

Goal: Implement the **Alaska Maritime Workforce Development Plan** in Southeast Alaska to upgrade workforce pipeline and local skills applicable to maritime jobs. Southeast Alaskans currently lack entry level skills required to fill openings that exist in the regional Marine Industrial Support sector. **Progress:** Maritime Works (maritime industry businesses) partnered with Alaska Process Industry Careers Consortium (APICC) to train Alaskans to fill skilled jobs in their industry. Vigor Alaska continues to grow its local workforce at the Ketchikan shipyard. The Ketchikan Marine Industry Council renewed its services agreement with the Ketchikan Borough and Chamber. Vigor Alaska has been selected by Maritime Works for the first demonstration project of the National Fund for Workforce Solutions framework for pooled resources to underwrite skill development in an incumbent, advanced manufacturing workforce. Vigor hosted the fall ADOTPF Marine Construction Career Days at the Ketchikan shipyard where 200 southern southeast Alaska high school students experienced shipboard and shipbuilding careers. Vigor was selected for the third year as the Alaska Construction Academy contractor for Ketchikan. **Project Champion:** Doug Ward, Vigor Alaska Shipyard Development Director.



Goal: Grow a \$1 billion **mariculture industry** in Alaska in 30 years, including enhancement, farming, and restoration of shellfish and aquatic plants. **Progress:** In February 2016 Governor Bill Walker signed Administrative Order 280, establishing the Alaska Mariculture Task Force which has been met regularly and developed working Advisory Committees in the following topic areas: Investment & Infrastructure, Regulatory Issues, Research, Development & Environmental Information, Public Education & Marketing, and Workforce Development. A website and list serve was also created. Phase I of the Economic Analysis of the Alaska Mariculture Initiative has been completed. EDA grant awarded to AFDF for Phases 2 and 3 of an economic analysis to support the development of a statewide comprehensive plan to develop mariculture. Contractors will work collaboratively with the the Governor's task force. The first commercial planting of seaweed seed in Alaska (Ketchikan and Kodiak) occurred in October; harvest expected in spring and will be purchased for value-added products. **Project Champion:** Julie Decker Executive Director Alaska Fisheries Development Foundation (AFDF).



Goal: Support the **development of specialty seafood products** that utilize harvested resources and create new value-added products that provide economic benefits to local economies. An average of 350 million pounds of seafood are harvested in Southeast Alaska each year, but most of that product leaves the region with only primary processing (heading, gutting, and freezing) while secondary processing is conducted in other states or countries. **Progress:** Specialty Product Market Expansion Profiles to enable improved sales and production of specialty seafood products from Alaska are underway in approximately 15 different product areas by ASMI, AFDF and the McDowell Group. AFDF submitted a proposal titled, "Seafood Protein Powder – Byproduct and Market Development" to the NOAA Saltonstall-Kennedy Program to manufacture and test a human-grade seafood protein powder, and conduct consumer market research. ASMI and AFDF presentation made at the James Beard Food Conference regarding fish waste, sustainable seafood, and the 100% Club. **Project Champion:** Julie Decker Executive Director Alaska Fisheries Development Foundation.

Goal: Southeast Conference has spent more than 50 years advocating for the ferry system and is working on a two-phase approach that will identify structural changes to improve the operability and financial health of the state ferry system. **Progress:** In May 2016, Governor Walker signed a MOU with Southeast Conference in support of these goals and tasked the Conference with leading this statewide effort. **Phase I: Mission goals and governance recommendations** was completed in December 2016 (download report at www.seconference.org/transportation-issues). It identified alternative governance structures that could help the Alaska Marine Highway System achieve financial sustainability. Report includes a high-level examination of six basic ferry governance models to assess their suitability for Alaska's unique geography, markets, and transportation needs. Detailed case studies with three ferry systems identifies ideas and lessons applicable to AMHS. Work on **Phase II: Twenty-five Year Ferry System Operating Plan** will take place between January 2017 through December 2017. Phase II includes a fleet renewal plan and will explore potential partnerships with the private sector and revenue opportunities to allow forward funding of operations and greater fiscal certainty. **Project Champion:** Robert Venables, Southeast Alaska Energy and Transportation Coordinator.

Marine Highway Reform Project

Maritime Workforce Development

Alaska Mariculture Initiative

Full Seafood Resource Utilization

Market Southeast Alaska to Visitors

Goal: Develop a collaborative **regional visitor marketing effort** to provide more marketing opportunities, improve brand awareness, strength the marketing reach, widen regional coverage of information, and leverage limited resources. **Progress:** Because of the dramatic reduction in state support for statewide marketing efforts, regional cooperative marketing efforts are playing even more important role than previously imagined. Cooperative efforts increasing on-line marketing through social media of community activities, events, and things to do are underway and new advertising options are being explored. New partners have joined regional efforts and will work together to entice travel writers to the region for valuable coverage. **Project Champion:** Carol Rushmore, Southeast Alaska Tourism Council Board Member and Wrangell Economic Development Director

Progress on the Eight Strategic Priorities of the Southeast Alaska 2020 Economic Plan

Energy Legislation

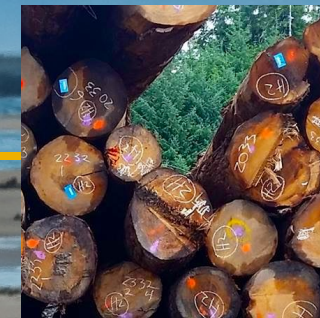
Diesel Displacement

Secure Adequate Timber Supply



Goal: Partner with state and federal agencies to advocate for renewable energy development and advanced energy technologies to promote economic development and jobs that support a resilient tax base. **Progress:** After many years of public process, the USFS issued the Record of Decision for the Kake Petersburg intertie in November 2016. Southeast Conference continues to work with the Alaska Energy Authority on project development in the region with biomass projects in Haines, Hoonah, Kake and Prince of Wales Island. Other projects include hydro development in Kake, Metlakatla and Hoonah as well as intertie projects in Kake and Metlakatla. Assistance was also provided to Kootznوو in support of the Thayer Creek hydro project. The Energy Coordinator also provided technical assistance, in collaboration with REAP and SSP, to Klawock as they successfully applied for the Dept. of Energy's RACCE energy efficiency program funding. Southeast Conference met personally with each of the state's federal delegation on issues effecting energy projects in the region. **Project Champion:** Robert Venables, Southeast Alaska Energy and Transportation Coordinator.

Goal: The majority of energy consumption and costs paid by most businesses and residences goes toward diesel space heat. **Provide diesel displacement** through improved incremental delivery of conservation and efficiency measures. Educate people regarding energy use. **Progress:** Southeast Conference is working with USDA Rural Development to promote and conduct energy audits for businesses in southeast Alaska. To date, 14 businesses have participated in energy audits with a total of over 100,000 square feet of floor space. Significant technical work continues to progress on a few district heating system concepts that seek place-based solutions to yield non-energy benefits in addition to lower costs and improved efficiencies. Many of the energy-related projects happening in the region rely upon programs and expertise throughout the region and state, with Southeast Conference playing an integral role. Despite depressed oil prices, the region continued strong efforts toward implementation of fuel conservation and efficiency measures in 2016. **Project Champion:** Alec Mesdag Director of Energy Services at Alaska Electric Light & Power Company



Goal: Provide an adequate, economic and dependable supply of timber from the Tongass National Forest to regional timber operators. **Progress:** Southeast Conference has been working with political leaders to change policy in order to achieve this goal. The timber industry in Alaska is at a critical point. The Forest Service was in the process of attempting to finalize an amendment to the 2008 Amended Forest Plan that requires operators to transition from old growth to young growth over a period of 15 years. The industry opposed it because there has been no showing that an adequate inventory of economic young growth timber exists to support an industry. Lisa Murkowski introduced legislation that would delay implementation of the Transition Amendment pending completion of such an inventory. Southeast Conference, along with a group of 25 prominent Alaskan individuals, communities, statewide organizations, and Southeast Alaska businesses asked for a moratorium on completion of the Transition Plan Amendment. **Project Champion:** Bryce Dahlstrom Vice President Viking Timber.

Southeast Conference

In Review 2016

Member Communities and Organizations

- Community of the Year: **Ketchikan**
- Business of the Year: **Alaska Airline**

180

Publications

- Southeast 2020 Economic Plan
- AMHS Governance Study
- The Value of Alaska's Marine Highway in 25 Stories
- Southeast Alaska by the Numbers 2016
- Southeast Alaska Resiliency Mapping

5

Meetings

119

Active Committees

- Transportation, Energy, Maritime/Seafood, Timber, Solid Waste, CEDS Steering

6

News Stories 2016

107

Economic Plan Initiatives

47

Total Expenses

\$612K

Scholarships Donations

\$17K



SOUTHEAST
CONFERENCE

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Southeast Conference Board of Directors



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Bryce Dahlstrom – Director
Vice President, Viking
Lumber, Klawock



Graham Neale – Director
Project Manager Niblack
Project



Markos Scheer – Director
Attorney for Williams
Kastner, Sitka

Not pictured Dennis Gray Jr. – Director City Administrator for City of Hoonah

SOUTHEAST CONFERENCE 2016 IN REVIEW



For Southeast Conference, 2016 was an exciting year. We released a new five-year **economic plan** for the region, with 47 community driven economic initiatives, including eight that we have prioritized as an organization. More than 400 of our members were involved in the process. We are making great progress on each of these, due to the hard work, partnership, and collaboration of our member organizations.

We assembled an **all star board of directors** from 10 communities across the region, including two mayors, three economic development directors, a city manager, a city administrator, an assembly member, and five private sector representatives in the areas of energy, maritime, mining, timber, and mariculture. Our board is made up of hard working community members who still find time to advocate for the betterment of the region as a whole.

Reflective of the economic realities of the region, our staff has slimmed down to two, and our Executive Director, **Shelly Wright**, and our Transportation and Energy Coordinator, **Robert Venables**, are working harder than ever to continue to lead the way in economic development planning in the region. Shelly is the longest serving director of Southeast Conference ever, and is now in her 10th year of leadership. Robert joined Southeast Conference 20 years ago to as a member, 17 year ago as a board member, and has been serving in some capacity continuously since that time.

Our primary focus in 2016 was not new, but is one that continues to have vital importance to our region and our economy. The AMHS Reform Project is poised to restructure our ferry system to make it more sustainable.

The mission of Southeast Conference is to **undertake and support activities that promote strong economies, healthy communities and a quality environment in Southeast Alaska**. As the state and federally designated regional economic development organization, Southeast Conference serves as the collective voice for advancing the region's economy. We have 180 member organizations representing 1,200 people from 32 regional communities. We started 59 years ago with a group of people supporting the establishment of a regional transportation system, leading to the formation of the Alaska Marine Highway System. Our members stayed together through more than a half-century to focus on concerns unique to the region.



PROJECT STEERING COMMITTEE
Chair: Dennis Watson - Craig
Dave Kensing - Petersburg
Greg Wakefield - Anchorage
Elizabeth Bolling - Ketchikan
Shannon Adamson - Juneau
Josh Howes - Anchorage
Will Ware - Juneau
Sharon Hildebrand - Fairbanks
John Whiddon, SWAMC - Kodiak
Dan Kelly - Ketchikan
Michael Anderson - Cordova
Dennis Bousson - Skagway
Staff: Robert Venables

Project Background

In Alaska marine transportation linkages are important to the greater economy. Because of this, the health of the Alaska Marine Highway System (AMHS) is vital to economic development in the state, and the AMHS is at a critical juncture. The impact of declining oil production and prices on the state budget means that the ferry system must determine a way to maintain services while decreasing costs. In May 2016, Governor Bill Walker signed a Memorandum of Understanding with Southeast Conference to undertake a statewide planning process aimed at improving the long-term viability of AMHS. Southeast Conference is working on a two-phase approach that will identify structural changes to improve the operability and financial health of the state ferry system.

The "AMHS Reform Project" - Designing a Strategic Operating Plan for AMHS

Steering Committee Led: A steering committee comprised of Alaskans from across the state will oversee development of the plan, and the process will involve broad public engagement and multiple stakeholder meetings.

Phase I: Mission, goals and governance recommendations. The first phase of the project will identify alternative governance models for the state ferry system, recommend the model best suited to operate the system in an economically optimal way that meets user needs, and explore options to install an empowered governance board. Elliott Bay Design Group and McDowell Group have teamed together to work on this phase.

Phase II: Strategic Operations and Business Plan: A new ferry system operating plan will be developed using the findings and recommendations from phase I in order to ensure a financially sustainable Alaska Marine Highway System for at least the next 25 years. Phase II includes a fleet renewal plan and will explore potential partnerships with the private sector and revenue opportunities to allow forward funding of operations and greater fiscal certainty.

PROJECT TIMELINE
The "AMHS Reform Project"
Phase I: Mission, goals and governance recommendations.
Completion
December 2016
Phase II: Twenty-five Year Ferry System Operating Plan.
January 2017 through
December 2017