORT

An economic development coordinator or council makes sure the ball keeps rolling and things are getting done.

There is no one size fits all local government organizational form for economic development. Most often there is an economic development coordinator within a city department or the mayor's office, or a department of economic and community development, or a 501(c)(4), (5), or (6) non-profit organization outside of, but working with, local government. Success does not depend on the type of organizational form, but rather on the capabilities of those engaged in economic development and the overall culture of cooperation with the organization and among government and private sector leaders.

Placing the function outside of government can allow action to occur more quickly and make it easier for the economic coordinator/council to maintain confidentiality on sensitive matters such as the identity of prospects, the making of loans and grants, and situations in which a business will have to provide financial information. On the other hand, privatizing the economic development function may distance the activity from key local government activities and can lead to questions about how it is conducting itself out of the public eye, especially if it is receiving public funds.

- **In Juneau:** To promote economic development, the CBJ helped form a 501(c)(4), the Juneau Economic Development Council (JEDC), in 1987. This is a private non-profit organization that receives financial assistance from the CBJ and from several other sources. The JEDC is governed by an 11-person Board of Directors that includes the Mayor (or a designee), the Chancellor of the University of Alaska Southeast, and nine other members appointed by the Assembly for three year staggered terms. One of these members must represent organized labor and a second must represent a non-profit environmental organization. The Board of Directors hires an Executive Director and tasks this person with management of JEDC's human and financial resources. The organization's mission statement reads, "The Juneau Economic Development Council fosters a healthy and sustainable economic climate in Juneau and throughout Southeast Alaska. In collaboration with other organizations, the council implements initiatives to maintain, expand, and create economic opportunities."

B. DEVELOPMENT REVIEWS AND REGULATIONS

Having an efficient regulatory environment is one of the top ways local government can support small businesses, according to the National League of Cities. Regulations help safeguard citizens, protect built and natural assets, and preserve a city's sense of place. However, regulations can also create bureaucratic barriers that impede development and speed-to-market for business.

Local government building, zoning, and environmental regulations are intended to protect businesses, workers, public health, and the overall quality of life in a community. However, if not managed appropriately, development regulations and review processes can present lengthy and uncertain procedural hurdles for business. The American Planning Association recommends that to minimize regulatory burdens and streamline development review, local governments review key regulatory programs on a periodic basis, preferably every

five years, to improve their effectiveness and lower compliance costs.⁶ A regulatory environment that works as intended will promote information-sharing and better communication with local businesses so local government and businesses can work together to identify potential challenges or problems with the regulations themselves.

- **In Juneau:** In 2013 and 2014, the CBJ Assembly, builders and others in the business community, Affordable Housing Commission, and Community Development Department have been evaluating the high cost of housing and other development in Juneau with the intent of determining whether there are regularity practices or rules in place that are unduly burdensome or otherwise unnecessarily increasing costs.

C. BUSINESS AND ENTREPRENEURSHIP SUPPORT

Cities engage in a range of entrepreneurship and small business development programs, from financing to training, to help businesses create jobs in the community. Recent successes and trends put less emphasis on attracting large outside companies (often by tax incentives) and put more emphasis on keeping and attracting people. A National League of Cities review notes, “In recent years, many cities have shifted their primary economic development focus away from attracting large firms from outside the community to growing new businesses from within and helping existing businesses survive and thrive.”

Local governments use many strategies to support businesses, business development, and promote entrepreneurship. Some of the most common are:

“Buy local” campaigns (to retain dollars in the economy and reduce “leakage”).

Business coaching, planning, marketing, accounting, and counseling to facilitate entrepreneurial success. Many small businesses fail not for lack of ideas, but due to lack of necessary skills. Training programs take different forms, but most emphasize creative thinking, best business practices, financial management, and problem-solving. Local government training programs for entrepreneurs and small business owners help businesses grow and increase revenues and, in the process, generate more jobs and tax revenues for the city.

Community “branding” programs designed to attract businesses and business people. Targeted branding strategies aid economic growth by communicating the strengths of a place to investors. A successful brand can also act as a stabilizing economic force by creating a united vision among public, business, and civic leaders. Branding is also an important way to market community “livability.” Businesses want to locate in places where they can attract a talented workforce and count on low workforce turnover. Technology aids with such efforts. For example, a publicly accessible database of available commercial and industrial land and buildings makes it easier for buyers, whether local or from out of town, to know what sites are shovel ready and meet their needs.

Participating in a “Main Street” program⁷, which works with businesses and commercial areas on organization, promotion, design, and economic/business assessment and training.

⁶ Moore, Terry; Meck, Stuart; and Ebenhof, James. An Economic Development Toolbox: Strategies and Methods. American Planning Association, Planning Advisory Service Report No. 541s

⁷ <http://www.preservationnation.org/main-street/about-main-street/>

Supporting industry clusters development. Clusters are groups of similar and related firms in a defined geographic area that share common markets, technologies, worker skill needs, and are often linked by buyer-seller relationships. Firms and workers in an industry cluster draw competitive advantage from their proximity to competitors, to a skilled workforce, to specialized suppliers, and a shared base of knowledge about their industry. A local government economic development coordinator or council can target work on one or more industry clusters if opportunities are ripe.

Launching business incubators. Often new businesses need access to facilities or infrastructure that is difficult for a start-up to finance. Incubators provide small businesses with access to tools and facilities, generally with a limited lease to give them time to get established. Municipalities can construct an incubator to help establish new firms in a growing local industry, or to provide graduates of a local workforce training program an opportunity to launch a new firm locally rather than move in search of opportunities elsewhere.

Proactive leadership. Proactive leadership that supports entrepreneurs and small businesses is an important role for elected officials⁸. Local officials can help create an environment that supports the growth and expansion of business by prioritizing issues and outwardly demonstrating that entrepreneurs and small businesses are important. National League of Cities research suggests that creating avenues for communication, especially for local businesses to engage with policy makers, is one of the key ways local governments can encourage small business growth. This can be regular visits by local officials to businesses, active government involvement in chambers of commerce, or appointment of local business owners to local boards and commissions.

- **In Juneau:** Juneau has an active small business environment, with 800 businesses employing 10 people or less that together comprise 73 percent of all private sector employers. Juneau Assembly members are typically proactive leaders who support existing businesses and support further business development. The current CBJ Community Development Director actively conducts outreach to current and prospective businesses and developers. The Juneau Chamber of Commerce supports business development and assists with communication through its governance committee, whose purpose is to both monitor and work with the CBJ. The JEDC reaches out to current and potential businesses, offers business counseling, administers a revolving loan fund for gap financing, and helps run an active industry cluster development program for Ocean Products, Visitor Products, Renewable Energy, and Research and Development.

D. DEVELOPMENT INCENTIVES (TAX POLICIES, FINANCING, UNDERWRITING RISK, AND RELATED)

Local governments set tax and financial policies that attract (or repel) investors and employers, and can offer programs to improve access to investment capital through revolving loan funds or public/private lending cooperative arrangements. States and local governments offer tax, financial, and other business incentives on the theory the incentives will lead to business investment and thus to new jobs. Those investments and jobs in turn produce an increase in demand for goods and services. That demand will result, through a multiplier effect,

⁸ "Roles within City Hall", National League of Cities/Center for Research & Innovation

in demand for an additional round of services. Incentives can also increase the tax base to help sustain or expand public services or lower taxes on residents.⁹ In some places where there are high start-up costs associated with permitting or construction costs or land prices, local governments provide financial incentives for development, reasoning that the benefit to the community from development exceeds the cost of the initial subsidy. Communities must carefully evaluate incentives to ensure positive benefits versus cost. The danger is that tax abatements and incentives could result in less tax revenue available for infrastructure, transportation systems, education, and other local government needs.

Common financial incentives local governments offer include selling General Obligation or Revenue bonds to finance infrastructure and other public improvements (to stimulate private investment and provide services), participate in tax-increment-financing (TIF)¹⁰, directly providing grants or loans for a project, or by providing in-kind services, such as infrastructure or land. Communities sometimes also reduce or waive development fees or taxes, such as property tax abatement or tax exemption from construction materials.

- **In Juneau:** The CBJ has enacted several development incentives.

Tax Incentives. In 2013, the CBJ changed property tax exemptions, following a state rule change, to allow a 5-year *deferral* of the increased property tax directly attributable to subdivision of a single parcel into three or more lots and any related improvements (§ 69.10.022). When the deferral expires, the full deferred tax must be paid within 30 days. This is an incentive to assist with housing development. Builders are working to change the state law to allow an exemption rather than a deferral.

The CBJ allows a property tax *exemption* for the value of a variety of structural improvements to historic property (§69.10.025), an incentive to stimulate revitalization within the historic district and for historic properties outside the district. Unfortunately, there is uncertainty over whether this tool is legal (the 2005 Assembly reportedly discontinued it, but not by ordinance so code has not changed), therefore no one has used this tool that could be key in helping stimulate redevelopment in parts of downtown and other areas. In addition, to support manufacturing businesses and jobs, the CBJ allows an exemption (that declines over five years) for qualifying manufacturing property from assessment and taxation [§69.10.020(10)].

The CBJ exempts certain types of business sales from sales taxation, such as sales of building or construction materials, medical services, assisted living services, child care services, of a single item over \$7500 in value, and several types of sales ordered from and delivered to outside the CBJ, and sales of goods, services and rentals for those over age 65 (§69.05.040 and 045). The CBJ Assembly is currently reviewing all sales tax exemptions, as it does periodically, to make them more equitable, see that they reflect current priorities, and to increase revenue.

⁹ Moore, Terry; Meck, Stuart; and Ebenhof, James. An Economic Development Toolbox: Strategies and Methods. American Planning Association, Planning Advisory Service Report No. 541

¹⁰ Tax Increment Financing (TIF) in Alaska is authorized by state statute for improvements in a blighted area or in an area that is capable of being substantially improved (§29.47.460). To use TIF, local government finances a public infrastructure project(s) - presumably that is leveraging private investment and/or meeting publically adopted community goals - that will increase property value and tax within the area. The increment of additional tax revenue is directed to pay off the bonds or loans used to finance the improvements.

Loans/Grants. The CBJ has allocated general revenue to, and received grants on behalf of, the Juneau Affordable Housing Commission (AHC) to stimulate affordable housing development. The CBJ also occasionally helps administer AHC housing loan programs. The CBJ routinely is the recipient of Alaska Legislative grants to assist with facility and infrastructure development that the CBJ administers. The JEDC offers community-based loan funds targeted to fill the gap between entrepreneurial and bank financing for businesses. Its total loan capital is about \$1.5 million, and overtime it has made 23 loans in Juneau totaling \$4.3 million. This includes 12 loans to startups such as Tracy's King Crab Shack, Glacier Gardens Rainforest Adventure, Spruce Meadow RV Park and Alaska Grafix. It will also participate in Northrim's long-term financing of the new Juneau Mercantile & Armory indoor gun range.

Direct Financing. The CBJ directly finances community infrastructure and pays for operations and maintenance of a diversity of community infrastructure, services, and amenities that support business, commerce, and residential life in Juneau. As an example in October 2012, voters' approved the issuance of \$25 million in general obligation bond debt, to pay renovations and construction of Centennial Hall Convention Center, Aurora Harbor reconstruction, Airport terminal renovation, Eaglecrest learning center and lodge renovation, Capital Transit improvements, Adair-Kennedy Memorial Park bathrooms and concession, Dimond Park bathrooms, concession and paving, and Melvin Park bathrooms and concession.

E. WORKFORCE AND TALENT DEVELOPMENT

Labor force development and training programs meet the needs of local employers. Workforce training programs provide opportunities for local residents to gain employment in established or emerging industries. Businesses are often willing partners in these efforts, giving preference to local personnel in exchange for financial or in-kind incentives. The public school system, local university, and economic development agencies or boards all typically play important roles in ensuring that local residents are adequately prepared to fill local jobs, and that employers have access to a skilled workforce. These organizations and institutions often team to develop internship programs for local high school and university students that may lead to jobs after graduation or provide hands-on experience. Providing these professional training experiences gives local residents and youth the opportunity to pursue a local career, and gives industries the opportunity to train their own future workforce.

- **In Juneau:** Several workforce development partnerships are currently underway between the Juneau School District (JSD) partnerships with the building and hospitality industries to offer students training in construction and cooking. The JSD, mining industry, and UAS are partnered in a similar way to provide workforce training for the mining industry. Another example is the new workforce partnership agreements just inked between CCTHITA, the State of Alaska and Microsoft to provide Information Technology training.

F. PROVIDING AN ADEQUATE LAND SUPPLY

Ensuring land-use policies are attractive to investors and businesses is an important local government role. One of the most direct impacts local government can have on development is to ensure an adequate supply of appropriately zoned land is available for commerce and industry, as well as residential development. Communities typically maintain a land database with ownership information, property assessment data,

development status, zoning, and environmental constraints. When a community's Comprehensive Plan is updated, a typical task is to assess whether there is enough vacant land available to support anticipated development needs over the next 10 years and if not, either sell land, rezone land, provide access to make land developable, or provide incentives to existing landowners to develop vacant land.

- **In Juneau:** Of the 218 employers who completed the JEP Business Survey, about 40 percent said lack of land for commercial and residential development were very significant concerns. When asked about the impact to their specific business, 21 percent said lack of commercial land was a significant barrier to growth. These sentiments agree with anecdotal reports about the lack of residential and industrial land in the community and lack of waterfront land to support private maritime development.

The CBJ community development (land) and assessor's property databases are integrated and part of the same software system. However, this system is not integrated with the CBJ mapping and Geographic Information System (GIS). Thus, GIS queries cannot compare land and financial information, nor easily display maps depicting assessors' data. Such actions can be accomplished on a case-by-case basis to support both financial and land development inquiries. Many communities today have fully integrated these capabilities to support financial and land-based analysis. Examples of the type of analysis that could be available on a day-to-day basis to staff, decision-makers, and the public if this barrier were bridged are found in the 2006 CBJ Buildable Sites Study and in the JEP tax base per acre analysis found in Appendix A of this document. The CBJ is working toward this goal.

The CBJ's 1999 Land Management Plan (for land it owns) is currently being updated. A significant challenge is converting the CBJ's Lands and Resources 1970's paper records to the CBJ digital property database. This and other obstacles are slowly being tackled and in 2015 there should be substantial progress bringing city owned land into the CBJ digital databases.

G. INFRASTRUCTURE INVESTMENT

Local government investment in infrastructure and technology improvements increase capacity, reduce costs and enhance competitiveness. This can include public transportation facilities and services, roads, utilities (energy, water, waste, etc.), internet, or housing.

A primary condition necessary for the operation of most businesses is affordable and reliable transportation of goods and people. Local governments own and operate many of the roads, bridges, ports, water and sewer utilities, and airports that support business operations and deliver goods to market. As a community grows and changes, it is important to regularly evaluate the carrying capacity of local transportation and utility systems, to guarantee that the community's future needs are met.

Today, pro-active thinking about infrastructure investment also requires consideration of climate change. The warming planet and its more frequent and intense storms are leading to higher infrastructure repair costs in Alaska as permafrost melts, the number of freeze-thaw cycles increase, and more intense coastal storms occur with waves breaking against shorelines with reduced pack ice protection. As a result public and private insurance costs for coastal areas are increasing as they face the effects of more severe weather and the rise in sea level. As

pressure to mitigate the impact of climate change increases, low carbon solutions for heating, electricity, food, and transportation will likely become a profitable investment for companies and communities.

Investments in infrastructure — roads, bridges, transit, water, sewer, intermodal connectors and telecommunications systems — result in higher property values and quality-of-life improvements, affect business decisions and connect communities into regional economies. Due to high capital costs associated with public infrastructure, local governments frequently collaborate with regional public or private partners to finance, build and maintain infrastructure projects of all sizes and levels of complexity. Examples of this type of partnership in Alaska are state Alaska Industrial Development Export Authority (AIDEA) infrastructure investments to support municipal and regional industrial development, and Alaska Municipal Bond Bank subsidy of risk by selling General Obligation bonds to help finance municipal infrastructure.

- **In Juneau:** Juneau provides water, sewer, roads, transit, harbor, docks, and airport infrastructure. All of facilities and services, with the exception of roads and transit, are operated as enterprise funds and the airport and docks/harbors are managed by independent (Assembly appointed) boards. Juneau owns and operates the Juneau international Airport, and two cruise ship docks, several small boat harbors and small boat floats, six launch ramps, two commercial loading facilities, two small boat yards, and several hundred acres of tidelands and waterfront properties under lease. The city does not own any freight transshipment facilities or docks.

H. SUPPORT FOR A QUALITY OF LIFE CONDUCIVE TO BUSINESS INNOVATION AND WORKER RETENTION

Individuals and families are more fluid than ever in their locational decisions, and communities can put themselves at a distinct advantage in attracting young adults, professionals, new families, and others by providing desired amenities. Investment in amenities and facilities that enhance quality-of-life is part of the increasingly important connection between community livability and economic vitality. A city or region with many amenities and quality-of-life factors, such as recreational opportunities, a diverse and exciting culture, good weather, low crime, good schools, and a clean environment attracts people in part because it is a desirable place to live. Some quality of life factors are outside the control of local government (e.g., weather, cultural opportunities), however, some are factors that local government can influence, such as the quality of education, public safety, recreational facilities, parks and open space, and environmental management, all key factors for employees and firms seeking a location.

Public amenities are assets local government can provide to residents, with economic implications in individual, household and firm location decisions. They are part of a reasonable balanced economic development strategy mix, along with tax incentives and provision of infrastructure.

- **In Juneau:** A significant economic concern in Juneau is a lack of skilled workers, both now and predicted for the future. As outlined in this Plan's **"Attract and Prepare the Next Generation Workforce"** initiative, Juneau will increasingly need to "back-fill" behind retiring state employees. Further, Juneau will need to address business survey findings that professional services firms and other employers with vocational, technical, and trade positions experience growth constraints due to a lack of suitably educated or trained local workers. Part of the solution lies with attracting and retaining workers in

Juneau. While having a well-paying job is arguably the most important locational factor, quality of life attributes such as Juneau’s scenic beauty, abundant fish and game, clean air and water, vibrant cultural scene, and diverse indoor and outdoor recreational opportunities, do and will continue to play a role in economic vitality. Given recent budget shortfalls Juneau leaders are cutting support for some recreational facilities and services; it is important that the value of these assets in resident and business locational decisions be part of the decision-making equation.

Other Critical Participants in Economic Development Planning and Action

As noted previously, collaboration among multiple partners working together on Juneau’s economic and business success is key to successful economic development. Broad-based engagement and leadership in Juneau comes from a wide variety of public, non-profit, and private entities that are directly or indirectly engaged in economic development activity of one form or another. Many of these entities may have a role in implementing this Juneau Economic Plan, such as:

Entities	
• Alaska Committee	• Juneau Convention and Visitors Bureau
• Alaska Small Business Development Center-Juneau Office	• Juneau Douglas School District
• Central Council of Tlingit and Haida Indian Tribes of Alaska	• Juneau Economic Development Council
• Downtown Business Association and Downtown Improvement Group	• Juneau Fisheries Development Committee
• First Things First Foundation	• Tlingit and Haida Regional Housing Authority
• Juneau Affordable Housing Commission	• Sealaska and Haa Aani, Goldbelt, Inc.
• Juneau Chamber of Commerce	• Southeast Conference
• Juneau Commission on Aging	• University of Alaska Southeast
• Juneau Commission on Sustainability	• Juneau Convention and Visitors Bureau

Choosing Economic Priorities

Typically there are not enough resources to pursue all identified economic initiatives at once. Therefore it is important to prioritize time and resources so the most important goals are addressed first. It is a challenge for economic development planners, decision-makers, and funders to determine where to invest valuable time and resources to generate the highest return on that investment. For Juneau and Alaska overall, strategic investment in economic development will be required as local and state resources to support economic development initiatives become ever more scarce.

While clear measures of success are desirable, few projects lend themselves to a single defined measure of return on investment. Nor is it usually possible to predict a numerically specific result, for example, exactly how many jobs an initiative will create. Rather, it’s more practicable to consider an initiative’s potential to move an economy

in the desired direction and the likelihood of success, through use of a range of criteria, such as the following ten used to develop this plan:

1. **Job creation or retention:** Will it directly or indirectly lead to job creation? Will those jobs be temporary or permanent? Seasonal or year-round? Will the jobs be attractive and available to local residents, or require significant non-resident participation? Will the jobs be low-wage (below average) or high-wage (above average)?
2. **Community economic resiliency:** Will it enhance the community's ability to weather economic downturns brought on by uncontrollable, outside forces? Will it bring about lasting improvement, diversification, and strengthening of the local economy?
3. **Investment leverage:** Does it have the potential to attract private sector investment and/or leverage other public (state and federal) investment?
4. **Distribution of economic benefits:** Who benefits from the project or initiative? Will the economic benefits accrue to local residents and businesses? Will it expand or strengthen more than one sector of the economy? Will the impacts be broadly or narrowly distributed across households, benefiting low-income and higher income households alike?
5. **Direct or indirect wealth creation:** Will it directly draw new, sustained "wealth" (income) into the community, or will it provide a needed foundation for a wealth-generating activity? Does it build on our natural advantages?
6. **Foundational benefits:** Is the success of other economic development initiatives dependent on it? Is it central to community economic development in general?
7. **Multiplier effects:** Does it have potential for significant local indirect and induced economic impacts?
8. **Expenditure and revenue impacts:** What is the cost of pursuing an initiative (or particular actions) and how will it be funded? Will it strengthen Juneau's tax base and increase CBJ tax revenue? Will it have a net positive impact on local government finances? If so, will those positive impacts materialize in the near-term, or only over the long-term? Will it require ongoing investment, and if so, are resources likely to be available to make future investments?
9. **Community support:** Is it consistent for community vision and core values? Are there any potential undesirable effects, whether social, environmental, or economic? What forces are working against the initiative, and why? Is the initiative consistent with other local plans, such as the Comprehensive Plan, local area master plans, etc.?
10. **Leadership:** Is it clear who specifically will lead the initiative? Does it have the advantage of existing strong leadership?

A variety of other criteria might also be used to prioritize economic development initiatives, depending on the needs of the community and the specific goals of the plan.

3. Juneau Economic Plan Scoping and Research Highlights

Extensive economic baseline research, community survey research, and other public outreach was conducted to guide this economic development planning effort. The results of that research are provided in detail in the appended reports. Key messages from the research and public outreach are summarized here.

Demographic and Economic Profile

The economic baseline report describes Juneau's current economic conditions and trends over the past 10 years, with special focus on Juneau's key industries. The report also describes Juneau's demographic profile and trends. The data presented here provides important guidance about where there is strength in the economy, where there is weakness, and where economic development effort might best be targeted.

Slow Population Growth but a Rapidly Aging Population

- Since 2004, Juneau's population has grown at an average annual rate of 0.5 percent. However, since 2010, population growth has accelerated, rising at an average annual rate of 1.9 percent. Juneau's population in 2013 was 33,064, 1,851 above the 2004 population.
- Within ten years, one-fifth of Juneau's population will be over 65 years of age. In 2013, 10 percent of the Juneau population was age 65 and over. By 2025, the percent is projected to double to 20 percent and remain at or near that level through 2042. This local trend is consistent with national trends.

Slow Income Growth, but Still Ahead

- In "real" inflation-adjusted dollars Juneau experienced 18 percent growth in total personal income between 2003 and 2012, slower than the 26 percent increase in Alaska overall.
- While income growth in Juneau has lagged behind the rest of urban Alaska, Juneau incomes remain above statewide and national averages. Juneau's median household income was \$78,947 in 2012, 13 percent higher than the statewide median and 54 percent more than the U.S. median.
- A smaller percentage of Juneau's population (6.4 percent) lives below the federal poverty level than in Alaska statewide (9.6 percent) or the U.S. (14.6 percent).
- The median income among Juneau family households is \$92,002. Juneau's median family income is 12 percent above the statewide median of \$81,572 and 47 percent above the U.S. median of \$62,527.
- Alaska Native median family income in Juneau is estimated at \$60,208, about one-third below the community-wide family household median income (this estimate has a margin of error of \pm \$18,348).

- Juneau males aged 15 and over with income had median income of \$44,243, while females had median income of \$33,279, based on 2010-2012 ACS data.
- While cost of living is higher in Juneau than many other communities, median household and family incomes in Juneau are also higher, somewhat mitigating higher living costs but not alleviating them.

Mixed Employment Trends

- The number of government sector jobs in Juneau declined by about 400 between 2004 and 2013, while private sector employment increased by 1,200. The government sector has lost 340 jobs since 2010. Local government accounts for most of that loss.
- While the longer-term trend has been one of slow growth, the most recent available employment data indicates Juneau lost about 240 jobs in 2013, compared to 2012. Most of that decline (200 jobs) was in the government sector, but the private sector also lost ground (down 40 jobs).
- 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).

Juneau's High Wage Sectors

- Within the government sector, federal government pays (by a wide margin) the highest monthly wages, at an average of \$7,295 in 2013 (annualized to \$87,540). State government pays an average \$4,777, while local government pays an average of \$4,430 per month.
- Private sector wages are topped by the mining industry, at \$8,047 per month, or just over \$96,500 per year. Other above-average wage sectors include construction (\$5,361), telecommunications (\$5,872), water transportation (\$5,202), and the "professional, scientific and technical" sector (\$5,224).

Non-Residents a Large and Growing Part of the Juneau Workforce

- Thirty (30) percent of the people employed in Juneau are non-residents, including workers from outside Alaska and workers from elsewhere in the state. In 2012, the Juneau labor force included 6,400 non-local residents.
- Non-residents accounted for 38 percent of Juneau's private sector labor force and 31 percent of private sector wages
- Non-residents earned a total of \$167 million in wages in 2012, including \$134 million in private sector wages.
- The share of non-residents in the Juneau private sector workforce has grown steadily over the past 10 years, (from 28 percent in 2003 to 38 percent in 2012), while the number of Juneau residents in the labor force has declined.

Key Economic Drivers

- State government remains Juneau's key economic engine. Including direct, indirect, and induced jobs created by state government related spending in Juneau, the state accounts for 7,000 jobs and \$350 million in annual wages in Juneau, about one-third of all employment and wages.
- The visitor industry is Juneau's largest private sector industry, accounting for 2,750 jobs and \$95 million in wages, including all multiplier effects. With the exception of a downturn in the 2009/2010 period, the visitor industry has been a steadily growing component of Juneau's economy over the past two decades.
- Civilian federal government employment in Juneau has declined by more than 23 percent since 2004, losing 200 jobs. In 2013, federal government accounted for 760 jobs and \$67 million in annual wages (not including the USCG).
- The mining industry was one of Juneau's fastest growing industries over the past decade. Since 2004, employment in the sector more than doubled, from 275 to approximately 700 in 2013. The industry generates over \$65 million in annual wages.
- Juneau's economy includes just over 2,000 local and tribal government jobs with \$110 million in total wages. In addition to jobs in city government, these figures include employment with the school district, the hospital, and jobs with various tribal organizations (mainly CCTHITA). Core CBJ functions account for approximately 590 jobs.
- Local and tribal government employment in Juneau has been trending down, shedding 373 jobs since 2010.

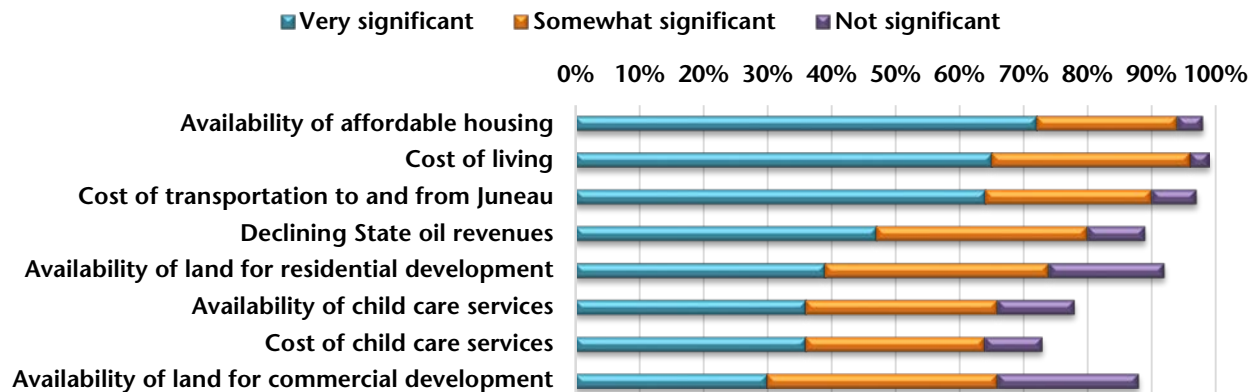
Household Survey Results

Two surveys of Juneau households were conducted as part of the *Juneau Economic Plan*: a statistically representative random-sample telephone survey and a supplemental open-access online survey. In the telephone survey, a total of 409 randomly selected households were surveyed in March and April 2014. The online survey was completed by 596 respondents. The surveys provided an important household perspective on economic development in Juneau and played a key role in identifying top-priority economic development initiatives. Interested readers are encouraged to read the full, detailed survey report in the appendices. Key survey findings are summarized here.

Residents identify housing costs and cost-of-living issues as the most significant barriers to Juneau's economic development.

Nearly three-quarters of residents (72 percent) believe availability of affordable housing is a significant barrier to Juneau's economic development. Two other barriers were identified as "very significant" by a majority of residents: cost of living (65 percent) and cost of transportation to and from Juneau (64 percent).

Please tell me whether you think each of the following are very significant, somewhat significant, or not significant barriers to Juneau's economic development.



Note: Rows do not add to 100 due to "don't know" and declined responses.

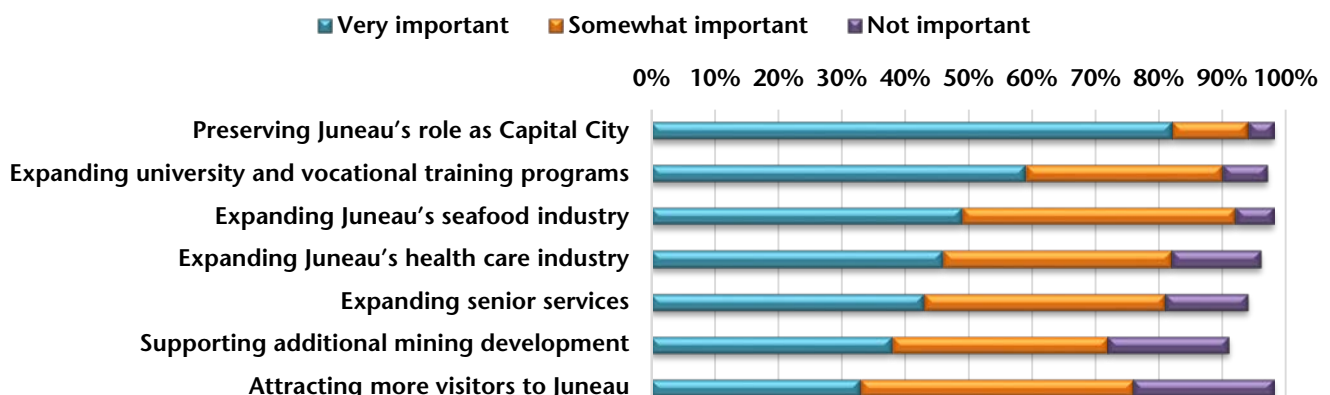
When asked to choose which barrier is greatest, availability of affordable housing was noted most often (35 percent), followed by declining State oil revenues (19 percent), cost of living (18 percent), and cost of transportation to/from Juneau (13 percent).

Other noted significant barriers to Juneau's economic development included education funding, quality and cost of education; shipping costs; a need for more economic diversity; local, state, and federal budgets and spending; and the regulatory environment for business.

When asked to rate the importance of various economic development strategies, residents rated "preserving Juneau's role as Capital City" as most important, followed by "expanding university and vocational training programs."

Preserving Juneau's role as Capital City was rated by far the most important strategy for Juneau's economic development, with 82 percent rating it as very important. Only one other strategy was rated very important by a majority of residents: expanding university and vocational training programs, at 59 percent very important.

Please tell me whether you think each of the following are very important, somewhat important, or not important strategies for economic development.



Note: Rows do not add to 100 due to "don't know" and declined

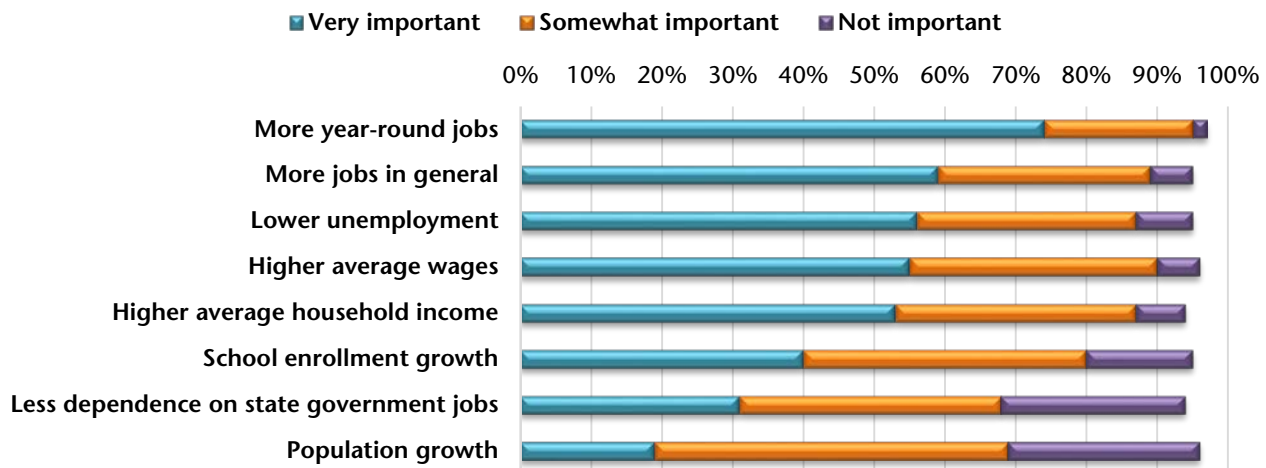
When asked which strategy is most important, preserving Juneau’s role as Capital City again came out on top at 44 percent. Fourteen percent of respondents thought expanding university and vocational training programs was the most important strategy. Supporting mining development was third (10 percent most important), followed by expanding Juneau’s health care industry (9 percent), and expanding Juneau’s seafood industry (8 percent).

Other suggested economic development strategies included building the road out of Juneau, increasing availability and affordability of health care and social services (including senior services), and reducing energy costs.

Residents consider employment growth to be the key indicator of future economic development in Juneau.

The number one objective for economic development in Juneau should be more year-round jobs, according to 74 percent of residents who said this is very important. The second and third most important objectives were also related to employment, with more jobs in general seen as very important by 59 percent, and lower unemployment seen as very important by 56 percent.

Please tell me whether you think each of the following is a very important, somewhat important, or not important objective for economic development in Juneau.



Note: Rows do not add to 100 due to “don’t know” and declined responses.

The single most important economic development objective is more year-round jobs, at 28 percent, followed by higher average wages (13 percent), more jobs in general (12 percent), lower unemployment (12 percent), and higher average household income (11 percent).

Common suggestions for other economic development objectives included several regarding education improvements, transportation improvements (both within the city and in/out of the city), an improved regulatory environment for development, improved social services, and increasing land availability within Juneau.

Business/Employer Survey Results

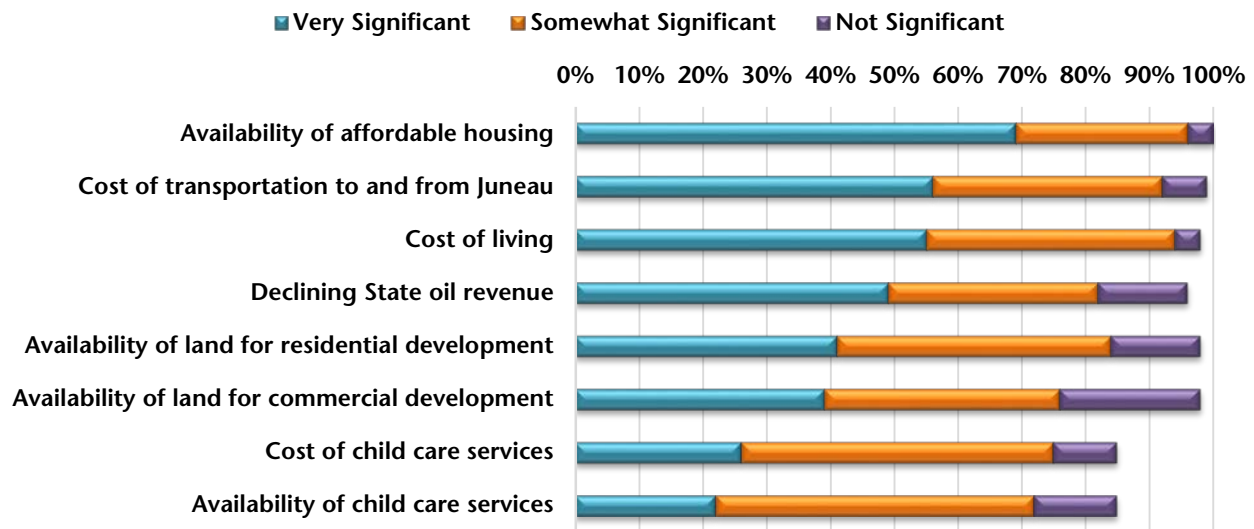
A survey of Juneau employers is another important component of the *Juneau Economic Plan*. The open-access online survey was conducted in May 2014 and recorded responses from 222 Juneau employers. Following are key findings from the survey.

Businesses rated the cost and availability of housing as the most important challenge facing Juneau's economy.

High housing costs (22 percent) and housing availability (18 percent) are seen as the most important challenge facing Juneau's economy in the next five years. Lack of economic diversity (14 percent), high cost of living (11 percent), and the CBJ budget/financial management (11 percent) were also commonly cited.

Seven of ten employers (69 percent) indicated they believe availability of affordable housing is a very significant barrier to Juneau's economic development.

Do you think each of the following are very significant, somewhat significant, or not significant barriers to Juneau's economic development?

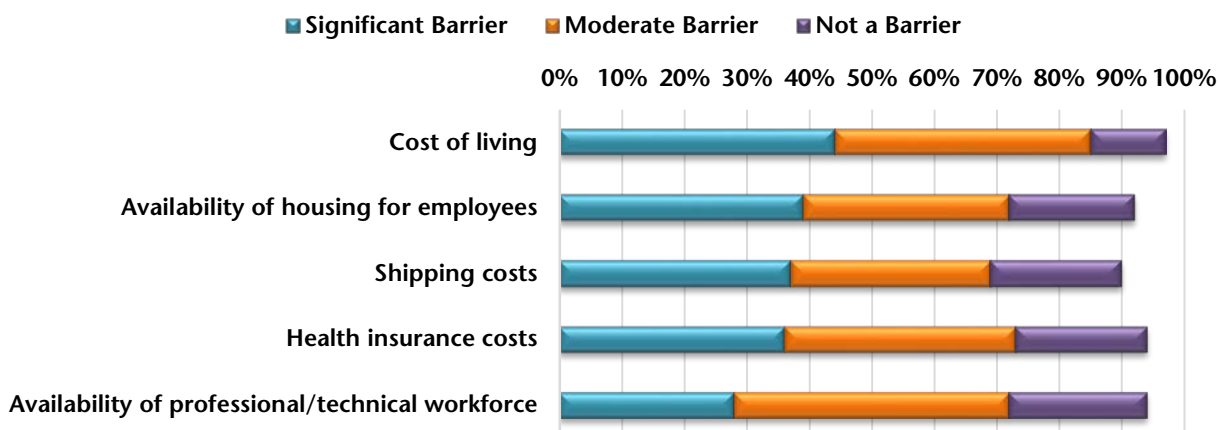


Note: Rows do not add to 100 due to "don't know" and declined responses.

Cost of living is seen as the most significant barrier specifically for the growth of respondents' businesses/organizations, followed by availability of housing for employees.

When asked to identify specific barriers to their own business/organization's growth, over one-third rated cost of living (44 percent), availability of housing for employees (39 percent), shipping costs (37 percent), and health insurance costs (36 percent) as significant barriers.

To what extent are the following factors a barrier to your business/organization's growth?

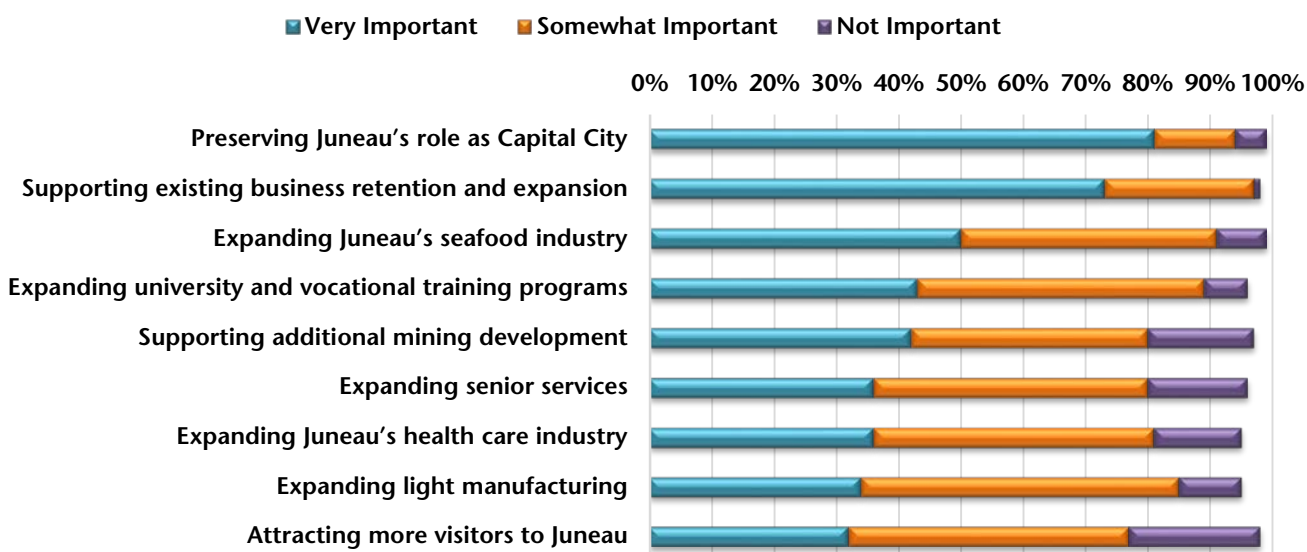


Note: Rows do not add to 100 due to "don't know" and declined responses.
A full list of factors included in this question may be found in the survey report.

Preserving Juneau's role as Capital City is a very important economic development strategy to over 80 percent of survey respondents.

When asked to rate the importance of various economic development strategies, preserving Juneau's role as a Capital City was most often rated as very important (81 percent), followed by supporting existing business retention and expansion (73 percent).

Planning for Juneau's economic future will involve establishing economic development strategies. Do you think each of the following are very important, somewhat important, or not important strategies for economic development?



Note: Rows do not add to 100 due to "don't know" and declined responses.

When asked to choose just one strategy as most important for the community, respondents most frequently chose preserving Juneau's role as a Capital City (46 percent). This strategy was also most frequently cited when respondents were asked to choose the most important strategy for their business/organization.

Juneau businesses provide a favorable rating of Juneau's overall business climate.

Businesses were asked to rate the local business climate. They were told that, "A community's business climate is determined by a variety of factors. Among those factors are support of businesses and business activity by local government, the local taxation regime, quality of public infrastructure, and the cost of public services." Then, respondents were asked to consider these local government-related factors and rate the business climate in Juneau on a scale from 1 to 10 where 1 is "very weak" and 10 is "very strong." Respondents rate Juneau's business climate at an average of 5.7. Two-thirds of respondents rate it in the mid-range (between 4 and 7), while 18 percent rate it more highly (between 8 and 10), and 14 percent rate it between 1 and 3.

An evaluation of comparative advantages (and disadvantages) is essential to get at the reasons for a city's or region's economic situation, and to identify opportunities and constraints for future economic development.

Respondents were asked for specific measures the CBJ Assembly could take to support economic development in Juneau. The most common answers were improving the business climate, including the regulatory environment; balancing the city budget and controlling spending; making CBJ land available for private development; supporting quality of life amenities, such as recreation facilities; revitalizing and supporting the downtown core; addressing the housing situation; and providing tax incentives for development.

When asked specifically about what the CBJ could do to improve the business climate in Juneau, respondents identified a number of measures including streamlining the permitting process, assisting with development of affordable workforce housing, improving downtown, and improving public transportation.

Juneau's Key Strengths, Weaknesses, Opportunities, and Threats

BUILDING ON JUNEAU'S ASSETS AND ADVANTAGES

A review of Juneau's unique assets, and competitive advantages and disadvantages, provides context and focus to economic planning. Such a process brings a community's economic situation into focus, including the opportunities and constraints for future economic development. Soji Adelaja, former Director of the Land Policy Institute at Michigan State University and current distinguished professor there, suggests that "regions that will prosper are those with strategies that make the most of their assets." His definition of Placemaking is "the use of strategic assets, talent attractors and sustainable growth levers to create attractive and sustainable high energy, high amenity, high impact, high income communities that can succeed in the New Economy."¹¹ Today, many economic development planning professionals recommend creating asset-based strategies, those based

¹¹ Michael Porter, quoted in Business Week, "Q&A with Michael Porter." August 21, 2006.

on unique assets and networks that can be leveraged to compete regionally and beyond. This strategy contrasts with those that focus on areas of deficiency that are used to appeal for more state or federal funding.

The following list of Juneau's assets and competitive advantages or disadvantages is qualitative, not quantitative. While not exhaustive, recognizing these unique assets, competitive advantages, and competitive disadvantages is an essential first step in economic development planning, in general, and in identifying specific strategies to build a stronger economy. It is also important to recognize that some items are both an advantage and a disadvantage.

Juneau's Assets and Competitive Advantages	
• Alaska's State Capital	• Diverse indoor recreation facilities
• Abundant sustainably-managed fishery resources	• Affordable high-quality winter recreation opportunities
• Economic concentrations of minerals; two active mines	• Easily accessible glacier on the road system
• Popular cruise and independent visitor destination	• High per capita income
• University of Alaska Southeast	• Access to hydro-power
• Abundant water supply	• Role as regional transportation, service, supply and medical care hub
• World class natural setting and scenic beauty	• Strong Alaska Native presence and rich culture, regional tribal government location
• Great hunting and fishing	• 100+ year Filipino roots and history
• Clean water and air	• Vibrant, art-music-theater-design scene
• Diverse outdoor recreation opportunity	
Competitive Disadvantages/Challenges	
• High cost of living	• High freight costs
• Affordable housing shortage	• Workforce shortages – overall, skilled, and professional
• Limited developable land base due to topography/geography	• No connection to continental road system
• Lack of access to developable waterfront land for commercial/industrial uses	• Underdeveloped maritime services industry

4. Juneau's Desired Economic Future

One of the hallmarks of successful community economic development planning and initiatives is a common vision of the future. Clearly, not everyone will agree on the best path to a stronger, more robust economy, but it is possible to define a vision and set of guiding principles that can serve to keep the community moving forward toward a better economic future. Based on extensive community input, and consultation with the CBJ Assembly, the planning team developed the following vision statement and core economic development principles:

Vision

The Vision: Juneau's Desired Economic Future

A vibrant, diversified, and stable economy built around a business climate that encourages entrepreneurship, investment, innovation, and job creation; and supports the environmental, cultural, and social values that make Juneau a great place to live and enjoyable place to visit.

Core Economic Development Principles

Principles that guide Juneau's economic development efforts:	
<ul style="list-style-type: none">• Year-round, family-wage jobs are a priority, but a community requires a diversity of employment opportunities that meet the needs of residents of all ages and economic status.	<ul style="list-style-type: none">• A healthy housing market that meets the needs of all residents and employers is an essential element of a strong economy.
<ul style="list-style-type: none">• A climate that supports small business and entrepreneurship is an essential ingredient in the community's economic well-being.	<ul style="list-style-type: none">• Social, cultural, recreational, fishing, and hunting opportunities are strong factors in people's decisions to live in and invest in Juneau.
<ul style="list-style-type: none">• High value is placed on the health and competitive well-being of locally-owned businesses, though investment from outside the community is also needed and welcome.	<ul style="list-style-type: none">• The economy must include a quality education system that prepares students for rewarding jobs and meets the needs of local employers.
<ul style="list-style-type: none">• Local government is expected and enabled to provide quality, efficient, cost-effective public services and committed to making strategic investments in economic development.	<ul style="list-style-type: none">• Business and environmental goals must be aligned to preserve the attributes that make Juneau an attractive place to live. When profit, people, and place are aligned the result can be more productive than any one element alone.
<ul style="list-style-type: none">• Economic progress requires partnership between business, government, and non-profit organizations that provide critical social services and safety nets.	<ul style="list-style-type: none">• Strategic development of transportation, energy, communications, and other infrastructure is necessary to keep Juneau competitive.

The following set of economic development initiatives are considered (along with a variety of other criteria) according to their consistency with the community's vision and core principles.

5. Action Plan for Juneau's Economy

10-Year Initiatives: Introduction

The Assembly and other stakeholders called for an actionable, strategic economic development plan with specific steps for plan implementation. This strategic plan includes a set of 10-year economic development initiatives that represent the CBJ's and community's economic development priorities and commitments to action. Identifying specific high-potential initiatives and action items involved a process of screening and evaluating a wide array of potential projects, programs, or policies potentially related to economic development in Juneau. To identify a set of 10-year priority economic development initiatives, the project team considered the following.

<i>Considerations in Initiative Selection</i>
<i>• Opportunity areas identified in the economic baseline research, by businesses and by other stakeholders</i>
<i>• Repeated messages from households and businesses about barriers and obstacles</i>
<i>• Opportunity areas identified in research on other community's successful economic development programs</i>
<i>• The Assembly's economic development priorities</i>
<i>• Building on proven strengths and natural competitive advantages</i>
<i>• Capitalizing on current Juneau demographic strengths and challenges</i>

These criteria, along with the project team's assessment of meaningful economic impact, were used to identify a set of eight high-potential economic development initiatives (not listed in order of importance):

<i>Juneau Economic Development Initiatives</i>
<i>• Enhance Essential Infrastructure</i>
<i>• Build the Senior Economy</i>
<i>• Attract and Prepare the Next Generation Workforce</i>
<i>• Recognize and Expand Juneau's Position as a Research Center</i>
<i>• Build on Our Strengths</i>
<i>• Protect and Enhance Juneau's Role as Capital City</i>
<i>• Revitalize Downtown</i>
<i>• Promote Housing Affordability and Availability</i>

These initiatives together represent a spectrum of important economic development objectives and actions. Each initiative is described in detail below, including background information supporting the importance of the initiative, the goal of the initiative, and specific recommended objectives and actions to support each initiative. The initiative descriptions also include a table summarizing the planning team's assessment of how each satisfies the ten evaluation criteria used to identify high-priority goals.

Initiative: Enhance Essential 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 ensure the infrastructure that is needed is in place for the community to take full advantage of economic opportunities. This initiative has two primary 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 derived from 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. Further, the West Douglas area currently provides no property tax benefits to the CBJ. Whatever portion of 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.

Economic 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), opportunity exists for development of deep water port facilities and protected moorage for marine transshipment, commercial fishing and maritime

services, visitor industry, and recreation marine activities¹². 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 in other areas of Juneau, combined with the lack of uplands for marine commercial and industrial development (to support large vessel haul-out, maintenance and repair) in currently developed areas, 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 and provide important new economic activity for the community.

- 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. 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 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 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.¹³

¹² West Douglas Conceptual Plan" Prepared for the City and Borough of Juneau and Goldbelt, Inc. by MRV Architects, May 1997.

¹³ <http://www.juneau.org/airport/projects/pdfs/FAQsBrochure.pdf>

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 an estimated \$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 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, AML's 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.¹⁴

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 conducted for purposes of the Juneau Economic Plan and it is not clear how AML's purchase of Northland Services has

¹⁴ SOA v. Lynden/Northland Case No. 3AN-13 Civ. Consent Decree, Superior Court for the State of Alaska, Third Judicial District at Anchorage.

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 Katzeihin 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
- Conventional Monohull Service from Berners Bay

The Draft SEIS identifies the East Lynn Canal Highway to Katzeihin 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

Much of 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, winter highway travel risks, and impact on traveler convenience.

Among the alternatives considered, the East Lynn Canal Highway to Katzeihin would have the greatest positive economic impact on Juneau, according to the SEIS Socioeconomic Effects Technical Report. 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.¹⁵

The public comment period for 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 may continue casting uncertainty over investment in improving Lynn Canal access. However, change in one form or another is expected over the next 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.¹⁶

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 occurred in 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 2017.¹⁷

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.

¹⁵ Juneau Access DSEIS Appendix EE Socioeconomic Effects Technical Report.

¹⁶ http://www.dot.state.ak.us/amhs/alaska_class/faq.shtml#Q16

¹⁷ Alaska State Legislature, House Transportation Standing Committee meeting minutes, February 4, 2014

Community Support for Transportation-Related Initiatives

SUPPORT FOR 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.¹⁸ While there is strong and persistent support for a second crossing (survey research in 1984 and 2003 also showed strong majority support), funding for the project remains 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.

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.¹⁹ 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..."²⁰ 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 route 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 analyses 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.

¹⁸"North Douglas Crossing Household Survey" prepared for the City and Borough of Juneau by McDowell Group, Inc., March 2007.

¹⁹"West Douglas Conceptual Plan" Prepared for the City and Borough of Juneau and Goldbelt, Inc. by MRV Architects, May 1997.

²⁰ 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).

SUPPORT FOR 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 as very significant barriers to Juneau's economic development. More than half (56 percent) of the Juneau 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.

Enhance Essential Infrastructure: Objectives and Actions

Goal: *Support transportation infrastructure-related policies and developments that will provide access to developable land and control or lower the cost of freight shipment into and out of Juneau.*

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

Action 1-A	Maintain strong municipal support for construction of a North Douglas/Gastineau Channel Bridge to accommodate new "nodes" of development in West Douglas. Each node should feature some type of commercial, industrial, maritime, or recreational draw.
Action 1-B	Renew the CBJ/Goldbelt MOA concerning West Douglas development, which will expire April, 2015. Beyond that, next steps will include: <ul style="list-style-type: none">• <i>Obtaining state, federal and tribal support and funding for project planning and permitting</i>• <i>Design and construction</i>• <i>Environmental impact analysis</i>• <i>State of Alaska best interest finding, and/or other decision document</i>• <i>Permitting</i>• <i>Obtaining the corridor right of way</i>• <i>Detailed design</i>• <i>Construction</i>
Action 1-C	Proceed with evaluation of the engineering design and costs, as well as the environmental impacts of a North Douglas Gastineau Channel Bridge crossing. This analysis should consider changed conditions since 2007 when the Vanderbilt Hill Route was selected.
Action 1-D	Develop public-private partnerships to secure CBJ land and road access, including establishment of a public/private task force to lead West Douglas development planning.

Continued on next page.

Enhance Essential Infrastructure: Objectives and Actions (continued)

Objective 2. Complete a JIA Sustainability Master Plan that supports Juneau’s aviation-related business and economic development needs.	
Action 2-A	<p>Ensure the 2016 Airport Master Plan:</p> <ul style="list-style-type: none"> • <i>Accounts for regional and industry trends and opportunities in cargo, avionics, and fleet changes.</i> • <i>Contains provisions to ensure the airport is a welcoming place for tourists, regional passengers, and an attractive Gateway to Capital City.</i> • <i>Provides efficient, shovel-ready and revenue-oriented lease lot opportunities and configurations.</i>
Action 2-B	<p>Keep airfares and air freight cost to/from the Capital City as competitive as possible; communicate regularly with airlines about how fuel surcharges are or could change due to declining fuel prices.</p>
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 3-A	<p>Assign a central authority to:</p> <ul style="list-style-type: none"> • <i>Provide a single, consistent place for Juneau (and northern Southeast Alaska) where freight pricing data and concerns can be reported (confidentially if needed).</i> • <i>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.</i> • <i>Support opportunities to reduce fuel surcharges coincident with declining fuel prices.</i> • <i>Coordinate shipper-business education, and business-to-business logistics communications/coordination.</i> <ul style="list-style-type: none"> ◦ <i>It will be less expensive to ship 2 pallets once a week, rather than 1 pallet twice a week.</i> ◦ <i>Are there any cost-saving opportunities to use back-haul rates by coordinating export transshipment (seafood and alcohol) with imports (lumber, groceries, other).</i> ◦ <i>Explore if centralized logistics communication could promote cost savings, such as builders sharing container loads.</i>
Action 3-B	<p>Explore opportunities to make a public, or private, dock readily available in order to make Juneau more attractive to additional marine transporters.</p>

Selection Criteria Review: Enhance Essential Infrastructure

This table describes how each initiative will benefit Juneau economically. Benefits are described within the framework of the 10 criteria used to help select priority objectives and action items for the plan.

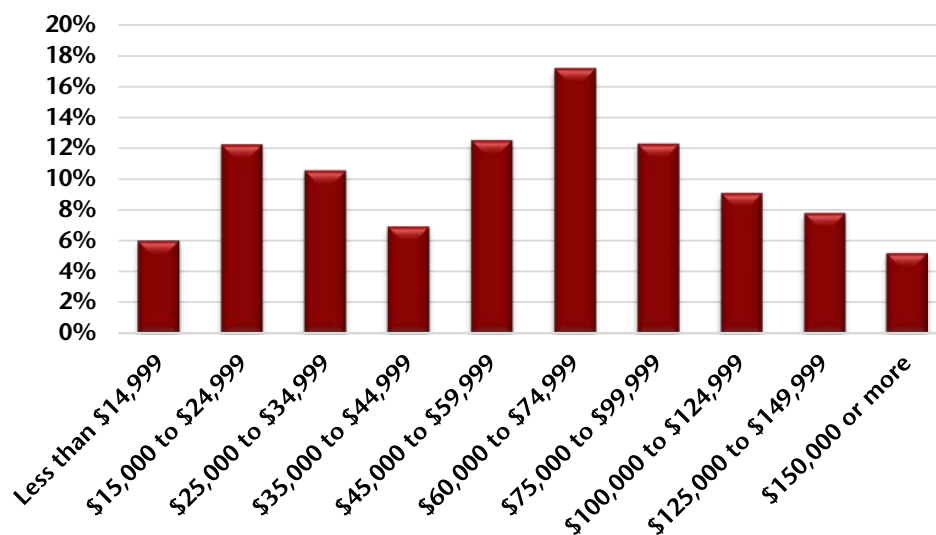
Factors	Criteria
Job creation or retention	Infrastructure provides a foundation for business development and other economic development that creates jobs. Infrastructure alone is not a direct job creator, except for temporary jobs created during construction.
Community economic resiliency	Infrastructure that reduces the cost of living, or mitigates cost of living increases, is very important in building economic resiliency.
Investment leverage	Most transportation infrastructure is funded mainly by state and federal government. Local investment in infrastructure has high (though not easy) leverage potential.
Distribution of economic benefits	Potentially very broad long-term distribution of economic benefits (households, businesses, non-profits, and government) associated with the cost of living effects of transportation improvements.
Direct or indirect wealth creation	Infrastructure does not generate wealth. It supports the business activities that do generate wealth.
Foundational benefits	Other economic development initiatives could generate greater economic benefits with transportation infrastructure improvements than without those improvements. Lower cost out-bound freight could enhance growth in Juneau's seafood industry, for example. Improved air passenger services would benefit Juneau's visitor industry. Improved access to land suitable for residential, commercial, and industrial development has very important foundational benefits.
Multiplier effects	No direct multiplier effects (except that associated with construction-related spending), as enhancement of Juneau's transportation infrastructure is not a direct wealth generator.
Expenditure and revenue impacts	Building access to West Douglas and installing necessary utilities could require substantial local investment. However, the long-term benefits in terms of economic development in general, and property tax revenues in particular, are potentially significant.
Community support	Community support will depend on the particular project. High level of community support for West Douglas access.
Leadership	Potential leadership from Goldbelt.

Initiative: Build 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, 2012



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

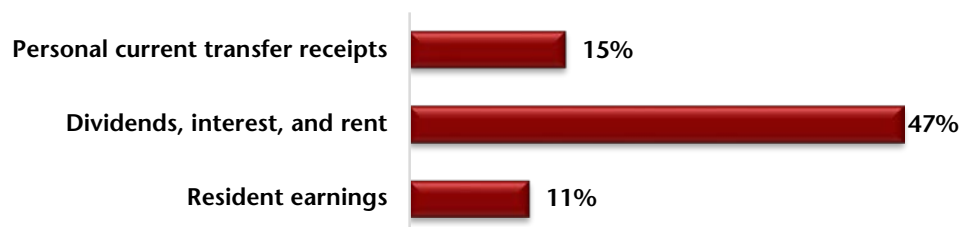
According to migration analysis in the same study, most Juneau seniors remain in the community after retirement. These seniors contribute to the Juneau economy in a number of ways, including through direct spending on goods and services. Many seniors contribute to the economy further by donating money 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. Seniors in the workforce will also present an opportunity to increase Juneau resident employment versus non-resident.

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	Est. Alaska Expenditures per Capita	Juneau Population	Total Est. 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:

Specific Needs Identified	
• Gerontologists, geriatric physicians	• Stroke center
• Sub-acute care	• Heart and lung specialist
• Rehab facilities	• Mental health care providers
• Cardiology unit at hospital	• 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.

Build the Senior Economy: Objectives and Actions

Goal: *Facilitate development of 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 meet the needs of Juneau's senior population. (See Housing initiative)

Action 1-A	Implement recommendations from the 2014 Juneau Senior Housing and Services Market Demand Study, which focuses on senior assisted living housing development.
Action 1-B	Identify public/private partnerships, including those to provide land for assisted living development in the community.
Action 1-C	Identify alternate funding options for senior housing development. These may or may not include city bonding, grant programs, or other funding sources.
Action 1-D	Support independent senior housing, including additional dwelling units (accessory apartments) within seniors' homes.

Continued on next page.

Build the Senior Economy: Objectives and Actions (continued)

Objective 2. Increase the depth and breadth of local, skilled health care workers and services for seniors.	
Action 2-A	Prepare a needs list/gap analysis for senior health care services in Juneau and make it available to entrepreneurs and health care providers.
Objective 3. Develop more in-home care options for Juneau seniors.	
Action 3-A	Ensure CBJ adequately supports home health care for Juneau seniors, including around the clock respite and hospice care.
Action 3-B	Institute a home health care agency.
Action 3-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 4-A	Expand data collection on Juneau senior needs and availability of resources.
Action 4-B	Improve Juneau transportation services specifically for seniors. <ul style="list-style-type: none"> • <i>Regularly update the Juneau Coordinated Human Services Transportation Plan.</i> • <i>Ensure all bus stops and sidewalks in commercial areas are safe and clear of snow and ice.</i>
	<ul style="list-style-type: none"> • <i>Provide information to seniors on services available to help access basic needs, include case management in this process.</i> • <i>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.</i>
Action 4-C	Encourage entrepreneurial solutions to improve senior access to food, such as grocery deliveries, and medical resources, such as prescription deliveries.
Action 4-D	Support meal delivery services for homebound seniors. <ul style="list-style-type: none"> • <i>Support Meals on Wheels.</i> • <i>Consider a volunteer shopper program.</i>
Action 4-E	Consider a full-service senior center as a central information source and center for activities and services.
Action 4-F	Institute 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 5-A	Develop a senior “talent pool” of residents interested in paid jobs and volunteer positions.
Action 5-B	Increase opportunities for meaningful volunteer activities.
Action 5-C	Increase opportunities for lifelong learning.
Objective 6. Prepare the next generation of Juneau retirees	
Action 6-A	Coordinate with AARP, UAS, CPAs, estate planning attorneys, and other local financial planners to provide community courses on preparing for retirement.

Selection Criteria Review: Build the Senior Economy

This table describes how each initiative will benefit Juneau economically. Benefits are described within the framework of the 10 criteria used to help select priority objectives and action items for the plan.

Factors	Criteria
Job creation or retention	The initiative is primarily about keeping senior retirement dollars in the Juneau economy by making Juneau an attractive and affordable place to retire. To the extent that new facilities and services are developed to better meet the needs of seniors, there is also a job creation component.
Community economic resiliency	Juneau's senior population might be viewed as another at-risk segment of the economy. This risk is loss of retirement dollars out of Juneau. To the extent that Juneau can strengthen the community's capacity to serve seniors, the economy will be more diversified, which is an important aspect of resiliency.
Investment leverage	Local investment in senior-related services and facilities may have potential for leveraging additional government funding and private sector investment, around housing, assisted living, other elder care facilities, and medical care.
Distribution of economic benefits	This initiative could economically benefit all seniors but more so low-income seniors. Economic benefits would also be fairly narrowly focused on the businesses that provide goods and services to seniors.
Direct or indirect wealth creation	Primarily about wealth preservation, as local residents move from wage income to retirement income. Some possibility of wealth creation, if a stronger base of needed services attracts seniors from outlying communities.
Foundational benefits	The success of other initiatives is not directly dependent on this initiative.
Multiplier effects	Modest multiplier impacts mostly associated with induced effects (seniors spending their income in Juneau). Possible indirect impacts associated with new or expanded businesses catering to seniors.
Expenditure and revenue impacts	No anticipated direct revenue back to CBJ.
Community support	80 percent of Juneau households believe expanding senior services is an important economic development strategy, with more and improved senior housing and enhanced health care services for seniors recognized as key issues.
Leadership	Strong leadership provided by the Juneau Commission on Aging, with funding support from the Assembly.

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 B – Economic Development Case Studies, for more information.

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 child care 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 2012²¹, 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 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 some college education.²² 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.

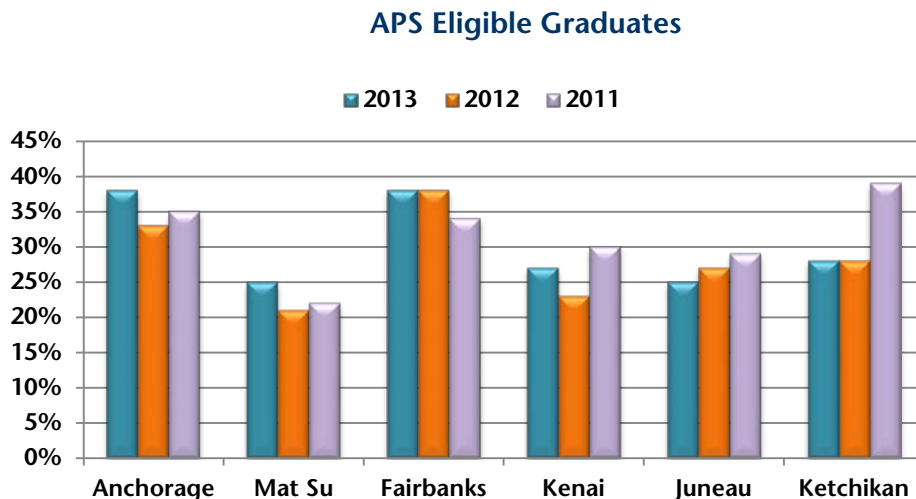
Juneau's opportunities to attract and retain a strong local workforce include offering residents a high quality of life. In an age when workers are increasingly mobile, many choose where they live based on the availability of

²¹ Alaska Department of Labor and Workforce Development

²² Sheinberg Associates. (2013). Southeast Alaska by the Numbers 2013. Juneau, AK: Southeast Conference.

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.

Juneau’s ability to meet its vocational and professional workforce needs is linked to the quality of its educational system. The Alaska Performance Scholarship (APS) is now in its third year of providing scholarships to recent high school graduates who meet the academic requirements and pursue qualifying postsecondary degrees or certificates within the state. The economic value of the awarding of undergraduate college degrees in Alaska was estimated at more than \$42 million in additional economic value created in 2009-10 (State Higher Education Executive Officers Association)²³. This scholarship encourages rigor in that to be eligible students must meet specific GPA, test score, and take a higher number of academic core classes than is required to graduate. The percent of APS eligible students from the six largest school districts in Alaska shows that the Juneau School District has room for improvement. The rigor of the education system is also important to attract and retain families that place a high value on education.



Sources: 2014, 2013, 2012 Alaska Performance Scholarship Outcomes Reports. Alaska CPE, DEED, DOLWD, and UA.

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.

²³ *The Economic Benefit of Postsecondary Degrees*, State Higher Education Executive Officers Association, December 2012.

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 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.

Attract and Prepare the Next Generation Workforce Objectives and Actions

Goal: <i>Prepare and attract the professional, technical, skilled, entrepreneurial, and creative labor force that Juneau's diverse employers, businesses, and non-profits need.</i>	
Objective 1. Develop a better understanding of the professional, technical, and other workforce needs of Juneau's key employers, especially state government.	
Action 1-A	Develop a "Top Jobs" list for Juneau, which identifies and prioritizes key recruiting and training needs.
Action 1-B	Prepare a Juneau State worker position profile. Identify crucial State workforce needs and track/anticipate potential changes in State employment in Juneau.
Objective 2. Increase availability of child care year round, with an emphasis on Kindergarten readiness.	
Action 2-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 2-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 2-C	Utilize the 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 2-D	Support and expand after school and summer child care options that are compatible with working parent schedules.
Action 2-E	Collaborate with child care and pre-K education providers to secure affordable and appropriate space for pre-K programs.
Action 2-F	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.
Action 2-G	Complete an ordinance and zoning code review to ensure the codes allow for appropriate development of child care facilities.
<i>Continued on next page.</i>	

Attract and Prepare the Next Generation Workforce: Objectives and Actions (continued)

Objective 3. Prioritize an education system that prepares youth to participate successfully in the Juneau workforce, in vocational and professional jobs.	
Action 3-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 3-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 in Information Technology. .
Action 3-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 3-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 4-A	Provide resources necessary for the CBJ Parks and Recreation Department to develop and maintain amenities and activities that contribute to quality of life in the community.
Action 4-B	Actively 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 outdoor recreation area.
Objective 5. Take steps to convert the non-resident workforce to a resident workforce.	
Action 5-A	<p>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:</p> <ul style="list-style-type: none"> • <i>Mining sector: miners, extraction workers, drillers, machine operators, heavy equipment mechanics.</i> • <i>Maritime industry: ship engineers, sailors, marine oilers, captains, mates, pilots of water vessels.</i> • <i>Construction sector: construction laborers.</i> • <i>Tourism Sector: retail salespeople, bus drivers, servers.</i>
Objective 6: Develop the infrastructure needed to support innovation and entrepreneurship.	
Action 6-A	<p>Ensure that Juneau residents have access to fast, competitively priced internet service. This is particularly important for businesses and research requiring large amounts of data.</p> <ul style="list-style-type: none"> • <i>Interview providers and identify Juneau's maximum, average, and minimum internet download and upload speeds and costs.</i> • <i>Identify geographic, hardware, and other factors affecting speed and capacity constraints.</i> • <i>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.</i> • <i>Develop an action plan based on data and analysis above.</i>
<i>Continued on next page.</i>	

Attract and Prepare the Next Generation Workforce: Objectives and Actions (continued)

Action 6-B	Facilitate 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 7-A	Support competitions, such as the Path to Prosperity, that develop sustainable businesses.
Action 7-B	Continue to fund and support an annual Innovation Summit to encourage professional connections and advances within Juneau's key sectors.
Action 7-C	Support development of a Makerspace where designers, artists and engineers can share tools, resources and ideas, and attend classes.
Action 7-D	Continue to support entrepreneurship opportunities in Juneau through small business counseling, planning support, site selection, and permitting review.
Action 7-E	Develop networking events for entrepreneurs.
Objective 8. Enhance access to unconventional and venture capital.	
Action 8-A	Support SBA, JEDC, Haa Aani, and other support/programs, including financing for higher-risk or innovative businesses.
Action 8-B	Publicize venture capital sources that loan in Alaska.
Action 8-C	Provide training on the effective use of Peer-to-Peer lending platforms.

Selection Criteria Review: Attract and Prepare the Next Generation Workforce

This table describes how each initiative will benefit Juneau economically. Benefits are described within the framework of the 10 criteria used to help select priority objectives and action items for the plan.

Factors	Criteria
Job creation or retention	This is less about job creation than about preparing workers to fill jobs already-established or anticipated jobs in growing sectors. To the extent that actions related to this initiative attract location neutral entrepreneurs it would have job creation benefits. Further, filling a job now held by a non-resident is about as good as creating a new job.
Community economic resiliency	Education and resiliency (capacity to adapt) are closely tied. Some of this initiative is about making sure we have the people to fill state jobs and other local jobs left vacant by the retiring baby-boomers. But other aspects of the initiative are about innovation and entrepreneurship which can add to a more diversified economy.
Investment leverage	Local investment in this initiative has potential to leverage state and federal funds for training and education. One key objective is specifically aimed at leveraging, by enhancing access to venture capital
Distribution of economic benefits	Very wide distributional benefits, as all segments of Juneau's population could benefit from education and training that specifically focuses on the needs of local employers.
Direct or indirect wealth creation	Mainly indirect, however, new wealth creation associated with transferring non-resident wages to resident wages. Also new wealth creation associated with attracting location neutral entrepreneurs.
Foundational benefits	Good foundational benefits. This initiative would support several other initiatives, such Capital Economy, Senior Economy, Research, and Build on Strengths.
Multiplier effects	No direct multiplier effects, other than those associated with associated with new wealth spurred by innovation and entrepreneurship.
Expenditure and revenue impacts	Difficult to broadly predict any direct return of CBJ investment in actions related to the initiative.
Community support	Lack of needed workforce noted as a barrier by more than 70 percent of businesses responding to the survey. Support for quality education system in Juneau frequently noted in public engagement process. Need for better child care opportunities is widely recognized.
Leadership	UAS, the School District, CCTHITA are all potential sources of leadership.

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:

Science and Research Facilities in Juneau	
<ul style="list-style-type: none"> • NOAA Ted Stevens Marine Research Institute 	<ul style="list-style-type: none"> • National Weather Service, Juneau Forecast Office
<ul style="list-style-type: none"> • NOAA Auke Bay Laboratory (currently leased to the US Coast Guard for five years) 	<ul style="list-style-type: none"> • University of Fairbanks (UAF) School of Fisheries and Ocean Sciences, Lena Point Fisheries Facility
<ul style="list-style-type: none"> • Pacific Northwest Research Station, Juneau Forestry Sciences Laboratory 	<ul style="list-style-type: none"> • University of Alaska Southeast (UAS) Alaska Coastal Rainforest Center
<ul style="list-style-type: none"> • National Park Service Indian Point Marine Facilities/Field Office 	<ul style="list-style-type: none"> • UAS Spatial Ecosystem Analysis Lab
<ul style="list-style-type: none"> • Juneau Icefield Research Program (JIRP)/Field Station 	<ul style="list-style-type: none"> • 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
<ul style="list-style-type: none"> • Héén Latinee 25,000 acre Experimental Forest 	<ul style="list-style-type: none"> • 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	Total Labor Costs in Budget (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%

Source: Interviews conducted by CBJ Mayors Review Task Force on basing NOAA Fisheries & Oceanographic Functions in Alaska.

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 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, a "catalytic" series of job and economic possibilities are coming together in Juneau now as businesses, scientists, researchers, JEDC, agencies, and others explore opportunities related to Juneau's renewable energy resources. Opportunities and ideas at play in our developing "Energy Innovation District" now include:

- As part of a Mendenhall Glacier Visitor Center master plan update (over 450,000 visitors in FY 13), the USFS is 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 proposes to take this idea farther by coupling this need, applied research, Juneau's abundant renewable energy, business development, and education. For example, a 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 a place where electric tour buses recharge, and would generate renewable energy. It could be a part of a larger climate change education program to connect visitors to the tangible effects of climate change. The RBE Park would connect research to industry with goals to promote development of innovative solutions in electric transportation, cooperatively solve problems of commercial implementation and community adoption, showcase and educate visitors from around the world about electric transportation possibilities, and decrease vehicle use costs 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. If Juneau could convert 25 percent of the 21,748 registered vehicles (5,437) in town to electric zero emission cars – to help meet the Juneau Climate Action Plan goals - it would result in an economic savings to the community (money available to recirculate in other ways) of around \$5.5 million per year.
- Businesses are pursuing construction of an electric catamaran, introduction of electric tours buses, electric bikes, and more.
- In 2015 businesses and utilities in Juneau have applied to attend an eLab Accelerator: A bootcamp for electricity Innovation.
- Electric vehicle charging stations are being installed around Juneau.
- Proposals are out to use cruise ship passenger tax funds to provide loans to assist Juneau's many tourist coaches convert from diesel to electric fuel.

This "package" of ideas, business development, and possibilities above is an example of the economic and social opportunities that can be created when space is created for Juneau researchers, scientists, and businesses to collaborate.

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.

Recognize and Expand Juneau's Position as a Research Center: Objectives and Actions

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 between 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 1-A	Pursue formal recognition of Juneau as a Center for Research Excellence by the State Committee on Research and others.
Action 1-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 designation.
Action 1-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 regarding research activities in Juneau.
Action 1-D	Market Juneau's icefield-to-marine ecosystem, including existing research facilities and capabilities, and current basic and applied research work. Focus specific marketing to three targets: research funders and academia, prospective college students, and locally to raise community awareness and pride. "Localize" some materials, for example show residents how federal and state research impacts fish stocks, etc.
Action 1-E	Capitalize on interactions between activity related to 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. Develop a 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.

Objective 2. Locate Alaska fisheries science and management jobs in Juneau.

Action 2-A	Develop clear targets, concise justification, and a course of action. Also coordinate commitments to this objective by our congressional delegation, Governor, University, Juneau leaders, and lobbyists at each level to pursue course of action, including specific encouragement of US Department of Commerce to refill AFSC jobs in Juneau.
Action 2-B	Review and support the ADOLWD "Fisheries Workforce Initiative".
Action 2-C	Identify goals for numbers of new hires, divisions, types of duty-based jobs, and other specific targets. Consider pursuing a research vessel based in Juneau (a compliment to the growing Coast Guard mariner and maritime presence here).

Continued on next page.

Recognize and Expand Juneau's Position as a Research Center: Objectives and Actions (continued)

Objective 3. Better connect Juneau's scientists and researchers with business and industry. Conduct applied research to benefit local business' ability to compete and expand.	
Action 3-A	Connect entrepreneurs with available and underutilized business-oriented R&D funding, including NSF and NIH grants. Host a seminar for small businesses on how to apply for these grants.
Action 3-B	Work together to realize the applied research and economic opportunities a Juneau Electric Transportation Research, Business, Education and Transit Park could bring.
Action 3-C	Seek opportunities to solicit input from industry on applied research needs and ideas, including in areas of fish oil research for food and pharmaceuticals, resource business management (mining, fishing, forestry) certificate programs, and use of the ferry system for marine experience (Avtec graduates).
Action 3-D	Support opportunities for "cross-fertilization" among businesses, scientists, and researchers, such as the Innovation Summits and winter Friday evening firesides at Mendenhall Visitor Center, etc. These events spur innovation and entrepreneurship.
Action 3-E	Identify sources for seed funding in Southeast Alaska in order to support initial research or data gathering in preparation for larger grants.

Selection Criteria Review: Expand Juneau's Position as a Research Center

This table describes how each initiative will benefit Juneau economically. Benefits are described within the framework of the 10 criteria used to help select priority objectives and action items for the plan.

Factors	Criteria
Job creation or retention	Purpose of the initiative is to attract new jobs to Juneau.
Community economic resiliency	To the extent that research jobs outside of state and federal government are created, this initiative could enhance resiliency by reducing the community's economic dependence of government.
Investment leverage	Unclear investment leverage potential, however any local spending in support of this initiative would be for the purpose of attracting state, federal and private sector payroll dollars.
Distribution of economic benefits	Benefits would be somewhat narrowly distributed within segment of the government and education sectors.
Direct or indirect wealth creation	New research-orient jobs would be wealth creators.
Foundational benefits	Potential to support development of the seafood processing sector through research-driven product development.
Multiplier effects	New research jobs would typically be relatively high-paying jobs, with attendant high induced economic impacts.
Expenditure and revenue impacts	Not likely to have direct revenue benefits to CBJ.
Community support	Part of this initiative involves building community recognition of and support for building Juneau's role as a center for research. Though not explicitly measured, it is evident that the mayor's effort to pull NOAA fisheries-related jobs to Juneau is widely supported.
Leadership	The Mayor's Review Task Force on NOAA, JEDC and Research Cluster Group, UAS all positioned to provide leadership.

Initiative: Build on Our Strengths

Introduction

This initiative is about building on Juneau's competitive advantages, which include 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 accounts for 2,750 jobs, representing 13 percent of all employment in Juneau. Visitor industry-related labor income totals \$95 million. 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 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. 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, an increase of over 50 percent versus 2010. The value of seafood landed in Juneau averages about \$50 million annually.
- **Mining:** 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, the art sector was estimated to account for the equivalent of over 1,000 jobs. Many arts resources, such as Perseverance Theatre and the new Walter Sobeloff Center, are nationally significant. Juneau's well-established arts scene sets the community apart and generates significant direct and indirect economic activity.

Potential Threats/Opportunities

Opportunities for Juneau to better capitalize on its competitive advantages lie, in part, in the community's access to natural resources. While outside goods might be more expensive, Juneau benefits from access to precious metals, seafood, and scenic amenities. Juneau may also take advantage of certain other assets and opportunities, as described below.

Seafood: Juneau's proximity to seafood resources is clearly a natural advantage for the local economy. Commercial harvests and seafood processing activity fuel income, employment, and wages (subsistence harvest, sport harvest, and charter fishing also contribute to the economy). 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 meet the service needs of the commercial fishing fleet (as well as owners of larger boats). Juneau lacks vessel lifting capacity and uplands space to stage boats for maintenance and repair work, infrastructure that, better developed, would present an economic development opportunity for Juneau.

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.

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 Theatre 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. In 2011, the CBJs AJ Mine Advisory Committee produced a report with various recommendations regarding the conditions under which AJ might be redeveloped.²⁴ 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. Juneau is in a very unique position in its ownership of this asset. As owner of the property, the community is in a position to dictate the terms of development and operation so that community interests are fully protected and maximized (this is important given the contentious nature of an early attempt to reopen the AJ mine). 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 do not currently support profitable mine development and operations, knowing at what price it would be profitable 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.²⁵ 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, including ANSCA corporations, Juneau Community Foundation, and others control tens of millions in invested assets. All told, Juneau is home to organizations that control nearly \$100 billion in assets.

²⁴ AJ Mine Advisory Committee Report to the City and Borough Assembly, May 2, 2011.

²⁵ Source: www.grandeportage.com

It is unclear if Juneau could ever serve as a center around which an “investment finance” cluster might form. Juneau lacks advanced-level communications infrastructure, is 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 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.

Walla Walla, Washington – Industry Cluster Case Study

Walla Walla, Washington experienced an economic sea change in the late 90’s and early 2000’s, with rapid growth in local vineyards and wineries. Community leaders identified an opportunity to leverage the momentum of the wine industry through a targeted, community-wide focus on wine and wine-related research, workforce training, and business recruitment. A partnership between the Port Authority, Walla Walla Community College, and several private business owners was granted designation by the WA State Department of Commerce as an Innovation Partnership Zone (IPZ). The IPZ program encourages communities to build capacity for economic development through coalitions of private industry, government agencies, and research institutions.

The Walla Walla Wine cluster IPZ’s mission is to enhance innovation and economic vitality in the Walla Walla Valley by further developing the wine industry, including related work in water conservation, agriculture systems, and hospitality. The IPZ identified three economic development strategies: Talent (developed through workforce training), Investment (supporting research, innovation, and technological development) and Infrastructure (construction of supportive capital projects). Piggybacking off of the industry cluster concept, the IPZ team encouraged private research firms to co-locate within the Community College campus, an arrangement that has spurred innovation and supported workforce development. The City also invested in public infrastructure needed by the wine industry, installing internet fiber optic cable to remote wineries to support online sales.

An assessment of the cluster’s first five years found the industry, and its ancillary sectors, stronger than ever. The assessment found that IPZ appeared to have an accelerating effect on the industry, increasing annual job growth by 66 percent. Furthermore, the strength of the industry allowed the region to weather recession better than the state as a whole, with new jobs while the economy in Washington State shrank.

While the success of the region’s wine industry is not only a result of the IPZ, the partnership has allowed the community to coordinate efforts and magnify the multiplier effect of the industry. Dr. Nick Veluzzi, the Director of Planning and Assessment at Walla Walla Community College, suggests the key to the IPZ’s success is the industry and public agencies working together towards a unified purpose. “The real mission of the IPZ,” he reasons, “is to improve the community for the people that live here. If you let them, politics and competition will drag down the region. You have to make it a priority to work together.”

See Appendix B - Case Studies, for more information.

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.

Build on Our Strengths: Objectives and Actions

<i>Goal: Build on our strengths to expand business opportunities where we have natural/competitive advantages.</i>	
Objective 1: Increase independent visitor travel to Juneau.	
Action 1-A	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 the Yukon; fall, winter, and spring conferences and conventions.
Action 1-B	Support Eaglecrest and other winter activity providers in efforts to attract regional and other visitors during the winter sports season.
Action 1-C	Support transportation systems that provide better access from the ferry terminal to commercial centers for residents of outlying communities.
Action 1-D	Work with the USFS to improve facilities at the 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 and services.	
Action 2-A	Work with the seafood industry to identify additional value-added opportunities and light manufacturing enterprises.
Action 2-B	Increase the amount of commercial fish by-product utilization and simultaneously reduce waste streams.
Action 2-C	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.
Action 2-D	Work to increase capacity to move fresh fish out via airfreight. Work with air carriers to provide regular service with guaranteed space for fish.
Action 2-E	Assist local processors in increasing utilization of fish. Learn from other countries, such as Iceland, which are near 100 percent utilization.
Objective 3: Build Juneau's role as a regional arts and culture hub.	
Action 3-A	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.
Action 3-B	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.
Action 3-C	Become a recognized center/hub for Northwest Coast and other arts by hosting cultural events, festivals, and workshops.
<i>Continued on next page.</i>	

Build on Our Strengths: Objectives and Actions (continued)

Action 3-D	<p>Build the connection between Juneau’s growing role as a center for NWC arts and Southeast Alaska’s independent visitor market.</p> <ul style="list-style-type: none"> • <i>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.</i> • <i>Enhance connectivity between Juneau’s art venues and assets, through signage, transportation services, transportation assistance, etc.</i> • <i>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.</i>
Objective 4: Enhance mining’s role in Juneau’s economy.	
Action 4-A	Determine financial feasibility and gold price thresholds required for profitable development and operation the AJ Mine. After that consider if and when it might be in the best interest of the community to develop the mine.
Action 4-B	Identify ways the mines can support and grow local business opportunity through their purchase and employment practices (support JEDC’s work in this area).
Action 4-C	Assist in transitioning more of the mining industry’s workforce to become residents (working closely with efforts related to the housing initiative).
Action 4-D	Identify what other amenities/issues aside from housing, such as child care, should be addressed to induce more mine families to live in Juneau.
Objective 5: Leverage Juneau’s role as a financial asset hub.	
Action 5-A	Research ways to draw to Juneau more of expertise engaged in managing the \$100 billion in financial assets under State of Alaska control.

Selection Criteria Review: Build on Our Strengths

This table describes how each initiative will benefit Juneau economically. Benefits are described within the framework of the 10 criteria used to help select priority objectives and action items for the plan.

Factors	Criteria
Job creation or retention	Job and wealth creation are at the heart of this initiative. In general, all actions serve to add new and sustainable jobs to Juneau's economy. Visitor industry, mining, seafood, arts/culture are all sectors characterized by high labor intensity.
Community economic resiliency	Building these sectors (visitor industry, mining, seafood, and arts/culture) is central to Juneau's effort to build a more diversified (less dependence on state government) and more resilient economy.
Investment leverage	CBJ investment in support infrastructure, marketing, planning, etc. would only be with the intent of stimulating private sector investment. The potential for and magnitude of that investment varies from industry to industry.
Distribution of economic benefits	The benefits associated with this initiative are somewhat "siloed" within each industry. The community-wide benefits from the various Build on Strengths initiatives are linked with the local tax generation, which is especially significant for mining and tourism.
Direct or indirect wealth creation	This initiative and its various components are entirely about wealth generation - taking advantage of Juneau's natural advantages to do so. As such, this initiative (or key aspects of it) must have a place in Juneau's economic development planning efforts.
Foundational benefits	This initiative includes a set of generally unrelated industry-specific objectives and actions. None are individually central to economic development, but rather together represent an effort to leverage natural averages to diversify the economy.
Multiplier effects	Multiplier effects vary industry to industry, but in general this initiative's focus on drawing new wealth (jobs and income) to Juneau's economy implicitly includes a range of important multiplier effects that produce benefits across Juneau's service and supply sector, as well as support essential local government services through sales and property revenues.
Expenditure and revenue impacts	Additional ED planning work is needed to better understand how best for the CBJ to invest, beyond that already invested through JCVB and JEDC. Substantial sales and property tax revenue benefits are possible. For example, visitors to Juneau account for an average of \$20 each in total CBJ revenues, significantly more than the cost of local services provided to each visitor.
Community support	It is difficult to generalize about community support for this initiative, but survey research found that only small minorities of the population believe that economic development related to Juneau's key private sector basic industries (tourism, mining, seafood) is not important. Mines are the largest property tax payers in Juneau, by a wide margin.
Leadership	Generally, good leadership is in place for the various components of this initiative. JCVB leads in independent visitor market development. The CBJ Fisheries Development Committee leads on fisheries-related work. JAHG and SHI are leaders in arts and culture. There is no in-place leadership on the "financial assets" component. JEDC leads on various wealth generating initiatives.

Initiative: Protect and Enhance 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 a 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 of potential jobs lost in Juneau at about 2,900 jobs, about two-thirds of all state employment in the community. 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-related 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. Eighty-two 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 rating this strategy as very important). Forty-four 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. Eighty-one 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 (the second highest rated strategy was at 22 percent). Two-thirds (63 percent) of businesses rank preserving Juneau's role as Capital as either the first or second most important economic development strategy for the community. This initiative also addresses branding and targeted marketing of Juneau. Forty-six percent of businesses participating in the JEP Business Survey rated it very important that Juneau actively promote itself to attract new residents, and another 35 percent rated this as somewhat important.

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 control over the flow of state revenues and how those dollars are spent. To the extent the trend in declining revenues persist, 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.

Protect and Enhance Juneau's Role as Capital City: Objectives and Actions

<i>Goal: Maintain state government employment and real wages in Juneau and "brand" Juneau as a great Capital City.</i>	
Objective 1. Make Juneau the best possible Capital City.	
Action 1-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 1-B	Incorporate Capital/Legislature-related needs and priorities into downtown revitalization efforts, especially around housing, parking, and business services, etc.
Action 1-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 1-D	Continue to provide financial support to the Alaska Committee. Also consider best uses of Capital Foundation funds to achieve this objective.
Action 1-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 2-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 2-B	Prepare a state government workforce development plan to fill anticipated gaps left by retiring workers. Coordinate this plan with the Housing Development and Next Generation Workforce initiative in this plan.
Action 2-C	Monitor and support efforts to make state government wages and benefits attractive and competitive.
Objective 3. Maintain an on-going program to track state job transfers and new position creation.	
Action 3-A	With the assistance of the Alaska Department of Administration, Division of Personnel, track movement of state jobs out of and into Juneau.
Action 3-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 3-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 4-A	Enhance and coordinate current Juneau branding efforts by JCVB, JEDC ("Choose Juneau"), JAHG, Juneau Chamber of Commerce, UAS and others to develop an overarching highly web-visible brand for the community. Focus brand on Juneau as Alaska's Capital, a Center for Science and Research, a vibrant arts and culture destination, and a place with diverse recreational assets and opportunities.
Action 4-B	Lead or participate in branding effort to create a regional identity, with focus on the arts, fisheries, and other regional strengths/assets.

Selection Criteria Review: Preserve and Enhance Juneau's Role as Capital City

This table describes how each initiative will benefit Juneau economically. Benefits are described within the framework of the 10 criteria used to help select priority objectives and action items for the plan.

Factors	Criteria
Job creation or retention	The initiative is primarily about preserving the critically important role of state government in Juneau's economy. This is especially important during periods of declining oil revenues.
Community economic resiliency	This initiative is about building resiliency in Juneau's role as Capital City. State government employment and state spending are an at-risk segment of the economy. Strengthening other areas of Juneau's economy will provide resilience to state government-related risk.
Investment leverage	Local investment in Capital-related improvements might be matched by state funds. Some possibility of follow-on private sector investment (in office space, for example).
Distribution of economic benefits	To the extent that Juneau's role as Capital City underpins Juneau's economy, success in this initiative has broad-based economic benefits, for state workers and all the business that provide goods and services to state government and its Juneau employees.
Direct or indirect wealth creation	This initiative is primarily about wealth preservation during a period of downward pressure on state spending. Longer-term, it is about ensuring an enduring role for Juneau as state Capital.
Foundational benefits	While the health of the overall economy is hinged on this initiative, the success of other initiatives is not directly dependent.
Multiplier effects	State government has a high multiplier effect in Juneau from relatively high wages and local spending in support of state operations. Loss of those jobs and spending would have an equally high multiplier consequence.
Expenditure and revenue impacts	Current investment in Alaska Committee and related activity is approximately \$300,000 annually. No direct revenue returns to CBJ.
Community support	Community support: This initiative is clearly recognized as a top economic development priority by households, the business community, and political leadership.
Leadership	Leadership: Strong and engaged leadership, including the CBJ Assembly (as a funding source) and Alaska Committee.

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. In 2014, 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 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 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 work to address issues regarding routine maintenance and beautification downtown. The DIG has organized downtown clean ups, improving downtown and attracting attention to downtown issues at the same time. In addition, JEDC'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.

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 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.

Revenue: Downtown Juneau, especially the Historic District, generates the highest property tax return per acre in the city. Municipal actions that support and encourage private sector development and redevelopment in downtown, and that lease or sell public land to the private sector, will generate the highest rate of property tax revenue for the CBJ (see Appendix A-Juneau Land Consumption, Land Use, and Municipal Revenue).

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.

McMinnaville, Oregon – Investing in Downtown Case Study

McMinnaville, 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 McMinnaville 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, McMinnaville 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 McMinnaville 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.

Revitalize Downtown: Objectives and Actions

<i>Goal: Revitalize Downtown, building the link between economic vitality and livable, mixed-use neighborhoods.</i>	
Objective 1. Develop and implement a CBJ downtown improvement strategy.	
Action 1-A	Begin downtown neighborhood and business plan process by August 2015. Include a funding commitment, identification of project partners, and project scope. Take into account Willoughby District planning and the waterfront in the plan.
Action 1-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.
Action 1-C	Identify and apply for grant funding to supplement downtown planning.
Objective 2. Establish and maintain a safe, clean, attractive city center.	
Action 2-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.
Action 2-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 2-C	Establish a CBJ facade improvement loan program to stimulate investment in downtown properties.
Action 2-D	Activate vacant storefronts and blank walls.
Action 2-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 2-F	Arrange for 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 4-A	Establish a new downtown parking management system and continue collecting parking data downtown.
Action 4-B	Continue transit service in downtown that allows access to the core commercial district.

Selection Criteria Review: Revitalize Downtown

This table describes how each initiative will benefit Juneau economically. Benefits are described within the framework of the 10 criteria used to help select priority objectives and action items for the plan.

Factors	Criteria
Job creation or retention	This initiative has no direct job creation benefits, but could act to stimulate investment in the downtown area (with attendant job creation) that would not otherwise occur.
Community economic resiliency	To the extent that a more vibrant, cleaner, safer city center enhances Juneau's role as Capital City, this initiative builds community economic resiliency.
Investment leverage	Significant opportunity exists to strategically invest public funds in downtown improvements to leverage private sector investment in commercial, residential, and mixed use space.
Distribution of economic benefits	Potential benefits may mainly flow to commercial and residential property owners related to increases in downtown property values. Sales may increase in downtown businesses as improvements draw more customers.
Direct or indirect wealth creation	Indirect only. There is some potential for induced visitor spending that might not otherwise occur.
Foundational benefits	This initiative indirectly supports visitor industry development by making downtown Juneau a more appealing place to visit (and spend money). There are also cross-over benefits with the housing initiative, which promotes downtown housing development.
Multiplier effects	No direct multiplier effects (except that associated with construction-related spending), as downtown improvements will not be a significant direct wealth generator.
Expenditure and revenue impacts	High potential for increasing property values and property tax revenues. Major CBJ investments would require careful consideration of the return on investment, either through property purchase and resale or through overall increases in tax revenues.
Community support	This initiative has strong support from the downtown business community.
Leadership	Good organizational energy and leadership is in place with Downtown Business Association and Downtown Improvement Group.

Initiative: Promote Housing Affordability and Availability

Introduction

Juneau's housing supply does not meet 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 loss²⁶. 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 analyses have suggested that, "All else being equal, high housing prices, particularly for single-family homes, drive people with young children away²⁷."

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

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 of this social issue on 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

²⁶ 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>.

²⁷ 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.

date) building permits have been issued for 335 dwelling units, which is less than half the projected need.²⁸ 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.²⁹ 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, collectively.
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 there 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 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.
5. 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

²⁸ 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.

²⁹ 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.

breakdown of the type, condition, and assessed value or sale and rent pricing for Juneau's housing stock is needed.

6. A commonly accepted definition of affordability is for a household to spend no more than 30 percent of total household income on housing costs.³⁰ 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.
7. 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).
8. 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.
9. 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.³¹
10. 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.
11. 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.
12. 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.

³⁰ http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/affordablehousing.

³¹ 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.

Juneau Low-Income Housing Units, 2010

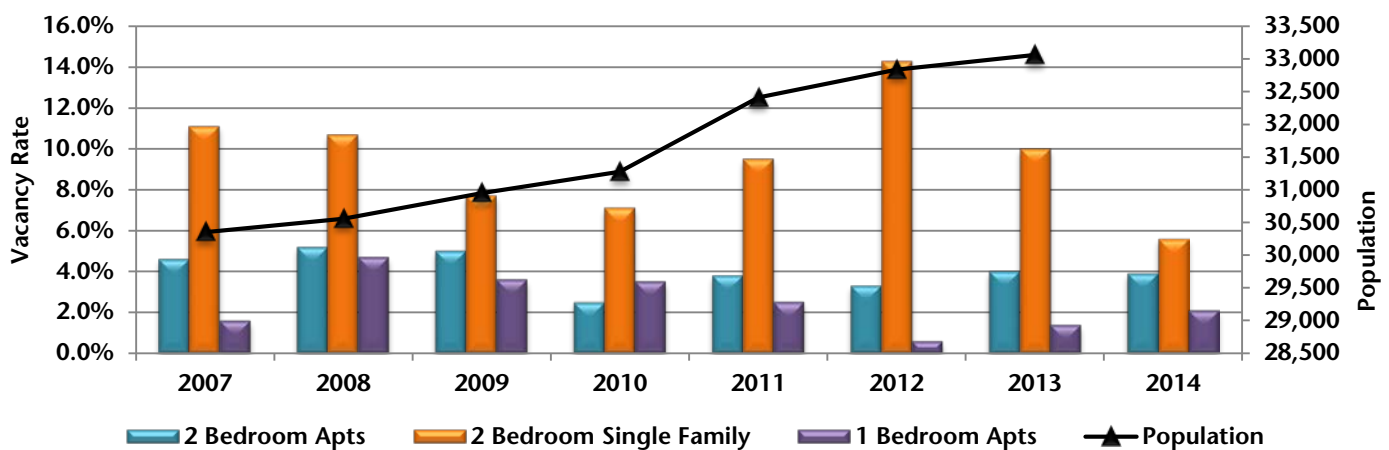
Type	Total # of Units
Low Income Housing Tax Credit Unit	344
AHFC Public Housing Program	207
Section 8 Project Based Contract Program	170
HUD 202 Supportive Housing for the Elderly	24
HUD 811 Supportive Housing for Persons with Disabilities	16
USDA Section 515 Rural Rental Housing Program	39
Housing Choice Vouchers not used in above units	220
Total of Affordable Units (including vouchers)	1,020

Note: When this table was prepared in 2010, Reach Inc. was building 9 HUD 811 units and Juneau Housing Trust had 3 permanently affordable single-family units 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 in Juneau 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.

CBJ Rental Vacancy Rates and Population



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 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.

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. The chronic homeless population also are high-users of public services (hospital, detox services, public safety, and 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 allows seniors to keep contributing professionally and in a volunteer capacity in the community. Juneau is fortunate in that its 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 percent of Juneau's total personal income is now from dividends, interest, and rents, which is often linked to retirement-related investment. Many senior 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 Housing³² in Juneau includes:

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 rent³³.
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 a monthly cost of \$750-\$1,350 (wait list 16, some with income limits); 2) Mountain View Apartments with 67 beds and a typical monthly cost of \$400-\$1000 (wait list 45, income limits), and 3) Smith Hall with 24 beds and a typical monthly cost of \$400-\$1000 (wait list 35-45, income limits).

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.

3. There is one major **Assisted Living** complex in Juneau, the Pioneer Home, with 48 beds; most residents there (85 percent) 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.
4. 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.

³² 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.

³³ 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.

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:

Lands and 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 materials
- Underdeveloped and undeveloped land along the transit corridors, higher densities needed

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

- 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 require more households to move into fair-market units

Other

- 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:

Lands and 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 (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 short-term benefits associated with construction activity, including jobs for construction workers and sales with 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 importantly, 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.

As part of the Land Use and Municipal Revenue analysis completed for this plan (See Appendix A) a comparison was conducted of two 23-27 acre areas on either side of Douglas Highway. Both are higher-density residential D-18 zoning; one has predominately market-rate housing area and the other area has a mix of affordable and market rate housing. The analysis showed that both areas generate almost the same property tax revenue per acre; there was no affordable housing 'penalty' on revenue generation. It is worth noting that there is almost twice the number of dwelling units in the mixed affordable and market rate area (even though the zoning is the same in both). This means that the assessed value and property tax generated per dwelling unit is about half in the mixed affordable-market rate area compared to the market-rate only area; however from a CBJ tax revenue perspective, the areas are bringing in very close to the same municipal revenue per acre.

Promote Housing Affordability and Availability: Objectives and Actions

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 for those earning at or less than area median income, those wanting to purchase first-time affordable homes, special populations downtown, and options for seniors (small dwelling units in walkable areas, mixed-age housing/co-housing, etc.).

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|-------------------|--|
| Action 1-A | Establish goals and specific targets for types of housing and in specific locations (use current housing supply and demand and current and projected demographics). |
| Action 1-B | Prepare an up-to-date inventory of current housing programs, vacancy rates, and financing. |
| Action 1-C | Review and analyze reasons behind Juneau's housing shortage. |
| Action 1-D | <p>Systematically identify and evaluate tried and true and newer tools to address housing gaps.</p> <ul style="list-style-type: none"> • <i>Discuss and vet options to identify tools that will be most effective and acceptable to the CBJ to fill gaps. Discuss and vet with elected officials, public, and stakeholders.</i> • <i>Identify our housing 'strategic interventions', sources of funding, and list who-what-when-and how.</i> • <i>Poise the CBJ for success by soliciting "champions" committed to leading the effort.</i> • <i>Identify metrics to measure progress.</i> • <i>Identify who will collect data and identify periodic assessment of progress.</i> |

Objective 2. Provide Assembly leadership and JEDC and CBJ staff time and support to develop assisted living facilities in Juneau.

- | | |
|-------------------|---|
| Action 2-A | Provide active CBJ leadership and support for facility development. |
| Action 2-B | Support efforts to market the Senior Housing+Services study results and attract assisted living developers to Juneau. |
| Action 2-C | Assign CBJ staff to usher assisted living facility project(s) through review and approval processes. |

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

- | | |
|-------------------|---|
| Action 3-A | Target 1-3 sectors and interview respective employers, business owners, and employees to identify factors causing employees to choose to live outside Juneau. |
| Action 3-B | Discuss results with builders, the affordable housing commission, Assembly, and others as appropriate to determine which (if any) issues identified merit CBJ action. |

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

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|-------------------|--|
| Action 4-A | Include these types of housing in the Housing Action Plan. |
| Action 4-B | Support the development of Housing First for the known gap and most expensive users of public resources. |
| Action 4-C | Encourage local government (Juneau Affordable Housing Fund, Community Development Block Grant, etc.) and community resources (local donations, Juneau Community Foundation) to contribute to development of housing for the homeless, low-income, and special needs populations. |

Selection Criteria Review: Promote Housing Affordability and Availability

This table describes how each initiative will benefit Juneau economically. Benefits are described within the framework of the 10 criteria used to help select priority objectives and action items for the plan.

Factors	Criteria
Job creation or retention	Primarily indirect. Temporary jobs created by construction activity. More affordable housing makes it easier for employers to attract workers to Juneau.
Community economic resiliency	Lower cost housing makes it easier for people to weather periods of unemployment, makes Juneau more affordable for seniors who might otherwise seek to retire in areas with a lower cost of living.
Investment leverage	Appropriate local government measures can make Juneau a more attractive investment environment for housing developers. A variety of state and federal housing loan programs are available to developers and individuals.
Distribution of economic benefits	Over the long term there are potentially very broad distribution of economic benefits across all household income strata associated with lower-cost housing. Benefits accrue to households (lower cost of living) and to employers (better able to recruit and retain workers).
Direct or indirect wealth creation	No direct wealth creation, except construction-related (one-time) income from outside investment in Juneau housing. Indirect wealth creation through facilitating growth in basic (wealth-generating) industries, but reducing the cost of living in Juneau.
Foundational benefits	Very important foundational benefits. A healthy, affordable housing market supports economic development all across the economy. To a significant degree, the success of most other economic development initiatives are contingent upon the success of the housing initiative.
Multiplier effects	No multiplier effects in the technical sense of the term (except that associated with construction-related spending), as enhancement of Juneau's housing market is not a direct wealth creator.
Expenditure and revenue impacts	To be determined. However, policy and regulation changes need not have high out-of-pocket or staff time costs. Conceptually, CBJ investment in improving Juneau's housing situation will be returned through increased property values and tax revenues.
Community support	Clearly recognized as a top economic development issue by households, businesses and other employers, and political leadership.
Leadership	Strong and engaged leadership, including the CBJ Assembly, CBJ Affordable Housing Commission, CBJ Community Development Department, and others.

Juneau Economic Plan Appendices

Appendix A – Juneau Land Consumption, Land Use, and Municipal Revenue

Appendix B – Case Studies in Small Town Economic Development

Juneau Economic Plan volumes under separate cover

- ❖ JUNEAU ECONOMIC PLAN BASELINE REPORT, JULY 2014
- ❖ JUNEAU ECONOMIC PLAN HOUSEHOLD SURVEY REPORT, JULY 2014
- ❖ JUNEAU ECONOMIC PLAN BUSINESS SURVEY REPORT, AUGUST 2014

Appendix A:

Juneau Land Consumption, Land Use, and Municipal Revenue

Appendix A - Juneau Land Consumption, Land Use, and Municipal Revenue

Introduction and Context

Tighter municipal budgets have emphasized the need to examine municipal expenditures and to maintain a tax base that is able to support the desired services and maintenance. One new tool in use over the last five years that planning professionals and municipal decision-makers are using is to consider how different land use types and the consumption of land effects municipal government revenue.

Traditionally, municipalities look at land development on a per-unit, per-project, or per-parcel basis. This provides an accurate measure of the value, revenue, or expense of a project or parcel, but does not allow measurement of land use patterns that vary in size or scale.

Looking at value on a per acre basis allows a municipality to gauge the relative revenue position of different property types. This allows a value per acre determination as a way to compare the revenue production of real estate patterns. Using value per acre, a municipality can compare how the revenue is being produced to pay for community services. By analyzing property based in its value per acre, we can normalize the value of all land to the acre. This analysis can compare property value in a more comprehensive manner. Several municipalities, realtors, and academics have begun looking at per-acre land use and development patterns this way.

The difference between these two ways to consider land consumption and revenue generation is immediately clear by looking at Juneau's top property tax producers by parcel and by acre (table on next page). Both types of information are important, but traditionally the CBJ has only considered per parcel information, which can lead to very different conclusions when considered without per acre data. Per acre data is particularly important in communities such as Juneau where land is a scarce commodity. Per acre property tax generation data is especially valuable when considering municipal decisions, investments, and estimating Return on Investment (ROI) for projects that effect multiple parcels and acres, such as land zoning and rezoning decisions, and infrastructure like roads, bike paths, and parks.

As more municipalities' land planning and real estate departments conduct this type of analysis, a review shows that results are largely consistent across communities, and show a high correlation between density and property tax revenue per acre. Do not interpret these results however to imply that only development of the most profitable or valuable land uses should be encouraged. Even with the land constraints in Juneau, there is land available to meet the need for all types of residential living, not just higher density. But, this analysis does provide data to:

- Give decision-makers a new way to evaluate alternative zoning and rezoning options, patterns, and decisions.
- Assist the CBJ in estimating the cost of infrastructure investment and the revenue return to the municipality.
- Allow use of estimated tax revenue return to the CBJ as one tool to help prioritize staff and Assembly time.

	Assessed Value per Parcel	Assessed Value Per Acre	Zoning
Juneau's 5 highest value properties on PER PARCEL BASIS			
Fred Meyer	\$18,042,100	\$1,804,200	LC
Mendenhall Mall	\$17,787,200	\$741,100	LC
Foodland Complex	\$16,019,900	\$2,930,400	MU-2
Walmart	\$13,962,300	\$1,396,200	GC
NN GV Safeway	\$13,789,800	\$2,255,300	LC
Juneau's 5 highest value properties on PER ACRE BASIS			
Diamonds International	\$3,357,500	\$32,193,000	WC
People's Wharf /Majestic Gems	\$3,083,200	\$28,292,400	WC
Auke Bay Marina/The Hot Bite	\$1,030,500	\$27,846,500	WC
Tanzanite International	\$1,451,100	\$24,006,800	MU
Effy Jewelers	\$1,538,700	\$23,903,600	WC

Methodology

This Juneau Land Consumption, Land Use, and Municipal Revenue analysis, conducted for the Juneau Economic Plan, would not have been possible without the support of the CBJ Community Development Department (CDD) Geographic Information System (GIS) and analyst Quinn Tracy, and the CBJ Finance Department assessor's data and assessor Robin Potter.

The steps to prepare this report included:

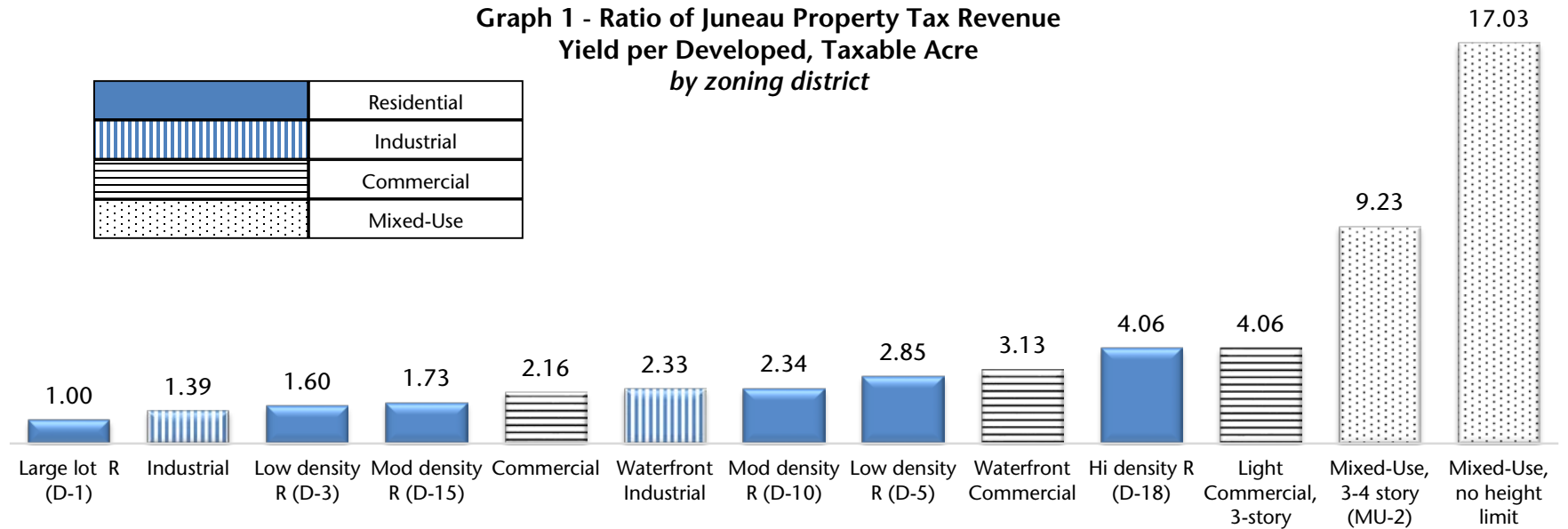
1. The Juneau Economic Plan team reviewed Juneau zoning, parcels, and land use information in order to select 20 areas that represented different types of land use in different parts of town.
2. The CBJ assessor prepared the 2014 tax roll for use, and segregated the desired taxable, improved properties (so no undeveloped land or public land).
3. The CBJ joined the assessor's data and CBJ GIS land use data to complete this query and analysis (this is possible because both datasets use the same parcel identification code).
4. CBJ queries to determine, for each of the 20 selected areas, and for all zoning districts in Juneau:

- a. The number of acres within the selected area or zoning district
 - b. The number of dwelling units for residential areas for the 20 selected areas only
 - c. The total 2014 assessed value within each of the 20 selected areas and for each CBJ zoning district
5. Then, the assessed value was divided by the total acres, and the number of dwelling units divided by acre, to determine assessed value by acre for each of the 20 selected areas, for each CBJ zoning district, and for the 20 selected areas that are residential in nature the effective developed density was identified (to compare with allowed density).
6. The assessed value per acre was divided by the mill rate (real estate tax) of \$10.66 per \$1,000 to estimate property tax revenue generation per acre for each of the 20 selected areas and each zoning district.

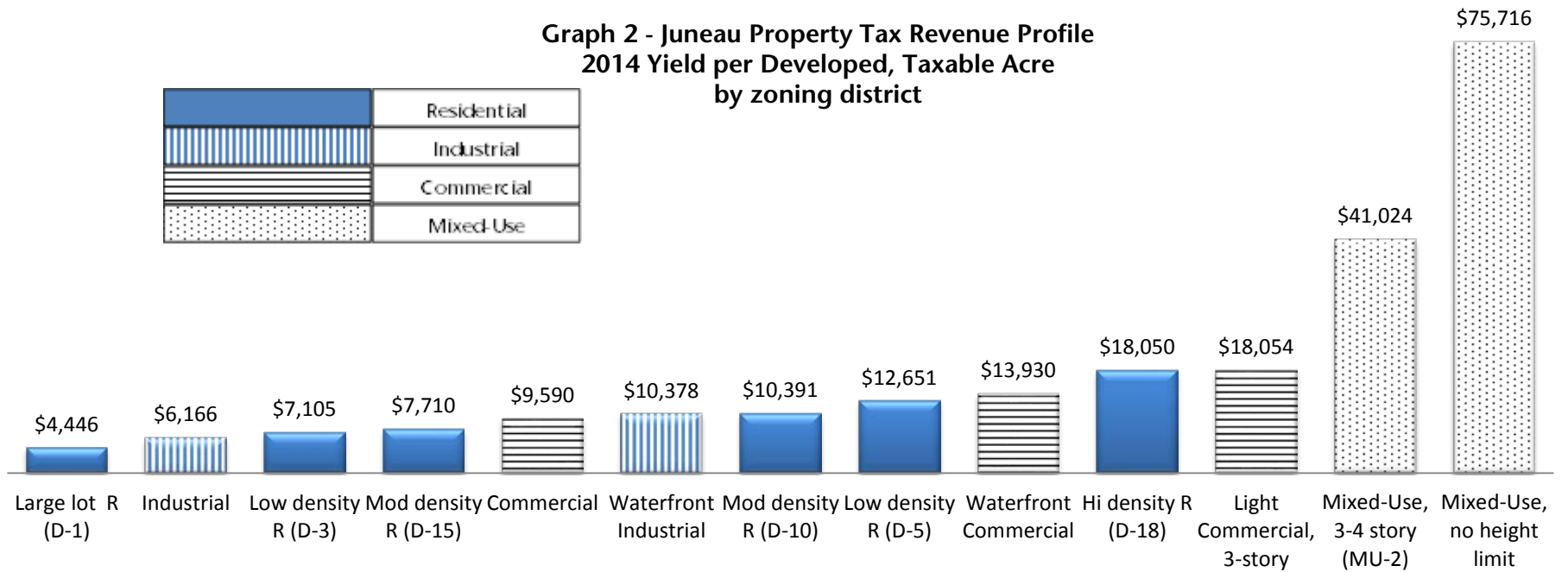
Graphic depiction of the results is on Graphs 1-3, and maps and aerial photos that show each of the 20 selected areas are found at the end of this appendix. The maps, aerials photos, and data compilation, was completed by the CBJ Community Development Department (CDD).

This analysis was a special one-time effort, but as both the CBJ assessor and CDD department staff are aware, many municipalities– including several in Alaska– have linked the assessor and land use databases so that this type of query and analysis can be done on a routine basis by staff. If this data was linked at the CBJ, it could allow data that supports Return on Investment (ROI) analysis to become more regularly available to support CBJ analysis while preparing its biannual operating and capital budgets and when preparing and prioritizing sales tax and bond initiatives.

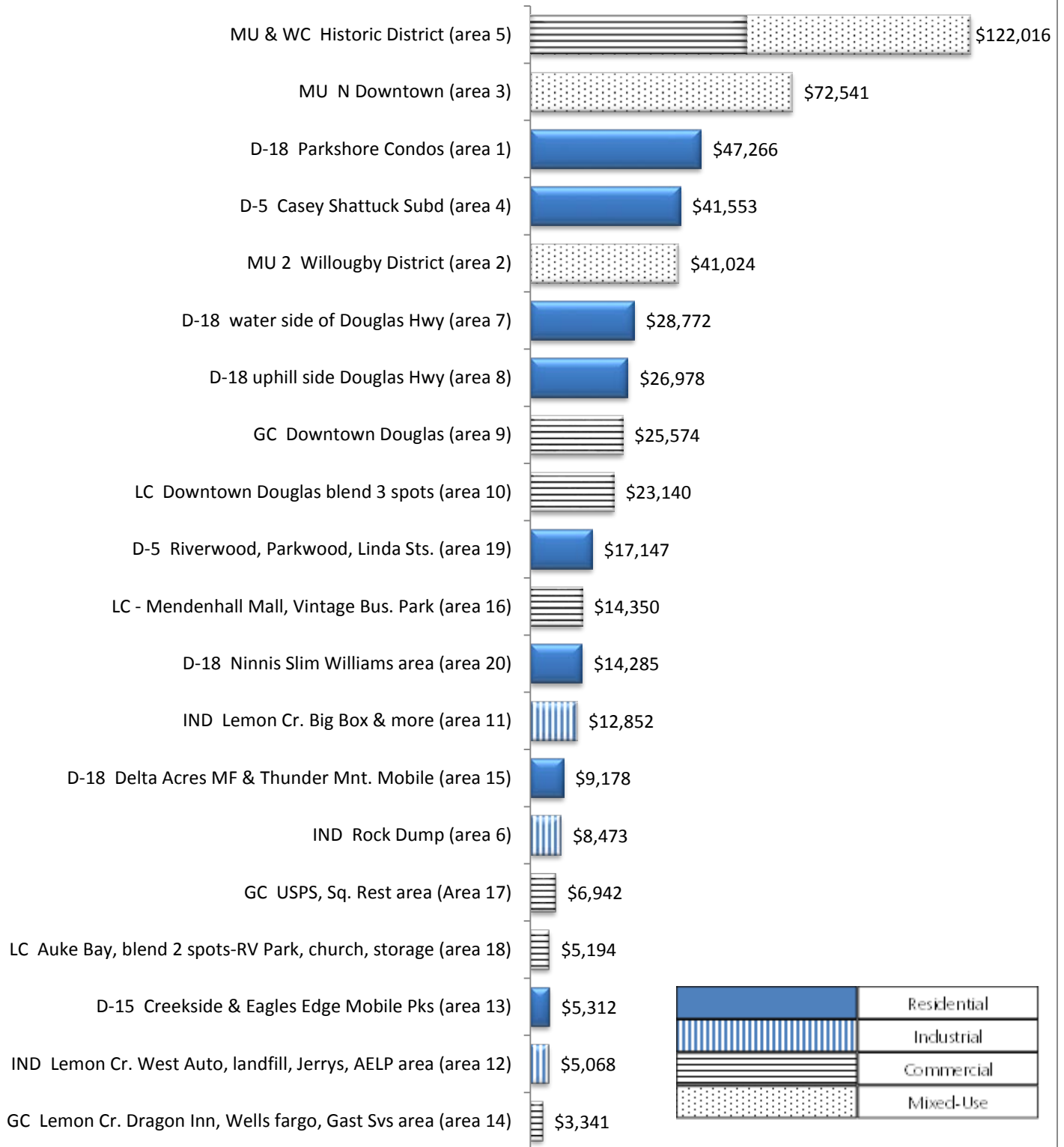
**Graph 1 - Ratio of Juneau Property Tax Revenue
Yield per Developed, Taxable Acre
by zoning district**



**Graph 2 - Juneau Property Tax Revenue Profile
2014 Yield per Developed, Taxable Acre
by zoning district**



Graph 3 - Juneau Property Tax Revenue Profile
2014 Yield per Developed Taxable Acre
by study area (see maps, pages 9-16)



Results

1. Downtown Juneau generates the highest property tax return per acre, especially the Historic District. Municipal actions that support and encourage private sector development and redevelopment downtown, and that lease or sell public land to the private sector, will generate the highest rate of property tax revenue for the CBJ.

- On average, development in Downtown Juneau in the MU zoning district (no height restriction, reduced required parking) generates about \$72,000 per acre, or 17 times more in property tax than the large-lot low-density (D-1) return, and 13 times more per acre than high-density residential (D-18).
- Development in the Historic District generates the highest return in terms of tax base/property tax revenue, at \$122,000 per acre.
- Even residential property downtown seems to have a “downtown bump” in property tax return per acre. The average property tax revenue per acre for developed D-18 zoned high-density property in Juneau is \$18,050 per acre; but in the D-18 Casey-Shattuck subdivision (the Flats) and at the Parkshore Condominiums, the property tax revenue per acre is \$41,553 and \$47,266 respectively (see Tables 2 and 3, and Maps 4 and 1).

When considering the value of the Downtown and the Willoughby District together, it is interesting to think in terms of a portfolio value. Private developed property in Downtown and the Willoughby District is collectively worth \$221 million in private real estate. With a value of this size, Downtown/Willoughby is an asset that arguably should have an active portfolio manager to take care of the area. This could take the form of a local improvement or business improvement district that helps fund a manager, attention from a real estate professional if the CBJ was to hire one, or dedicated staff from JEDC, or other. Also of note is this area’s significant undeveloped public acreage that could generate high return property tax revenue if leased or sold to the private sector.

2. A comparison study was conducted on Douglas Island, a higher-density market-rate housing area and an area with a mix of higher-density affordable and market rate housing. Both generate almost the same property tax revenue per acre; there was no affordable housing ‘penalty’ on revenue generation. Even though the zoning was identical, analysis showed the mixed affordable/market rate area was significantly denser. More examples could be investigated to determine patterns.

- Higher-density D-18 residential zoning, which is predominantly condominiums, apartments, and multi-family market rate and affordable housing, generates the highest tax revenue per acre of any strictly residential zoning, at \$18,050/acre.

- Areas 7 and 8 are both D-18 zoning in Douglas and stretch along Douglas Highway from John Street to H Street, but one area is on the water/downhill side and one area is on the uphill side of Douglas Highway. The waterside has 22 improved acres and 252 dwelling units while the uphill side has 27 improved acres and 664 dwelling units. The uphill side thus has more than twice the actual density, even though both are D-18 zoning (24.8 dwelling units/acre versus 11.3 dwelling units/acre on the waterside). The uphill side also has significantly more affordable housing units than the waterside. **Despite these differences, both areas generate similar property tax revenue per acre (\$27,000/acre uphill and \$29,000 acre/waterside), and generate 50-60 percent more than the average D-18 tax/acre of \$18,050.**

3. Development in Juneau's Light Commercial zoning district produces twice the property tax revenue per acre compared to development in the General Commercial zoning district.

- Given the differences in municipal revenue generation per acre, a better understanding of these two zones and how they are applied to the land is warranted, and perhaps some rezoning is appropriate.
- The reasons for this difference should be analyzed and the factors and patterns identified. Could it be that general commercial uses tend to be larger lot and require more parking, or, could light commercial development actually be more like a kind of "mixed-use-light" district? Both allow three or four story buildings. The reasons for this difference are not clear from the limited number of examples analyzed for this study. Why, for example, is Walmart zoned General Commercial yet similarly positioned Fred Meyer is zoned Light Commercial?

4. Juneau has a wide range in property tax revenue generation per acre from higher-density residential D-18 zoning, and actual developed density does not appear to be a single casual factor.

5. Revenue generation from low-density D-5 residential zoning is higher per acre than for denser D-10 and D-15. This may be due in part to the fact that Juneau's mobile home parks are generally D-15 zoning.

6. Is the highest and best return from waterfront commercial property being captured by the CBJ, a question for further consideration?

- One could reasonably assume that waterfront commercial property might be some of Juneau's highest value property since developable waterfront is relatively limited. Parcels in the Waterfront Commercial zoning district in fact do have some of the highest assessed values per parcel in Juneau, yet the return per acre is not that great. The uses and values for this land should be considered to determine why. The 2003 Juneau Subport Vicinity Revitalization Plan proposed a Mixed-Use Waterfront Zoning district (and developed it in an appendix to that Plan). Should this be considered given the high revenue generation of mixed-use development in Juneau?

7. The revenue generation per acre from developed Industrial land is relatively low; this may be appropriate, but is probably worth a review.

- This may simply be the nature of industrial land uses; they tend to require large lots in out-of-the way places, and are not attractive neighbors for non-industrial users.
- CBJ assessed value on industrial land has increased significantly over the last decade.
- Juneau does not have a large pool of industrial land available. When asked about over 20 possible barriers to their business or organization's growth during the 2014 JEP Business Survey, "availability of commercial/industrial property in Juneau" is seen as a significant barrier by 21% and somewhat a barrier by 24% of participating businesses.

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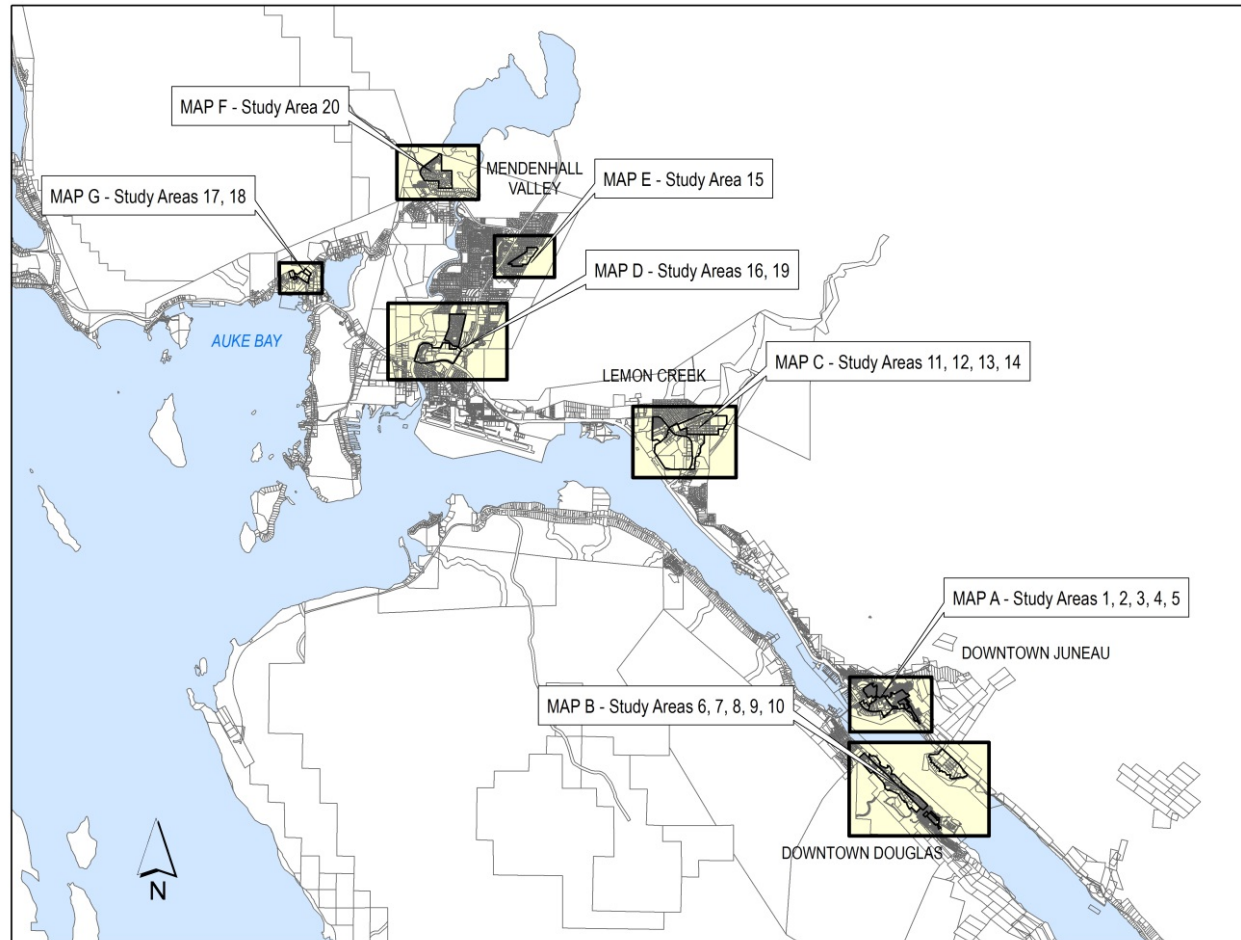
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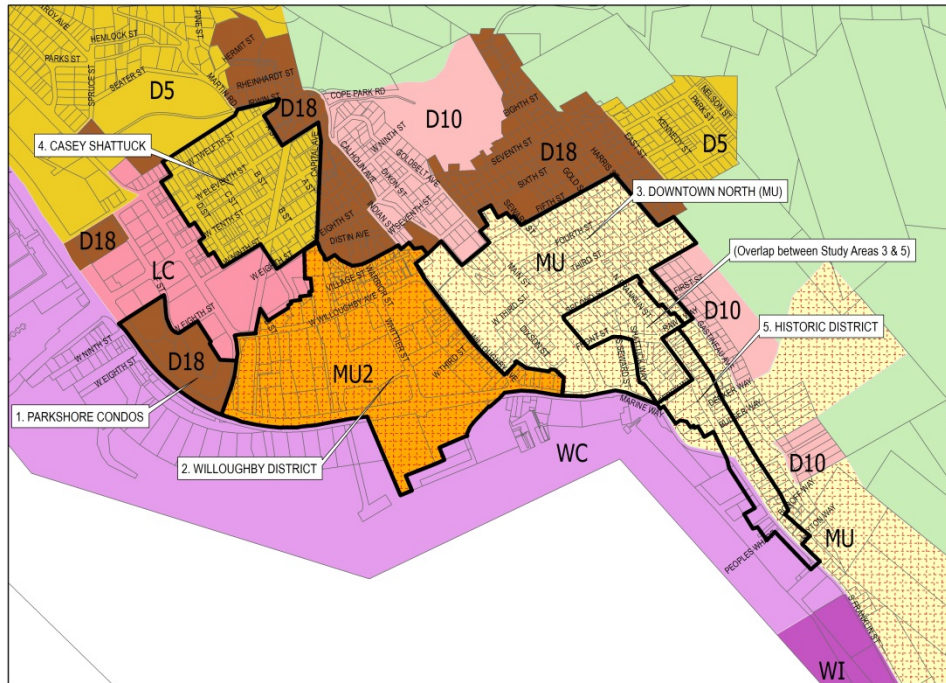
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Maps and Aerial Photos of Study Areas (courtesy of CBJ Community Development Department)

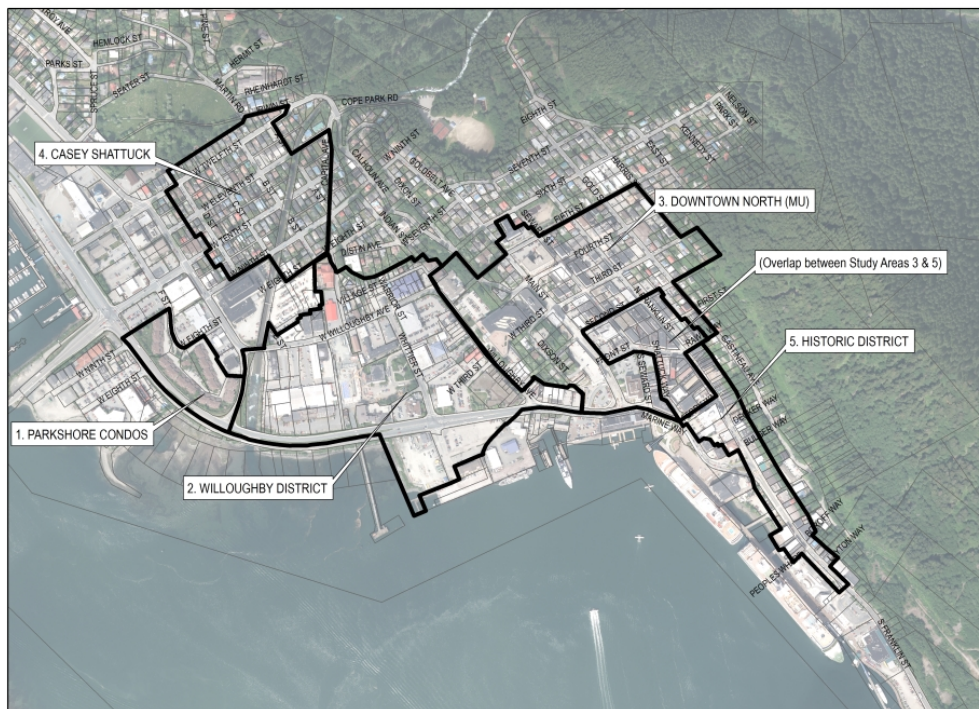


Study Areas 1, 2, 3, 4, and 5



MAP A

Study Areas: 1, 2, 3, 4, & 5



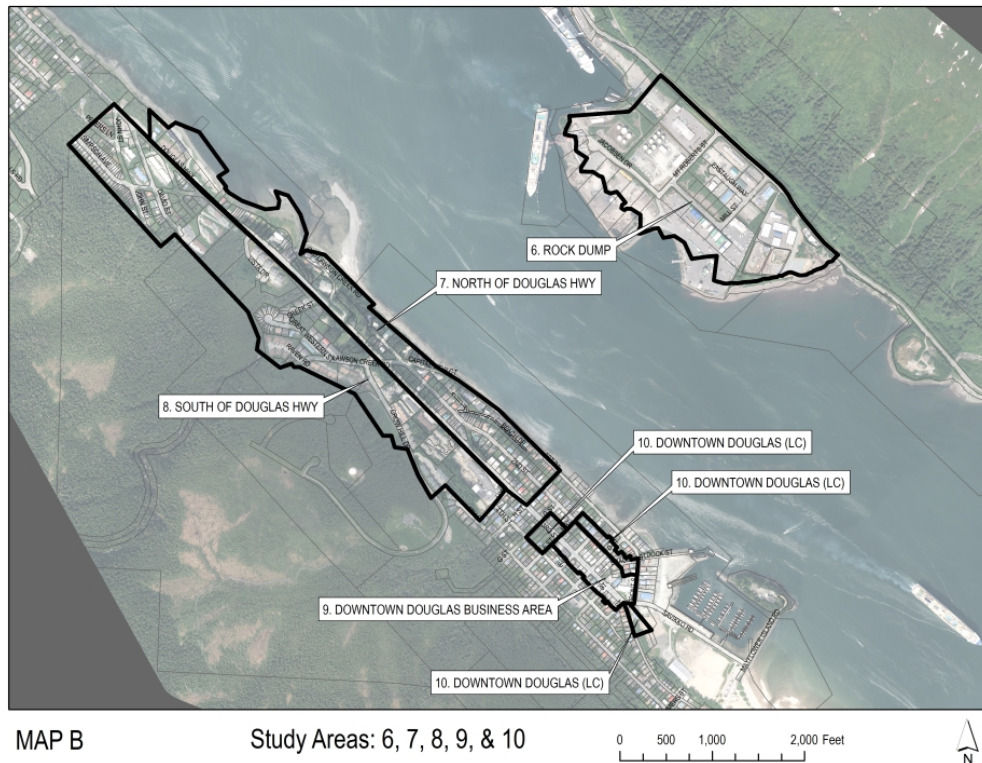
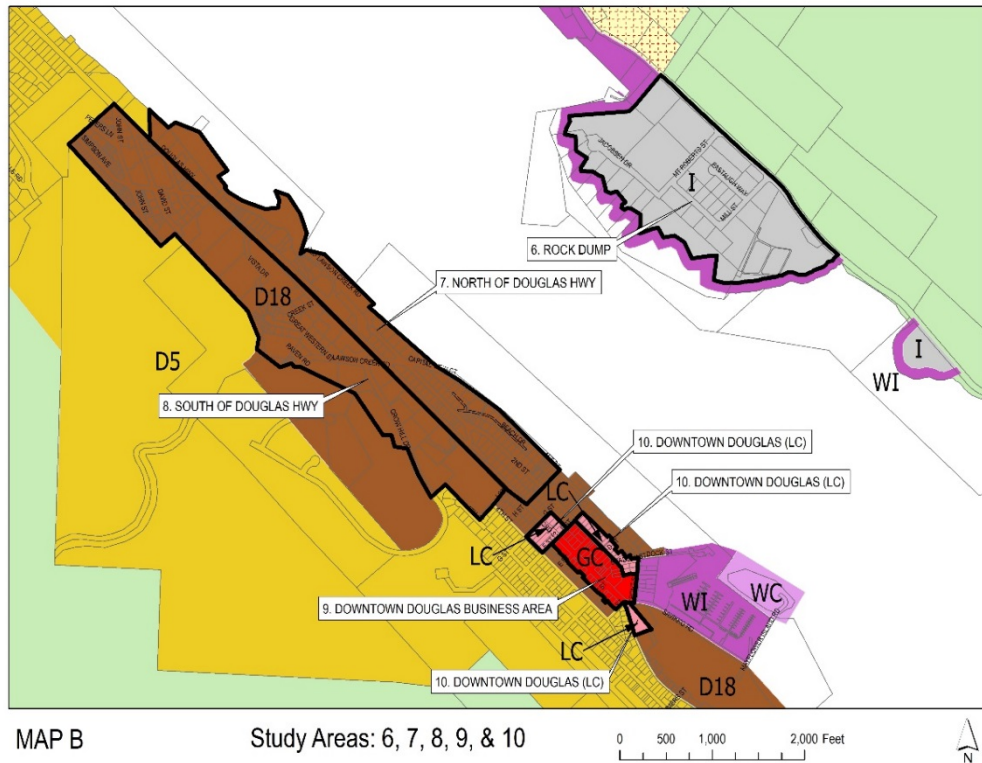
MAP A

Study Areas: 1, 2, 3, 4, & 5

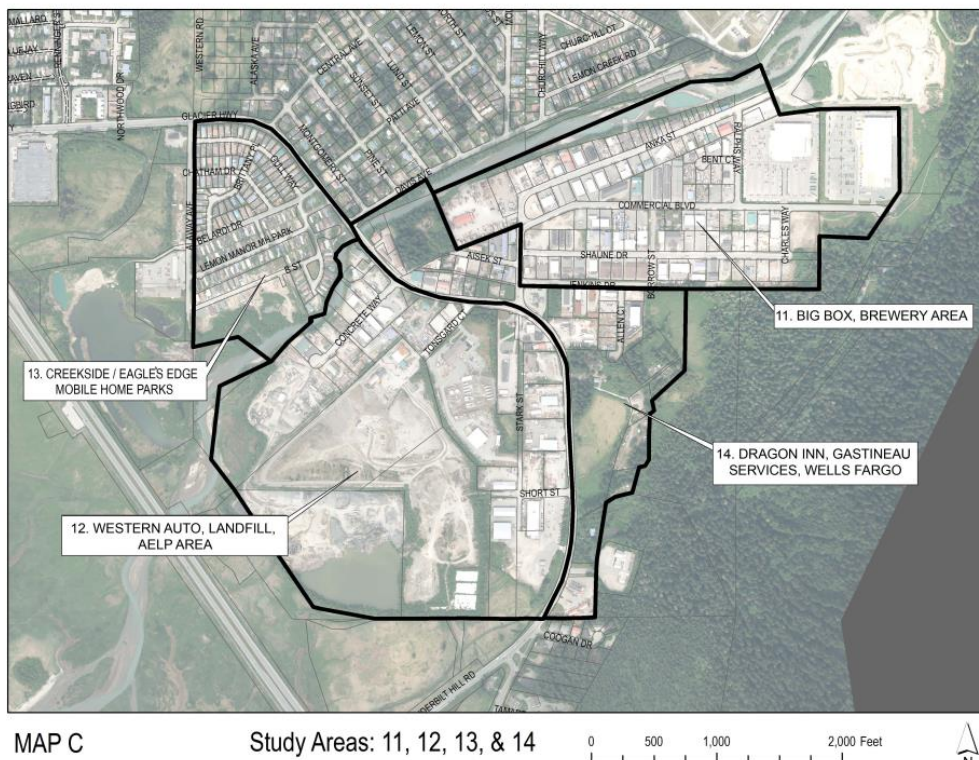
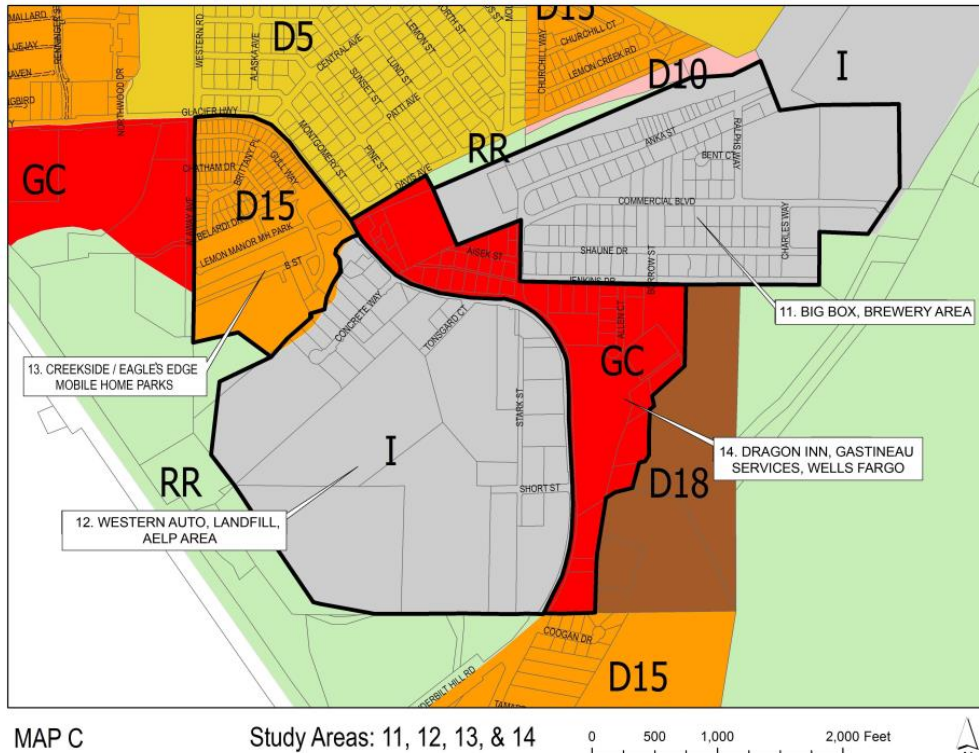
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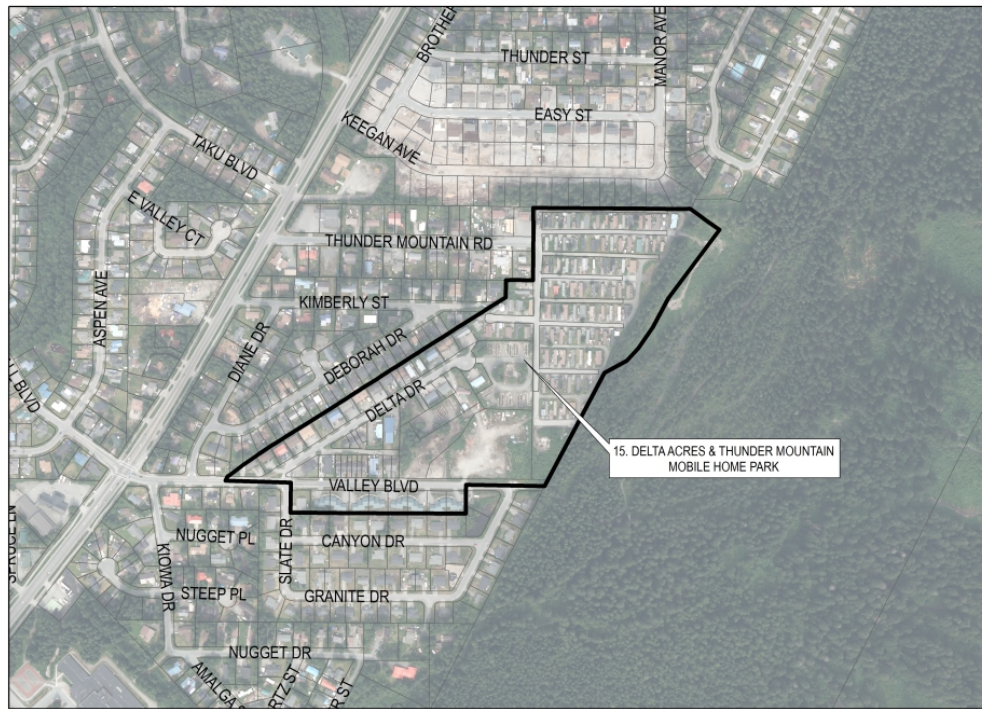
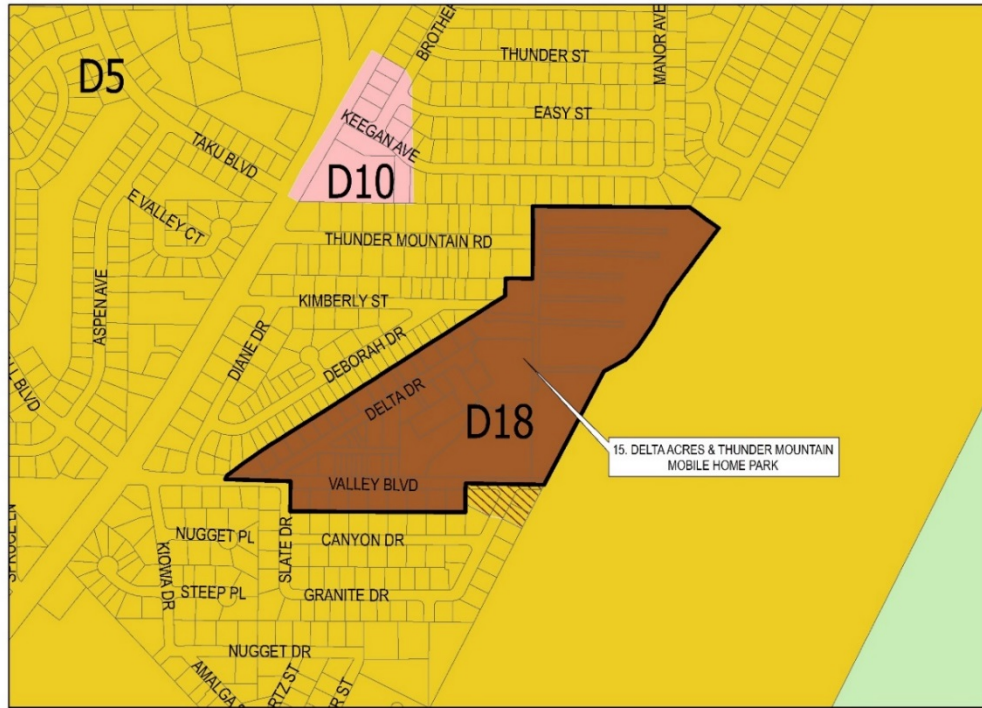
Study Areas 6, 7, 8, 9, and 10



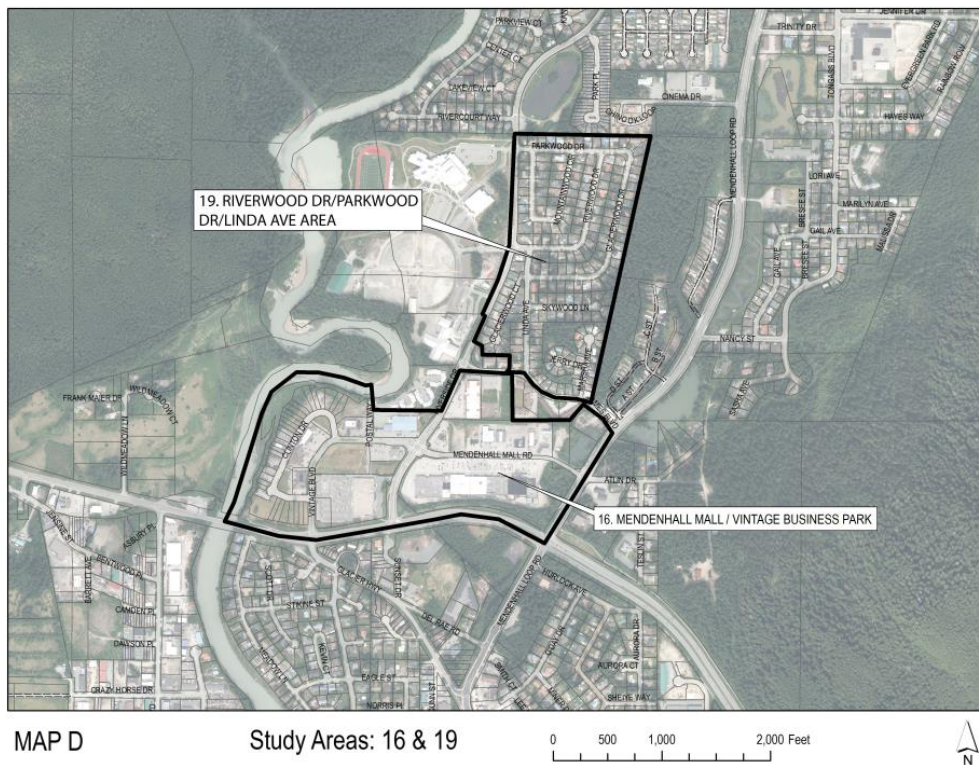
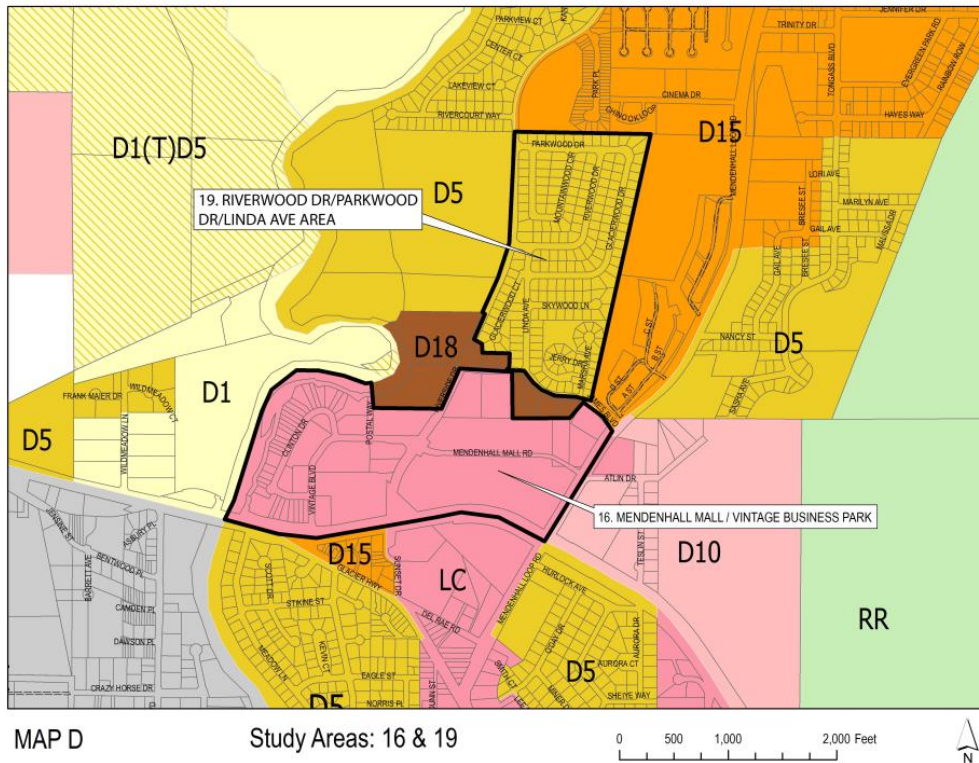
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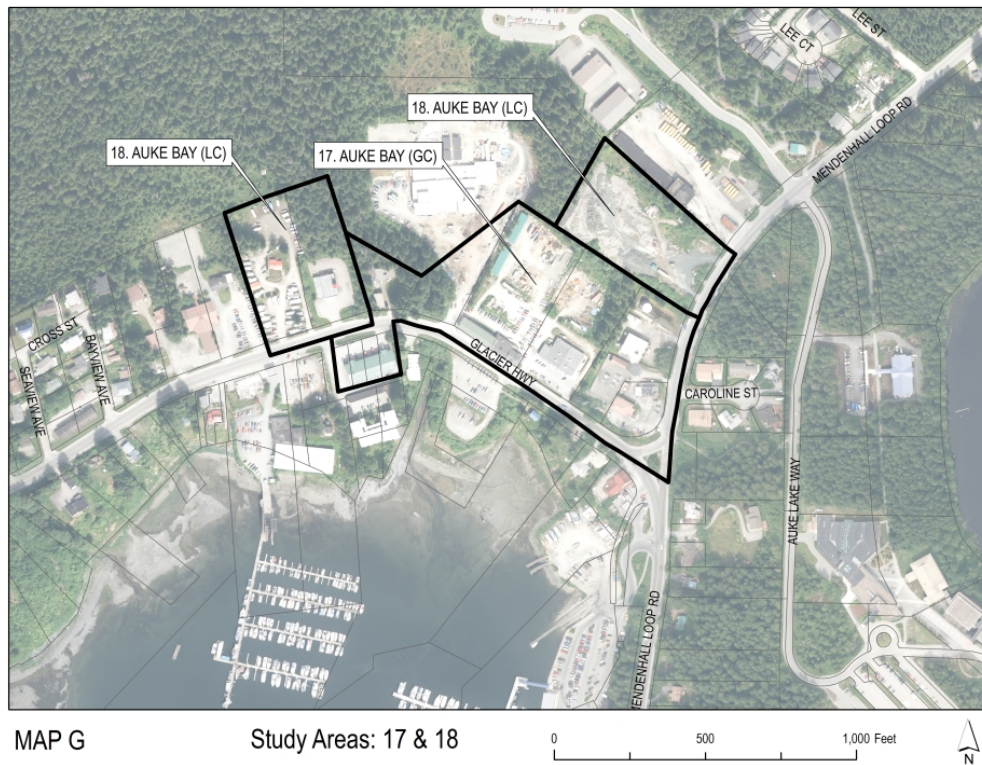
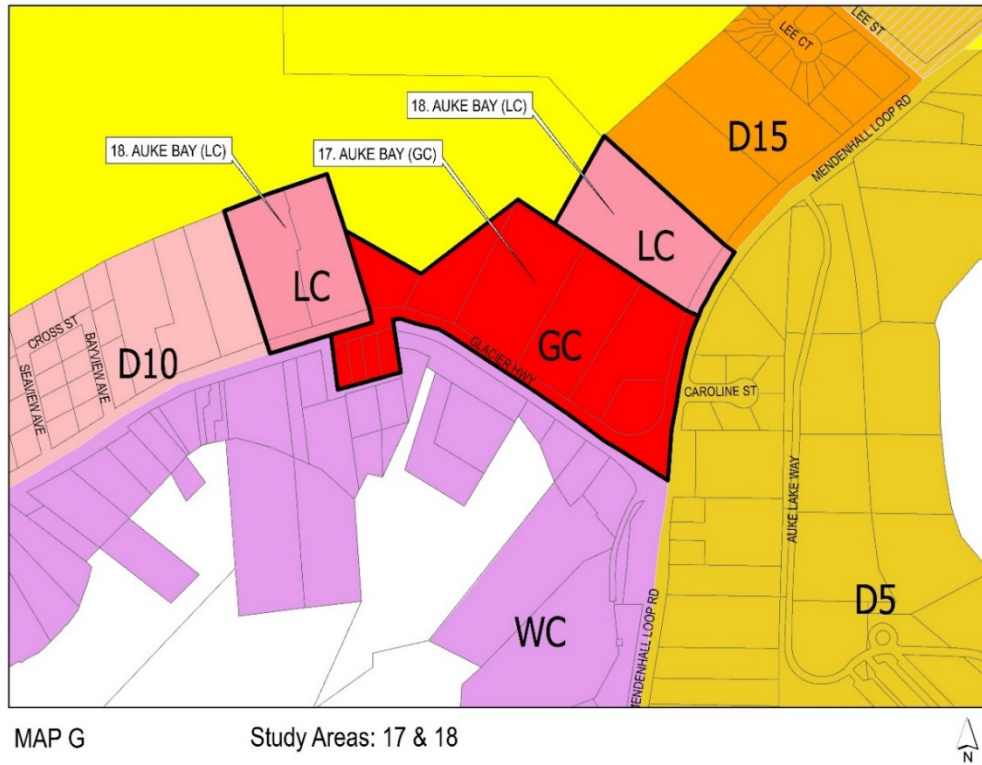
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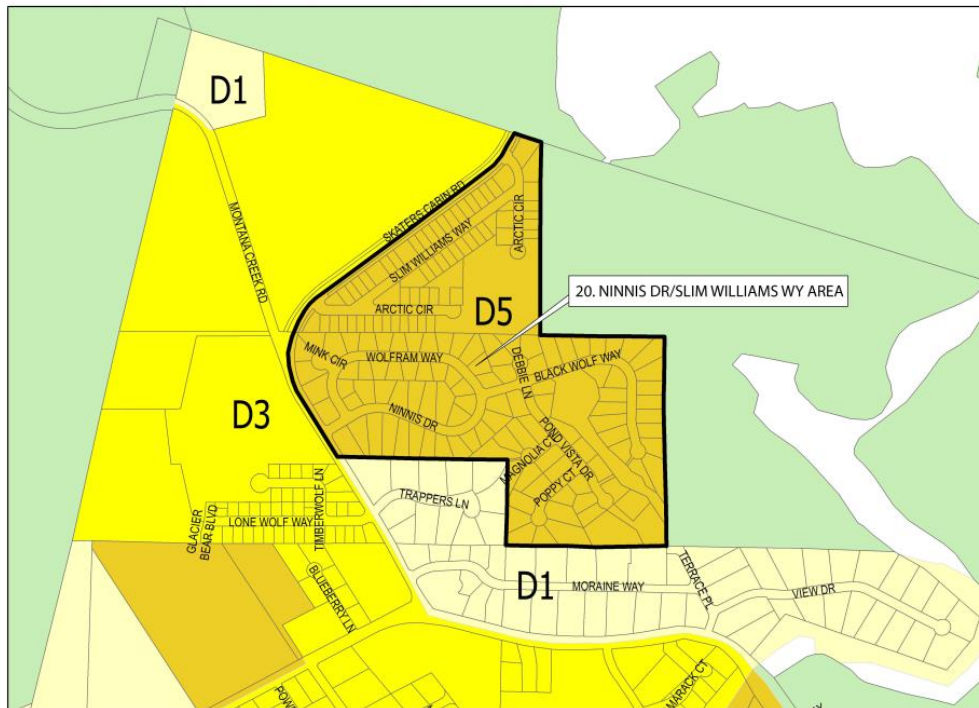
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Study Area 17 and 18



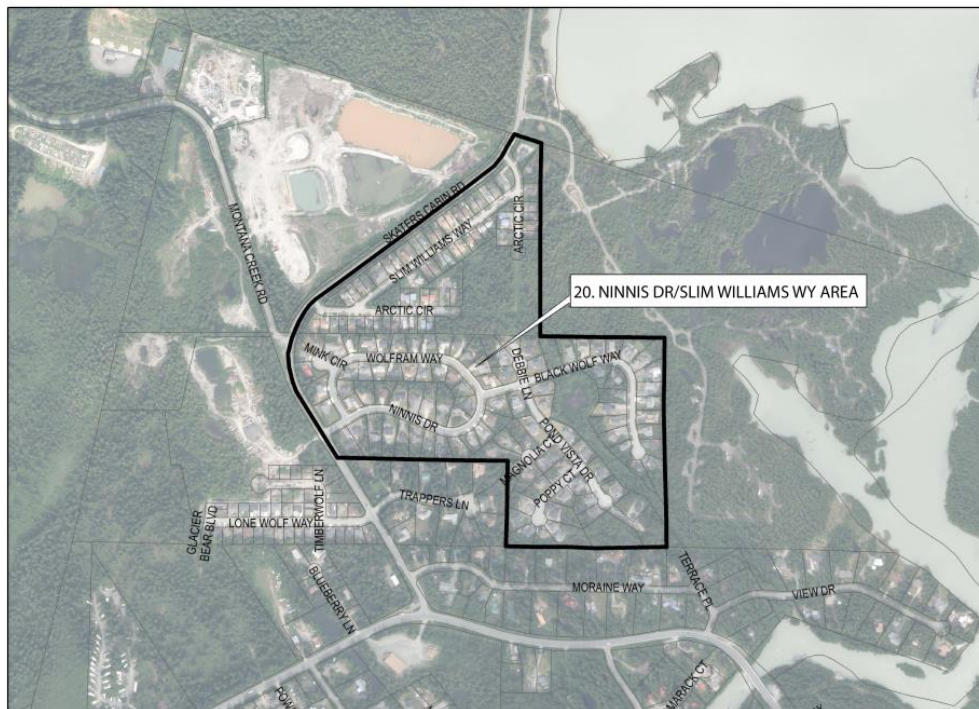
Study Area 20



MAP F

Study Area: 20

0 500 1,000 Feet



MAP F

Study Area: 20

0 500 1,000 2,000 Feet



Appendix B:

Case Studies in Small Town Economic Development

Appendix B – Case Studies in Small Town Economic Development

Although no community shares Juneau’s exact geography, population or economic drivers, many of Juneau’s economic challenges and opportunities are not unique. The planning team identified other small cities and counties that share Juneau’s challenges, and that are actively working to address housing affordability, a rapidly aging population, or a struggling downtown commercial district. The case studies also include examples of communities that have leveraged similar opportunities, such as a successful local industry sector, or access to a local university. Based on a literature review, web research and interviews with planners and public administrators, the five cases below highlight examples of successful economic development initiatives, and draw relevant lessons for the Juneau Economic Plan.

Lessons from other Small Town Economic Development Initiatives

- **Focused collaboration is crucial to success.** Among the case study communities, programs fared best when diverse stakeholders set aside differences to work together towards a common goal.
- **Build on existing advantages and momentum.** Even when an industry already has momentum, bringing partnerships together over a shared goal can increase growth and success.
- **Universities are valuable partners.** Not only do universities provide workforce training, the university campus is an ideal setting to co-locate research firms, government and non-profit offices in an environment where organizations, businesses and students can have access to each other. University environments also foster innovation and rapid spread of best practices.
- **Tackle big issues little by little.** Many of the programs studied have been operating for ten or twenty years, and had achieved big changes through incremental improvements. Tackling big issues one step at a time in short term increments is the only route to long term progress. The communities also evaluated progress regularly to make sure program goals were being met.
- **Take advantage of national programs that provide resources and guidance.** Several case study communities were participants in national or state economic development programs. While these programs did not provide direct financial support, they did provide resources and guidance, and participation in these larger organizations sometimes led indirectly to other funding sources. Additionally, participants are held accountable for their work through required reporting, and gain recognition among peer communities for their involvement.

- **Quality of life is both a tool for and an outcome of economic development.** The core measures of quality of life, which include access to open space, public and cultural amenities, affordable housing, and convenient transportation choices, emerged throughout case study research as both a means to attract and retain residents of all ages, and as the ultimate goal of any economic development initiative.

Industry Cluster Initiatives in Walla Walla, Washington

INTRODUCTION

Fostering the establishment of a business cluster, or a group of firms or organizations within an industry in close proximity, is a traditional economic development technique that hinges on the notion of economies of scale. In making locational decisions, firms and entrepreneurs examine what communities have to offer in terms of infrastructure and supporting services. While places with a high concentration of activity within one industry may have more competition, they also generally foster a talented labor pool, a well-established local supply chain, and a network of professionals to share new ideas. As any industry grows, so too must all of the ancillary businesses that support it. By better connecting a production industry to a local supply chain and talent pool, a community can make themselves more desirable to new firms or entrepreneurs.

The following case study demonstrates the impact of focused community collaboration in fostering a robust industry cluster based on research, workforce development and public infrastructure.

Walla Walla, Washington

Population: 59,530¹

The community of Walla Walla, Washington sits at the confluence of several rivers at the far south-eastern corner of Washington State, strategically located along a rail line. The region has always relied on an agricultural economy. Traditionally the staple crops of the region have been wheat and onions, as well as asparagus and



The Walla Walla Community College's Center for Enology and Viticulture trains aspiring wine makers, and houses ETS labs, a premiere wine testing and analysis firm.

green beans processed at a local cannery. But by the early 2000s a shift had begun to take place. In the 1990s, unemployment rates rose as the price of wheat fell below production costs, and the region's canneries closed, no longer able to compete with canned goods produced overseas.

The region needed to reinvent itself, to diversify the economy and develop new family-wage jobs. A few early entrepreneurs seized the opportunity to convert wheat fields to vineyards, and found a willing and receptive export market. The industry experienced slow growth in the 1990s, from six wineries in 1991 to 23 in 2000. As the number of wineries steadily increased, they began to experience labor shortages, especially during the harvest and crush season in the fall. Concerned that the community's isolation would exacerbate the increasing shortage of skilled labor, industry leaders turned to the Walla

¹ US Census 2013 population estimate

Walla Community College for assistance with workforce development. In 2000 the College's Center for Enology and Viticulture opened its doors.

Although the wine sector arose organically, community leaders recognized the opportunity to increase the industry's multiplier effect by building stronger connections between the growing wine industry and suppliers, educational institutions, and researchers. In 2007 The Walla Walla Community College commissioned a study of the Walla Walla wine industry to better understand the impact of wine on the region's economy. The results of this study were revelatory: by 2007, the Walla Walla Valley boasted 90 wineries and 1500 acres of planted grapes, which supported 1000 direct jobs.²

The rise of vineyards and wineries had also begun to give rise to wine shops, shipment facilities, irrigation specialists, and restaurants. Although the wine industry already had a great deal of momentum, community leaders identified an opportunity to leverage the multiplier effect on related industries through a targeted, community-wide focus on wine and wine-related research, workforce training and business recruitment. Led by the College, a partnership formed between the Port Authority, Walla Walla Community College, and several private business owners. The group successfully applied to be designated by the Washington State Department of Commerce at an Innovation Partnership Zone (IPZ). The IPZ program encourages local communities to build capacity for economic development by forming coalitions of private industry, government agencies and research institutions. The designation must be renewed every five years.

The Walla Walla Wine cluster IPZ established a mission of enhancing innovation and economic vitality in the Walla Walla Valley by further developing the wine industry, as well as related work in water conservation, agriculture systems, and hospitality. The group identified three economic development strategies: Talent, Investment and Infrastructure. Talent development includes workforce training programs and business recruitment; investment refers to research, innovation and technological development; and infrastructure development implies the construction of capital projects.³

Several standout projects have resulted from the IPZ. One of the initial investments made by the community was to install high speed internet cable in rural parts of the county to provide reliable internet access. This was critical for wineries, who are often located at the outskirts of town, and rely heavily on internet sales.

Shortly after the partnership formed, the Walla Walla Community College was able to receive a state grant to expand their research lab at the Center for Enology and Viticulture. The facility now houses ETS Labs, a premiere wine testing and analysis firm based in St. Helena, California. The company has been an asset for local wine makers, who now take their new wines to the College for testing at lower

² Velluzzi, Nicholas D. 28 October, 2009. "Community Colleges, Cluster, and Competition: A Case from Washington Wine Country," *Regional Studies*. London, UK: Routledge, pp. 1-14.

³ *The Walla Walla Innovation Partnership Zone Business Plan*. 2011. Retrieved from: http://www.wwcc.edu/CMS/fileadmin/wine/DOCS/The_Walla_Walla_Innovation_Partnership_Zone_Business_Plan.pdf.

cost and with a faster turnaround than shipping samples to an outside lab. ETS also holds industry seminars on campus, enhancing the knowledge base of local producers.

In the same year that the IPZ was established, the College also opened the William A Grant Water and Environmental Research Center. The Water Center houses academic programs in irrigation and watershed ecology, two disciplines that have traditionally been at odds, but that are both important to the growth and continued health of the wine industry. The center also provides office space for several staff from the local Confederated Tribes of the Umatilla Indian Reservation who work on salmon habitat recovery and watershed restoration.



The William A Grant Water and Environmental Research Center provided the opportunity to collocate academic programs in irrigation and watershed ecology, the Confederated Tribes of the Umatilla Indian Reservation, and the Washington State Department of Ecology's regional Water Bank, as well as a private soil and water quality research firm. The Water Center fosters dialogue between the disciplines of agricultural irrigation and watershed ecology, which have traditionally been at odds, but are both critical to the success of the wine industry.

In a breakaway from centralized state water rights management practices, the Washington State Department of Ecology has co-located the regional Water Bank at the center, localizing all regional water rights transactions. When a soil and water quality research firm, UniBest, relocated to Walla Walla from the nearby Tri-Cities, they were also able to co-locate at the Water Center lab. UniBest has provided internship opportunities for students, some of whom have gone on to become employees of the company.

Although the IPZ was initially focused on Walla Walla County, the initiative has now become far more regional in scope. In Columbia County to the north, the lead economic development agency, the Columbia County Port Authority, has focused on building a nascent artisanal food industry, which has considerable overlap to the wine industry. In 2014 the Port finished construction of the Blue Mountain Station, an artisanal food incubator with commercial kitchen spaces for rent to new start-ups and a market and event venue. Four of the five spaces now have tenants, and the market is actively hosting events.

An assessment of the cluster's first five years found the industry, and its ancillary sectors, stronger than ever. An analysis conducted by EMSI for the Walla Walla Community College found that the IPZ appeared to have an accelerating effect on the industry. Whereas between 2000 and 2007 the growth rate in the wine industry cluster had been 116 jobs per year, between 2008 and 2011, the growth rate

increased to 193 jobs created per year. In that same time period, the number of wineries grew from 92 to 151.⁴ Furthermore, the strength of the industry had allowed the region to weather recession better than the state as a whole, growing new jobs in wineries and related hospitality industries while the economy in Washington State was shrinking or stagnant.⁵

The initiatives and work of the Walla Walla IPZ have been so successful that the community renewed its status as an IPZ in 2012. Although the success of the region's wine industry is not a direct result of the IPZ, the partnership has given the community a means to coordinate efforts and magnify the multiplier effect of the industry. Dr. Nick Veluzzi, the Director of Planning and Assessment at Walla Walla Community College, suggested that the true key to the IPZ's success was a result of industry and public agencies working together towards a unified purpose. "The real mission of the IPZ," he reasoned "is to improve the community for the people that live here. If you let them, politics and competition will drag down the region. You have to make it a priority to work together."

Age-Friendly Planning in Clackamas County, Oregon

INTRODUCTION

As the baby boomer generation continues to age, the United States is experiencing an unprecedented demographic shift. Juneau is not immune to this trend. In the next twenty years, the percentage of residents age 65 and older is expected to double to 20%. This presents unique challenges for the community. Older adults often require additional medical care, have more limited mobility, and may eventually require additional at home care. In 2006 the World Health Organization (WHO) in partnership with the American Association of Retired Persons (AARP) launched the Age-Friendly Communities Network to assist cities around the world in adapting to become livable for people of all ages and abilities. In the United States, 37 cities have enrolled in the program. The WHO program identifies eight domains of livability, including transportation, housing, civic and social participation and health services.

The recognition of our aging population, and the modern city's lack of age-friendly amenities, is happening at a national level. However, the changes necessary to prepare cities for the silver tsunami must happen at a local level. And many of the initiatives and changes necessary to improve communities for the elderly are within the purview of local governments. The following case study provides an example of a County Health and Human Services Program which used a routine senior community assessment as a civic engagement tool for older adults.

⁴ Economic Modeling Specialists, Inc. 2012. "Revisiting the Economic Impacts of the Walla Walla Wine Cluster." Moscow, ID.

⁵ Walla Walla Community College and City of Walla Walla. 7 July, 2011. "A Study of the Economic Impact of the Walla Walla Regional Wine Cluster as a Basis for Development of an Economic Development Plan for the Walla Walla IPZ." Walla Walla, WA.

Clackamas County, Oregon

Population: 383,857⁶

Clackamas County lies immediately to the east of Portland, and is considered part of the Portland metropolitan area. However, 88% of the land in Clackamas County is rural, and most of the communities within its jurisdiction have populations under 30,000. Like many other communities, the County expects to see an increase over time in the proportion of the region's 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 findings of this assessment would then be incorporated directly into the County's Area Plan for Aging, which was adopted in 2013.



To kick off the engAGE planning process, Clackamas County Social Services Division held a senior forum to learn more about the needs and concerns of elderly residents.

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 . This information also became a talking point and education tool for senior advocates to take to their local city council.

⁶ US Census 2013 population estimate

EngAGE in Community has morphed following the assessment and Area Plan into an ongoing means to implement community improvements and programs. The initiative now has led to the formation of a county-wide Age Friendly Committee. The engAGE initiative has also included several rounds of micro-grants, which have funded transit access projects, a Montessori School garden to provide fresh food to low income seniors, and an education campaign for falling prevention.

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.

Downtown Revitalization in McMinnville, Oregon

INTRODUCTION

The National Main Street Center, a non-profit established in 1980 as a subsidiary of the national Trust for Historic Preservation, is founded on the principle of downtown revitalization through coordinated historic preservation and re-development. The national organization manages an accreditation program, whereby communities can gain access to field services, seminars and national and local conferences after being designated as a Main Street. Several states have local branches of the organization that administer designations, organize conferences, and facilitate networking and information sharing between communities.

According to the National Main Street Center website, over 2,000 communities have now been involved with the program, through the work of 46 local coordinating programs. Participation in the program is not the end, but the means for communities to formally coordinate efforts to breathe life back into historic downtown commercial districts. The National Main Street Center reports that nationwide, Main Street programs have generated \$56.9 billion in investment, and helped to create 115,000 new businesses employing 502,728 people. They estimate that every \$1 spent by communities on Main Street programs generates \$18 in new downtown investment.

McMinnville, Oregon

Population: 33,131⁷

In a 2014 Parade Magazine contest, McMinnville, Oregon was chosen by a popular vote as the best Main Street community west of the Rocky Mountains. The community has been participating in Main Street programs since 1986, first through the state's Oregon Main Street Program, which was then adopted into the official network of the national program. Although today the community's downtown is alive with independent businesses and public events, in the 1980's McMinnville suffered from a severe economic downturn, with a 20 percent vacancy rate for downtown storefronts. In 1986 a group of local property owners and business proprietors formed the McMinnville Downtown Association.

The Downtown association's first action was to establish the state's first Economic Improvement District, assessing themselves a few pennies on the dollar in property tax on all downtown properties to fund downtown improvement projects. The

city's first downtown beautification projects were funded through this mechanism. At the same time, the city took steps to have a 15 block area of the downtown established as a 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.

McMinnville Downtown Association Manager Cassie Sollars noted that the value of accreditation with the National Main Street program lies in the depth and quality of their expertise, which has been refined over years of work on downtown revitalization. In exchange for support and the use of the Main Streets name, McMinnville adopted the National Main Street program's Four-Point Approach® to downtown revitalization as an overarching strategy for the organization:



The McMinnville Bank Building, Circa 2012. The building is within the historic district and has been restored to match the original Italianate style stucco. The second story has been remodeled by a local company into a hotel, while a craft beer tasting room occupies the ground floor. The historic district is also the focal point of local events, including a Fourth of July parade and the McMinnville Farmer's Market.

⁷ US Census 2013 population estimate

Organization – The revitalization work must be undertaken in a coordinated fashion by a board and active volunteers, with community buy-in from the public and private sector.

Promotions and Marketing – Tell the community’s story in a positive light that will generate pride and promote the city’s history, traditions, architecture and unique features to investors, visitors, and potential businesses.

Design and Beautification – Build a culture of maintenance, rehabilitate old buildings, encourage appropriate new construction, and educate property owners about design quality to generate an appealing visual atmosphere that feels safe and inviting

Economic Improvement – Encourage creative re-use of underused historic structures to meet new community needs.

Another benefit of McMinnville’s involvement in both the State and National Main Street Programs is the emphasis on evaluation and metrics for success. The Downtown Association’s executive director completes quarterly reports for the Oregon Main Street program, and annual reports for the national program. These reports document gains such as new businesses, jobs created and renovation investments, as well as losses including businesses closed or new vacancies. The Downtown Association reports this information back to the city council annually to keep them informed of downtown activity and to build political support for the organization.

Over time the McMinnville Downtown Association’s activities have resulted in an influx of investment into the commercial downtown core, including the purchase and renovation of several historical buildings. In a pivotal moment, in 1999 the McMenamin brothers, who had established a series of hotels and restaurants in historic structures throughout Oregon, purchased and refurbished the Hotel Oregon in downtown McMinnville. The Oregon Hotel had at various times served as a hotel, a Greyhound bus depot, a Western Union station, a beauty salon and a soda fountain. Under McMenamin’s ownership, it was converted into a brewpub with a 42 room hotel with a basement bar hosting live music, a rooftop eating deck and a billiard hall.

Several other signature buildings in the district have been renovated under new ownership. The original Oddfellows building was purchased by a couple and renovated into a ballroom and office spaces. In 2000 the O’Dell building, a former gas station, was remodeled for an office expansion by the local newspaper to house a front office and news department. Not all success stories revolve around new ownership, however. Some buildings have been held by the same family since the 1800’s, leading to a higher level of investment and care reflected in the upkeep of these properties.

Over time, 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 due-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

Downtown Association's work. The organization calls downtown "the community's living room," a philosophy which is evident during busy Farmer's Markets or holiday parades. It is this sustained effort and community support that earned the community Parade Magazine's "Best Main Street in the West" award in 2014.

Inclusionary Housing Policies in Park City, Utah and Boulder, Colorado

INTRODUCTION

There are many reasons why communities may experience a shortage of affordable housing. For example, if there is a growth period, the housing market may be slow to respond to demand, raising prices beyond the median affordable range for a working class family. Or, a shortage of developable land, due to regulation or supply, can also limit housing development and raise prices. Regardless of the cause, when the market fails to provide a wide array of housing prices and options, one solution that many municipalities have enacted and found successful is to pass ordinances to require the construction of affordable housing.

Policies which require a certain percentage of units within a new residential development to be priced below market value, variously called inclusionary zoning or inclusionary housing, have been implemented by a growing number of cities throughout the United States. In a 2014 overview of such policies, the Lincoln Land Institute found that over 500 municipalities nation-wide have adopted some version of an inclusionary housing program.⁸ Although the majority are in New Jersey, California and Massachusetts, where state law either incentivizes or requires local inclusionary housing, cities in 27 states and the District of Columbia have adopted such programs. Where there is little political will to support inclusionary housing ordinances, cities have in some cases adopted optional policies, although such policies have largely proven ineffective at catalyzing affordable housing development.

This case study highlights two widely different examples of inclusionary housing policies in communities that have successfully generated a large number of affordable homes.

Park City, Utah

Population 7,962⁹

While most cities that have adopted inclusionary housing policies are mid- and large-scale cities, Park City, Utah, a town of under 8,000 residents, has had their policy on the books since 1995. Park City, the home of the annual Sundance Film Festival and the site of three ski resorts within the city limits, has become a desirable location for second home owners. Between 2000 and 2009, 80 percent of all new residential development was in the second home market. As home prices increased due to an infusion of outside capital, many working class families and young professionals were been priced out of the market. By the peak of the housing bubble in 2008, the average home price crested at \$1.8

⁸ Hickey, R., et. al. 2014. *Achieving Lasting Affordability through Inclusionary Housing*. Lincoln Institute of Land Policy. https://www.lincolnst.edu/pubs/2428_Achieving-Lasting-Affordability-through-Inclusionary-Housing.

⁹ US Census 2013 population estimate

million. There were already 450 deed restricted affordable units in the city by that time, 97 of which were a direct result of the city's Affordable Housing Guidelines.

Park City's Affordable Housing Guidelines require that new residential developments set aside 15% of new 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.



The 13 units at Snow Creek Cottages in Park City are all kept below market rate, and were sold to eligible households through a lottery after construction in 2011. The development has earned rewards for architectural design and energy efficiency.

As a small city, Park City created an inclusionary housing program that is low maintenance by design to minimize staffing requirements. Whereas many other communities have an income cap for eligible tenants and buyers, Park City's program has no such cap. Instead, for-sale units have a 3% maximum annual appreciation cap enforced through a deed restriction. This deters those capable of buying a market rate unit who want to see a greater return on

their investment over time.

As an alternative to constructing affordable units on site, developers also have the option of paying a fee-in-lieu for each unit required. The city recently used the funds generated by this program to fund the construction of 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, leading one selected resident to liken their new home to "a gift from heaven."¹⁰ The project has received awards for both architectural design and energy efficiency features.¹¹

The success of Park City's program also relies on community education to continue to build support for affordable housing in the community and to promote success stories. During the site selection for the Snow Creek Cottages, adjacent neighbors voiced concerns about the development's impact to the neighborhood. In September, 2012, the City of Park City released a report called "Affordable Housing: Dispelling the Myths." The document reviewed many common misconceptions about affordable housing using examples of successful local projects to demonstrate that local affordable housing

¹⁰ Hamburger, Jay. March 30, 2010. "Park City houses priced in the \$200,000s: 'It's like a gift from heaven.'" Park Record: Park City, UT. http://www.parkrecord.com/ci_14787504.

¹¹ City of Park City. September, 2012. Affordable Housing: Dispelling the Most Commonly Held Assumptions and Myths. <http://www.parkcity.org/Modules/ShowDocument.aspx?documentid=9955>.

developments have not driven down nearby property values, resulted in more congestion or crime, or relied on low quality construction.

As of 2014, the Park City Program now manages 137 affordable units; a city housing planner administers the program. The city adjusts rents annually based on the current locally calculated workforce wage, and monitors properties to ensure rents and for-sale units are priced appropriately.

Boulder, Colorado

Population: 103,116¹²

Boulder, Colorado has struggled with housing affordability for decades. Between 1990 and 2000, home prices grew twice as fast as personal income. A study commissioned by the Boulder Urban Renewal Authority found that the demand for homes was approximately 32,000 units short of supply within the city at that time.¹³ Due to the rising pressure of the market, many residents were moving outside of Boulder to outlying communities, effectively trading cheaper housing for a 30 minute commute into town. Today, the average cost of a single family home is just below \$500,000.

City planners, community residents and councilmembers recognized the importance of government intervention to ease the housing crunch. The market rate for housing was driven by a fierce demand that far outstripped the cost of construction. While developers focused on high return for-sale projects, no new rentals were being added to the market. University of Colorado, Boulder's 20,000 students put additional pressure on the rental market, leaving few rentals available for working class households. With this pressure driving up the price of



Lumine and Ledges, an affordable apartment project in Boulder, was paid for through cash in lieu payments to the inclusionary housing program, as well as federal Low Income Housing Tax Credits.

housing, the market would not correct itself, as no developer would sell or rent units for less than what they were worth. Boulder elected officials chose to pursue an aggressive affordable housing policy in order to correct the market failure and provide housing options for low income residents that were being priced out of the community.

The 1995 Boulder Valley Comprehensive Plan established a goal of making 10% of the city's total housing inventory affordable in ten years. While this was far below the community need, given that

¹² US Census 2013 population estimate

¹³ City of Boulder. 2008. City of Boulder Affordable Housing Report. Boulder, CO

over a third of boulder residents were considered rent burdened, it was nonetheless an aggressive policy goal that signaled to the community that the council was committed to making life in Boulder affordable for all income levels. Towards this end, in 2000, the Boulder City Council adopted a stringent inclusionary housing policy. In all new residential development projects, 20 percent of the units must be deed restricted as affordable for low income households in perpetuity. Every development, from a single family home up to large mixed use developments and new subdivisions, is subject to this standard.

Rather than dedicate 20% of the units on-site as affordable, developers have the option to pay a fee-in-lieu, or to provide the required units off-site. In some cases, the city has encouraged the off-site alternative as preferable to on-site, as in the case of high end condominium developments where condo association fees could double the cost of a mortgage for an affordable unit. Fee-in-lieu funds are used by the city's established housing authority, Boulder Housing Partners, to construct publicly-owned affordable rentals and for-sale units.

A common concern regarding inclusionary housing is that by driving up the cost of housing, a city increases the cost of development, a cost which will be passed on to the consumer as higher market rates, only exacerbating the problem. To ensure that the incurred cost of the policy did not prevent developments from penciling out, the Boulder Inclusionary Housing Division contracted a study of the profit margins of a wide range of development types in Boulder. Policy makers had instructed them to increase fee-in-lieu charges, and the analysis allowed the department to identify how much rates could reasonably be increased. The minimum profit margin used in the study was 11% of the project's end market value.

As of May, 2014, the inclusionary housing program has resulted in the construction of 750 units that are deed restricted in perpetuity. The program is administered by dedicated staff in an Inclusionary Housing Division of the Housing Department at the City of Boulder. In monitoring the community's progress, the City of Boulder affordable housing assessments have also included shelter beds, vouchers, and transitional housing programs. By these measures, the city now has over 4,000 affordable dwelling units.

Although the development community has sometimes been reticent to comply with the standard set by the policy, it is individual single family home projects that are most heavily impacted by the program. Even single unit developments are subject to a fee of approximately \$20,000, which is equivalent to all other development fees put together for the project. This fee can be especially onerous for individuals or families building their first house.

The program has also received some criticism for impacting some neighborhoods more heavily than others. While the policy is implemented equally among all new developments, at the time of adoption some neighborhoods were more fully developed, while others still had large pieces of vacant or underdeveloped land. In subsequent years, neighborhoods with more developable land have received a higher concentration of affordable units than neighborhoods that are fully developed. While this can

be mitigated by choosing an off-site development instead of on-site, site selection for off-site projects has also been a challenge. Adjacent neighbors have resisted shouldering the burden of another neighborhood's affordable housing.

Additionally, some have expressed concern that the policy unfairly places the burden of providing affordable housing on the residential developer, whereas it is the commercial developer, by creating new jobs, who generates the housing need. While some other communities have adopted commercial requirements as part of their housing policy, Boulder has no such requirement.

Despite these concerns, Boulder residents, and particularly elected officials, have continued to adamantly support the city's inclusionary housing policy. Policy makers have been reticent to alter the policy in any way. However, the policy may have limited utility in the future, as Boulder's growth management policies (a greenbelt and a city-wide height restriction) have limited the amount of developable land and allowable density. Because inclusionary housing is fueled by new development, and the city is rapidly approaching full build-out, Boulder will have to rely more in the future on changes in land use code and rezoning to provide additional development opportunity. The City has already begun this process by allowing residential development in industrial zones, and by rezoning some areas to allow more mixed use development.

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Margaret McNamara, Human Services Coordinator, Clackamas County Social Services

Rhoda Stauffer, Housing Specialist, Park City, Utah

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Cassie Sollars, Manager, McMinnville Downtown Association