

Goal: Implement the **Alaska Maritime Workforce Development Plan** in Southeast Alaska to upgrade workforce pool 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 DOT 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 meeting 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. Phase I of the Economic Analysis of the Alaska Mariculture Initiative has been completed. An EDA grant was 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 Governor's task force. A new farm, Hump Island Oyster Co., began sending oysters to stores and restaurants in the fall. The first commercial planting of seaweed seed in Alaska (Ketchikan and Kodiak) occurred in October; harvest is expected in spring and will be sold 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. Approximately 350 million pounds of seafood are harvested in Southeast Alaska each year, but the majority leave with only primary processing, 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 and AFDF. AFDF submitted a proposal, "Seafood Protein Powder – Byproduct and Market Development," to the NOAA Saltonstall-Kennedy Program to manufacture and test seafood protein powder, and conduct consumer market research. Planning is underway for the 2017 Alaska Symphony of Seafood, a contest for new value-added products made out of Alaska seafood, with new by-products and roe products categories and a new partnership with SWAMC. ASMI and AFDF made a presentation at the James Beard Food Conference regarding fish waste. **Project Champions:** Julie Decker Executive Director Alaska Fisheries Development Foundation. Brian Holst, Executive Director Juneau Economic Development Council.

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. The 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 identify 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

AMHS SUPPORT

Maritime Workforce Development

Energy Legislation



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 Kootznouwo 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.

ENERGY

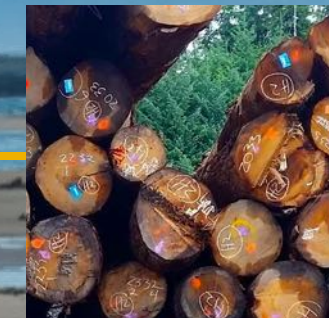
PROGRESS ON THE EIGHT STRATEGIC PRIORITIES OF THE SOUTHEAST ALASKA 2020 ECONOMIC PLAN

Diesel Displacement

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.

DIESEL DISPLACEMENT

Secure Adequate Timber Supply



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 evidence 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.

TIMBER SUPPLY

Market Southeast Alaska to Visitors

Goal: Develop a collaborative **regional visitor marketing effort** to provide more marketing opportunities, improve brand awareness, strengthen 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

TOURISM MARKETING

Southeast Conference

In Review 2016

Member Communities and Organizations

- Community of the Year Award: **Ketchikan**
- Business of the Year Award: **Alaska Airlines**
- Annual Meeting Community Host: **Petersburg**

180

Economic Plan Initiatives

- 8 priority objectives

47

News Stories About Our Work

107

Scholarship Money Raised

\$17K

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

Events and Meetings

119

Active Committees

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

7

Total Expenditures

\$612K



SOUTHEAST
CONFERENCE

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Southeast Conference and our Board of Directors

Southeast Conference Mission

The mission of Southeast Conference is to undertake and support activities that promote strong economies, healthy communities, and a quality environment in Southeast Alaska.

About Southeast Conference

Southeast Conference was incorporated in 1958 to lobby for a regional transportation system that eventually became the Alaska Marine Highway System. After that success, we stayed together to continue to advocate for issues that are key to the southeast region as a whole. Our goal is to help develop strong economies, healthy communities, and a quality environment in Southeast Alaska. We look for consensus and areas where we can work together for the betterment of the region. Our key areas of focus include economic development, transportation, energy, maritime, seafood, tourism, timber, and mining.

We have members from nearly every community, chamber of commerce, and economic development organization in the region. Our membership also represents many regional transportation organizations, Alaska Native organizations, local and regional utilities, and other businesses. We help support the Southeast Conference of Mayors and the Marine Transportation Advisory Board. Southeast Conference is the federally designated Regional Economic Development District and the State-designated Alaska Regional Development Organization.

Alaska Marine Highway Reform Project Sponsors

LEGACY CONTRIBUTORS: City of Ketchikan, City of Valdez, First Bank, Haines Borough, Ketchikan Gateway Borough, State of Alaska

BENEFACTORS: Alaska Committee, City and Borough of Sitka, Lynden Inc.

SILVER SPONSORS: City of Kodiak, Ketchikan Marine Industry Council, Municipality of Skagway, Vigor Alaska

BRONZE SPONSORS: Best Western Landing Plus, City and Borough of Wrangell, City of Cordova, City of Pelican, City of Thorne Bay, City of Unalaska, Cordova Chamber, Greater Sitka Chamber, Hyder Community Association, Huna Totem, Inter-Island Ferry Authority, Madison Lumber & Hardware, Marine Engineers, Masters Mates and Pilots Union, Petersburg Chamber of Commerce, Petersburg Economic Development Council, SouthWest Alaska Municipal Conference (SWAMC), Travel Juneau



Alec Mesdag – Treasurer
Director of Energy Services for AEL&P Juneau



Garry White – Past President
Executive Director, Sitka Economic Development Association



Markos Scheer – Director
Attorney for Williams Kastner, Sitka



Graham Neale – Director
Project Manager Niblack Project



Bryce Dahlstrom – Director
Vice President, Viking Lumber, Klawock



Dennis Watson – 2nd Vice President
Mayor, City of Craig



Stephen Bradford – Secretary
Assembly Member, Ketchikan Gateway Borough

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



Jan Hill – Vice President
Mayor, Haines Borough



Rorie Watt – Director
City Manager, City & Borough of Juneau



Liz Cabrera – Director
Economic Development Director, Petersburg



Carol Rushmore – Director
Economic Development Director, City and Borough of Wrangell



Chelsea Goucher – President
Sales Representative, Alaska Marine Lines Ketchikan

SOUTHEAST CONFERENCE 2016 IN REVIEW



New Regional Plan

For Southeast Conference, 2016 was a significant year. We released a new five-year **economic plan** for the region, with 47 community-driven economic initiatives in the areas of transportation, energy, maritime, visitors, timber, and more — including eight that we prioritized as an organization. We renewed our partnership with Central Council Tlingit Haida Indian Tribes of Alaska and engaged more than 400 of our members in the yearlong process. We are making great progress on each of these, due to the hard work, partnerships, and collaboration of our member organizations. Our Plan is being promoted as the example of what a CEDS document should look like, both by the EDA as well as the State of Alaska. The work and achievements to date in our priority areas are presented inside.

New Board Members

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.

Staffing Changes

Reflective of the economic realities of the region, our staff has slimmed down to two. 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 as a member, joined the board 17 years ago, and has been serving in some capacity continuously since that time.

Ferries Are Still Our Top Priority

The long-term health and prosperity of our ferry system continues to be the number-one priority of Southeast Conference, and has been the focus of many of our efforts. In 2016 we published “The Value of Alaska’s Marine Highway in 25 Stories” in which we asked those who experience the marine highway’s benefits first-hand to describe its value: our mayors, tribal leaders, business owners, tourism directors, fishermen, economic development experts, and other community leaders. These Alaskans’ stories weave together to form a single tale: Transportation is the lifeblood of coastal communities, and a strong ferry system is essential to local economic development, quality of life, and community well-being. In May 2016, Governor Bill Walker signed a Memorandum of Understanding with Southeast Conference to improve the long-term viability of AMHS. We are working to identify structural changes that will improve the operability and financial health of the state ferry system, and published the AMHS Governance Study in November. We will continue full steam ahead on this effort in 2017.



TRANSPORTATION



ENERGY



MARITIME



SEAFOOD



VISITORS



TIMBER

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