THE STATE of ALASKA
GOVERNOR MIKE DUNLEAVY

# DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT

ALASKA

NORTH TO OPPORTUNITY

John Springsteen, Deputy Commissioner

February 2020

# Why establish an "Alaska Development Team?"

**Need for "Statewide Coordination" recognized in State's Comprehensive Economic Development Strategy (CEDS) as informed by industry, business, and government leaders.**

Northern Opportunity
*Alaska's Economic Development Strategy*

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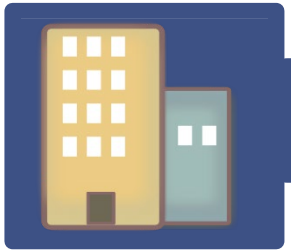
## Economic Development Capacity Building



GOAL: Strengthen the ability of Alaska organizations to execute economic development initiatives that create jobs and investment

Objective: Improve the resiliency and health of existing business

Objective: Create new statewide coordination mechanisms for economic and business development

# Alaska CEDS Committee (2016/2017)

## Strategy Committee: Northern Opportunity: Alaska's Economic Strategy

- Joe Beedle, Northrim Bank
- Larry Cash, RIM Architects
- Sue Cogswell, Prince William Sound Economic Development District
- Deantha Crockett, Alaska Miners Association
- Tim Dillon, Kenai Peninsula Economic Development District
- Kathryn Dodge, University of Alaska Cooperative Extension Small Business & Economic Development
- Jim Dodson, Fairbanks Economic Development Corporation
- Doug Griffin, Southwest Alaska Municipal Conference
- Representative David Guttenberg, Alaska State Legislature
- Scott Habberstad, Alaska Airlines
- Marleanna Hall, Resource Development Council
- Jason Hoke, Copper Valley Development Association
- Senator Shelley Hughes, Alaska State Legislature
- David Karp, Northern Air Cargo
- Brian Kleinhenz, Sealaska Corporation
- Brent Latham, Yukon Kuskokwim Economic Development Council
- John MacKinnon, Associated General Contractors of Alaska
- Kara Moriarty, Alaska Oil and Gas Association
- Kris Norosz, Icicle Seafoods
- Crystal Nygard, Mat-Su Business Alliance
- Christine O'Connor, Alaska Telephone Association
- Lisa Parker, Parker Horn Company
- Bill Popp, Anchorage Economic Development Corporation
- Kim Reitmeier, ANCSA Regional Association
- Meilani Schijvens, Rain Coast Data
- Hugh Short, Pt Capital
- John Springsteen, Alaska Industrial Development and Export Authority (AIDEA)
- Andy Teuber, Alaska Native Tribal Health Consortium (ANTHC)
- Curtis Thayer, The Alaska Chamber of Commerce
- Rick Thomas, The Chariot Group
- Norman Van Vactor, Bristol Bay Economic Development Corporation
- John Wanamaker, Alaska Venture Partners
- Doug Ward, Vigor Alaska / Alaska Workforce Investment Board
- Laurie Wolf, The Foraker Group
- Shelly Wright, Southeast Conference

# What is the Alaska Development Team (AKDT)?

## Mission

**To promote growth of existing Alaskan businesses, encourage new businesses to invest in Alaska, and help create an economic environment that is favorable for business development.**

## Vision

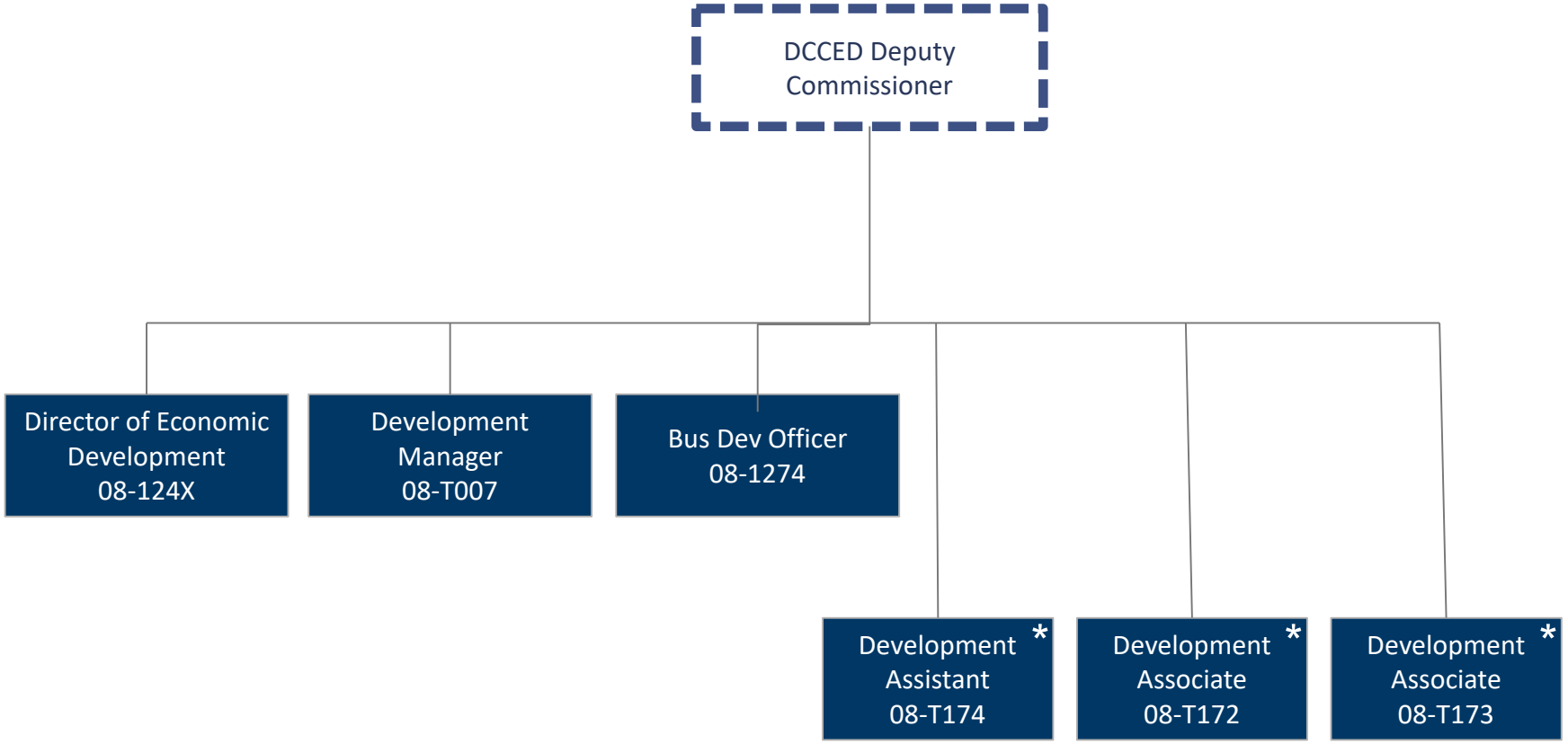
**To enable a flourishing private sector economy that brings job opportunities to the state and increases prosperity and self-sufficiency for Alaskan families.**

## Fundamental Question

**What can Alaska do today, with what we have in our regions and communities, to grow and attract commerce, industry, and investment?**

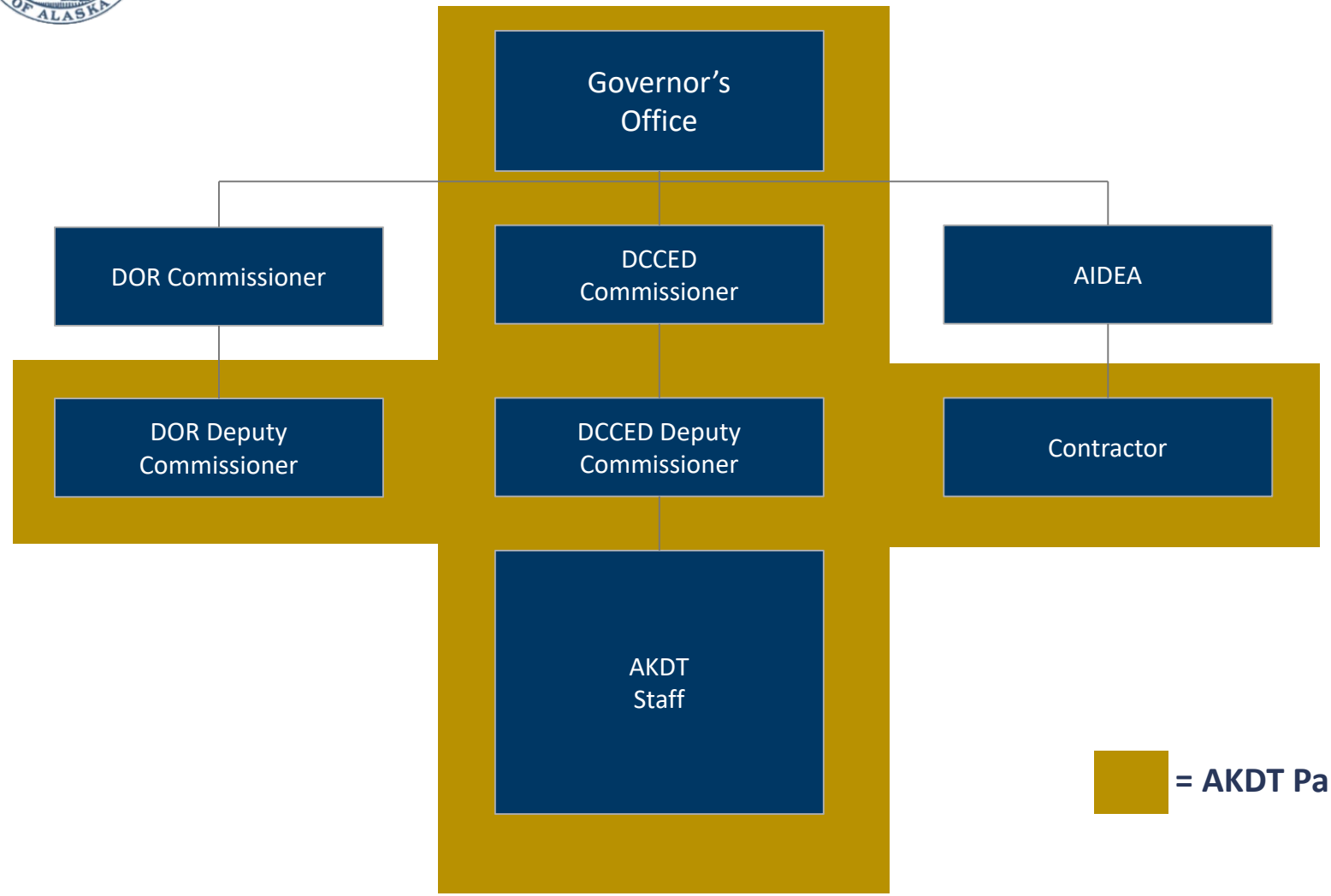
# FY2020 Division of Economic Development

# AKDT Staff




*temporary position: added in FY20 management plan

# AKDT Governance and Participation



# What Does the AKDT Do?

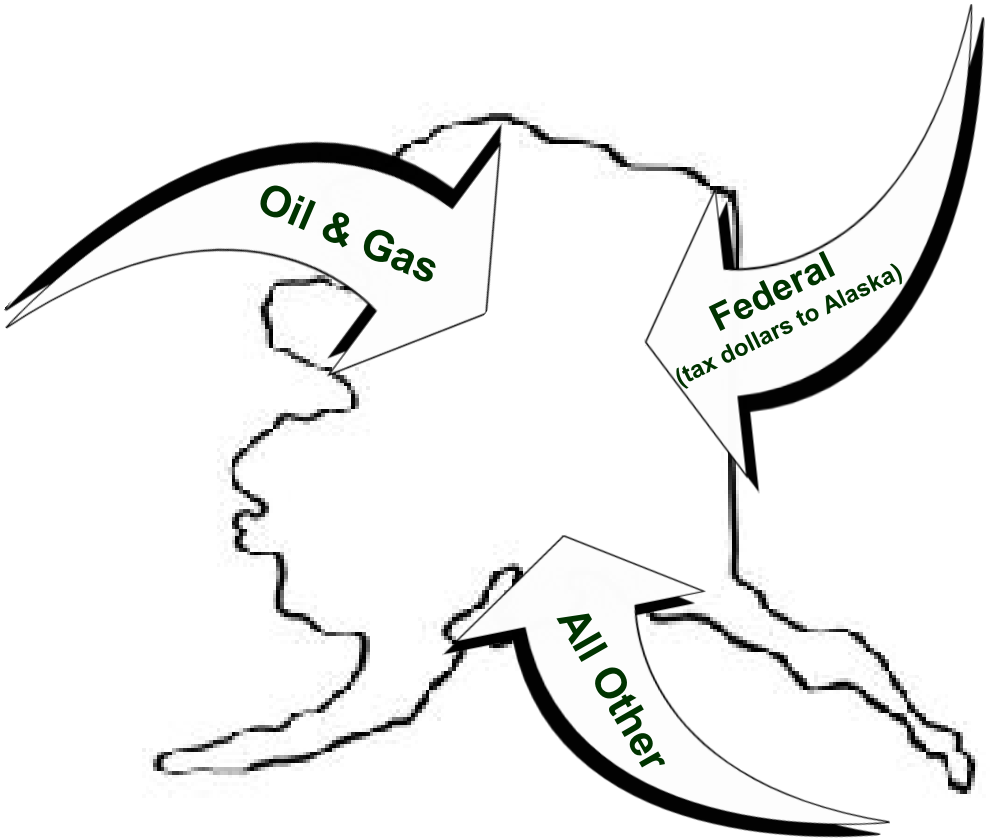
**We work with Alaskan businesses, governmental entities, economic development organizations, industry groups, and chambers of commerce to identify and facilitate ways to make doing business in Alaska easier.**

## How are we doing this?

- Promoting the advantages of doing business in Alaska to prospective investors
- Serving as a facilitator to connect interested parties and move investment ready commercial and industrial projects forward
- Interacting with economic development organizations, industry groups, and business owners and participating in trade events to share information and ideas for promoting business growth
- Identifying barriers to business development in Alaska and developing approaches to resolve impediments

# Economic Engines

## "What drives the Alaska economy?"
## 2008 Scott Goldsmith article is still relevant today




UA Understanding Alaska

### What Drives The Alaska Economy?

*By Scott Goldsmith*

UA Research Summary No. 13 • December 2008
Institute of Social and Economic Research • University of Alaska Anchorage

What drives Alaska's economy is new money: money coming in from outside the state. How big the economy is, and how much it grows, depends on how much new money comes in.

New money comes from "basic" sectors—the sectors that are the basis for all jobs and income across Alaska. They are, in effect, the gears driving the economy.

Alaska has eight main basic sectors, but the number of Alaskans they employ directly is small, compared with the number of jobs they support indirectly. Figure 1 shows numbers and shares of jobs for Alaskans that the federal government, the petroleum sector, and the other basic sectors generated on average between 2004 and 2006. The numbers for any specific period aren't as important as the percentages, which don't change much from year to year.

- *If the flow of federal and petroleum money disappeared overnight, two-thirds of the jobs for Alaskans would also disappear*, because each of them supports a third of those jobs.
- *Alaska's other basic sectors combined support about a third of jobs for Alaskans.* The seafood, mining, and timber sectors produce commodities that are exported. The tourism and international air cargo sectors sell services to people from outside Alaska. Federal retirement checks and investment income Alaskans collect from outside sources also generate jobs.

How is it that the federal government and the petroleum sector support most jobs for residents, and several other sectors support the rest? This summary, based on a longer paper (see back page), is a unique analysis of how the basic sectors drive the economy. Instead of looking just at jobs in a specific activity—seafood processing, for instance—we allocate all the jobs throughout the economy to the basic sectors that support them. This method gives a clearer picture of the structure of the economy, but it may produce different numbers than other methods.

Here we use jobs for residents to measure economic contributions—a reasonable measure but not the only one, as we discuss in the full paper. We analyze just jobs for Alaska residents, even though many non-residents also work here. They don't typically spend their paychecks in Alaska, so they don't add as much to the economy.

To compare across sectors, we've converted all jobs to an annual average number. That means for industries like commercial fishing and tourism, which have a lot of seasonal jobs, we've translated the larger number of seasonal jobs into a smaller number of year-round jobs. Still, keep in mind that not all jobs are equal; some pay much more than others.

#### Why Does Alaska's Economy Look Like This?

Before we talk more about how the basic sectors generate jobs, it's useful to look at the big picture. Why does the federal government play such a big role in Alaska, and why are most basic sectors ones that produce natural resources? Why don't we have, say, more in-state manufacturing or large high-tech businesses?

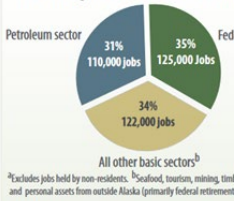
Federal spending in Alaska is high, relative to the population, for several reasons—including a large military presence; huge federal land holdings; federal health-care and other programs for Alaska Natives; and continuing construction of basic infrastructure that the federal government helps pay for.

Alaska's economy has also historically been shaped by characteristics that increase the costs of doing business and make development difficult—including huge size, harsh climate, and distance from markets and suppliers. Economic growth and technological advances have reduced but not eliminated such disadvantages, especially in remote areas.

#### Why is new money important?

Why is it important for new money to come into the state? That's because no economy—in Alaska or anywhere—is self-sufficient. All economies have to buy goods and services that aren't produced locally, which means money flows out of the local economy to economies somewhere else. That loss has to be offset by new money flowing in, or the local economy would eventually go broke.

**Figure1. What Generates Jobs for Alaska Residents[a]?**
(Annual Average Number of Jobs for Residents, 2004-2006: 357,000)




[a]Excludes jobs held by non-residents. [b]Seafood, tourism, mining, timber, international air cargo, and personal assets from outside Alaska (primarily federal retirement benefits).

**Note:** This analysis shows that the petroleum sector reaches across Alaska's economy, supporting jobs in almost every industry. But petroleum's effects go even deeper, as a follow-up ISER study will show. Without the support and stability petroleum has provided since the 1960s, Alaska's economy might be only half the size it is today. Look for the new study in early 2009.

# How Can AKDT Help Alaska's Economy?

**By focusing on Alaska's economic engines and potential growth sectors, we drive the Alaskan economy.**

| Grow Existing Economic Engines | |
|---|---|
| Oil & Gas | |
| Mining | |
| Seafood | |
| Tourism | |
| Alaska Native Corporation Businesses | |
| International Air Cargo | |
| Manufacturing & Export | |
| Investment Management | |
| Federal (Tax Dollars): | |
| Defense & Security | Healthcare |
| Infrastructure | ANCSA 8(a) |

| Encourage New Growth Sectors |
|---|
| Product Exports<br>- Mariculture<br>- Agriculture<br>- Timber<br>- Critical Minerals |
| Service Enhancement<br>- Additional Tourism Destinations<br>- Secure Storage for Air Cargo<br>- Cold Storage for Air Cargo |
| Export Services / Knowledge<br>- IT / Secure Data Centers<br>- R&D / Intellectual Property |
| Other ? |

| Create Favorable Environment for Induced Sectors |
|---|
| Logistics and Supply Chain |
| Construction |
| Professional Services |
| Consumer Goods and Services |
| Healthcare |
| Education |
| State Government |

**Economic Engines + Potential Growth Sectors → Induced Sectors**

# Who is Focused Where?

**AKDT "front-line" members are assigned to focus on individual sectors of the economy to engage and encourage growth.**

| AKDT Member | Sector |
|---|---|
| John Springsteen | Mining |
| | Oil and Gas |
| | Infrastructure |
| | Energy |
| Matthew Fagnani | Fishing, Seafood, and Mariculture |
| | Timber |
| | DoD and Defense Contracting |

| AKDT Member | Sector |
|---|---|
| Keith Comstock | Agriculture |
| | Aerospace, Aviation, and Air Cargo |
| | Broadband and Telecommunications |
| | Engineering and Manufacturing |
| | Technology and R&D |
| | Tourism |
| Greg Samorajski | Gaming |
| | P3 / Finance |
| | Real Estate |

# Highlights of Recent AKDT Activities

**AKDT and Mining**

- **Making it easier to do business**
- **Alaska mining, U.S. Critical Minerals, and eligibility for "high priority infrastructure project" designation to streamline permitting.**

**AKDT and Mariculture**

- **Interacting with industry to promote business growth**
- **Alaska Mariculture Task Force, Alaskan grown shellfish & seaweed, overcoming statutory and regulatory hurdles, and consultation with the seafood industry.**

**AKDT and Broadband**

- **Identifying barriers and resolving impediments**
- **Alaska broadband, sensible standards for satellite performance, and OneWeb collaboration with Pacific Dataport to improve rural connectivity.**

# AKDT and Mining

NORTH OF 60 MINING NEWS

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## Mining eligible for permit streamlining

Federal permitting council votes to include sector for Fas

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Getting mining included as an eligible sector under Fast-41 was prompted by Alaska Gov. Michael Dunleavy, who nominated Graphite One Inc.'s Graphite Creek deposit in western Alaska as a high-priority infrastructure project

Graphite One Inc.

Core from drilling through a graphite-rich lens at Graphite Creek. This world-class deposit, which could provide a domestic source for the graphite needed for the lithium-ion batteries used to store wind- and solar-generated electricity, is among the Alaska mining projects that could benefit from more efficient permitting under Fast-41.

It's official, U.S. mining projects can now be considered for more efficient permitting under Title 41 of the Fixing America's Surface Transportation Act, or Fast-41, a program established in 2015 to improve the timeliness, predictability, and transparency of the federal environmental review and authorization process for eligible infrastructure projects.

This Obama-era Fast-41 program established the Federal Permitting Improvement Steering Council (FPISC), a federal entity meant to provide a one-stop-shop capable of coordinating permits across different federal agencies, thereby streamlining and shortening the overall process for some large projects.

On Jan. 15, FPISC voted in favor of including mining among the sectors eligible for the coordination and permit streamlining under Fast-41.

**AKDT**

**Facilitated meetings with Graphite One and federal entities.**

# AKDT and Mariculture

## Mariculture a growing opportunity for Alaska industry

Author: Julie Decker | Opinion  Updated: 3 days ago  Published 3 days ago

*Alaska seaweed harvesting could turn into a growing segment of the mariculture industry.*

"State support, spanning multiple administrations, is critical to reach the goal of growing a $100 million mariculture industry in 20 years. We are thankful for the support of Gov. Dunleavy, Ben Stevens, Matt Fagnani and Clark Penney of the Alaska Development Team and additional agency staff, who jumped in the boat with us and helped row in the same direction." *Julie Decker, Alaska Daily News*

# AKDT and Alaska Broadband

**A Blueprint for Alaska's Broadband Future**

Updated and Revised 2019

**In cooperation with the Denali Commission**

**AKDT**

Advice prompts inclusion of satellite standard for Alaska Broadband (critical for rural access and federal funding eligibility)

**Performance Measures that Will Define Success (by 2024)**

| MEASURES | TARGETS |
|---|---|
| Download Speed (end-user) | 100 Mbps |
| Upload Speed (end-user) | 100 Mbps |
| Latency (terrestrial, within Alaska) | 20 Milliseconds |
| Latency (satellite, covering Alaska) | NGSO: 100 milliseconds \| GEO: 670 milliseconds |
| Reach (market serviceability) | 100% of Alaska homes and businesses |
| User Cost | Monthly rates at or below 2019 rates in Anchorage |
| Reliability | 99.99% uptime (with backup systems) |
| Adoption (subscription to service) | 90% of adult population; 100% of homes with students |
| Progress | 100% of 2019 recommendations achieved |

# AKDT and Alaska Broadband

## OneWeb Collaborates with PDI, Aims to Improve Arctic Connectivity

OneWeb, a global communications company, has lately made an announcement about a new distributor partnership with Pacific Dataport Inc. (PDI), which is an exclusive distribution partner for satellite communication sys
services all over Ala

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been an amazing e
areas of the Arctic r
PDI recognized the
in varied markets."

> "This partnership will allow the delivery of OneWeb's high speed internet services all over Alaska. *Chuck Schumann, CEO, Pacific Dataport*

**Customers to Enjoy OneWeb Services as Early as Q4 2020**

This agreement ensures that the customers in the Arctic region will have the benefit of OneWeb connectivity as early as Q4 2020. The unique qualities of Alaska suggest that it is a hub for economic growth and the seamless global communication system of OneWeb will be a key booster for regional initiatives, including growth of a digital economy and collection of climate data.

CEO at PDI, Chuck Schumann, said, "PDI is pleased to sign the agreement with OneWeb, which will be Alaska's important LEO service agreement. PDI is a frontrunner in the satellite industry, continuously planning and implementing modern technologies existing in the market for the customers. We are happy to team up with OneWeb, who will offer high-speed connectivity to serve our customers in Alaska and the Arctic."

**PDI to Display OneWeb's Service across Arctic**

Schumann further added saying that PDI has the benefit of being one of the firsts to get the opportunity to display OneWeb's service in Alaska and eventually in the Arctic region from the year's end. Also, the enthusiasm from their customers to test and try-out the services of OneWeb has been important.

**AKDT**

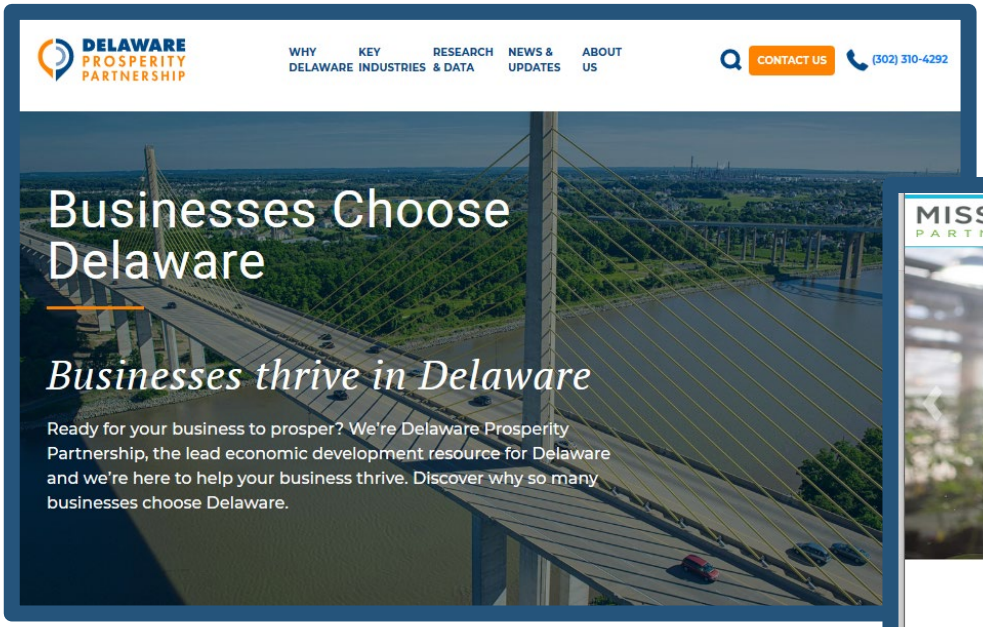
**Introductions of the group to providers of capital**

# Other AKDT Initiatives

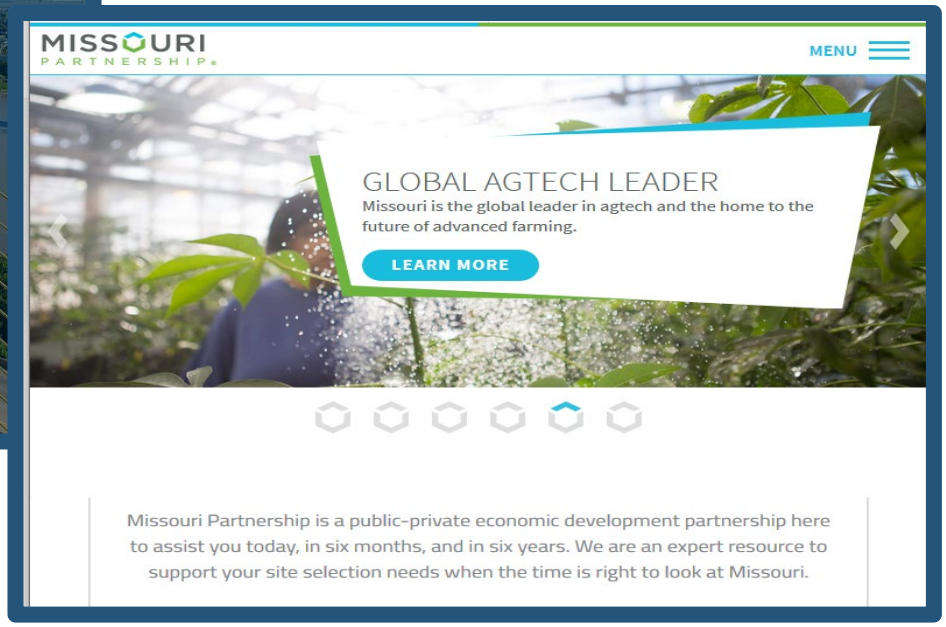
- **Expanding gaming opportunities in Alaska**
- **Attracting investors for cold storage and secure storage facilities for international air cargo**
- **Capitalizing on University of Alaska research and development capabilities**
- **Providing long-term supplies of timber to global markets**
- **Exploring potential for multi-user infrastructure funded primarily by and for industry (similar to Delong Mountain Transportation System)**
- **Pursing public-private partnerships for tourism opportunities**
- **Ongoing work with Alaska Regional Development Organizations (ARDORs), Alaska Municipal League members, industry groups, and chambers of commerce on driving local and regional economic engines**

# From AKDT to a "Partnership Model"

- **Stand up the organization**
- **Create recognizable value**
- **Transition to an integral but independent entity**




Facilitation & coordination for economic development is a necessity for all states across the country




Many states use some form of private and/or public-private entity for statewide economic development

# Working to a "Partnership Model"

- Performing research on economic engine development models
- Participating in best practices working group

  e.g. the State Economic Development Executives (SEDE) Network
- Ongoing interviews with other state economic development executives

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