

**ALASKA STATE LEGISLATURE**  
**SENATE LABOR AND COMMERCE STANDING COMMITTEE**

January 26, 2017

1:31 p.m.

**MEMBERS PRESENT**

Senator Mia Costello, Chair  
Senator Shelley Hughes, Vice Chair  
Senator Kevin Meyer  
Senator Berta Gardner

**MEMBERS ABSENT**

Senator Gary Stevens

**COMMITTEE CALENDAR**

**STRATEGY FOR ALASKA'S ECONOMY**

Alaska Regional Development Organizations  
Department of Commerce, Community and Economic Development

- HEARD

**PREVIOUS COMMITTEE ACTION**

No previous action to record.

**WITNESS REGISTER**

BILL POPP, President & CEO  
Anchorage Economic Development Corporation (AEDC)  
Anchorage, Alaska

**POSITION STATEMENT:** Presented information on the Anchorage Economic Development Corporation regional development plan.

TIM DILLON, Executive Director  
Kenai Peninsula Economic Development District (KPEDD)  
Kenai, Alaska

**POSITION STATEMENT:** Provided information on the Kenai Peninsula Economic Development District economic development plan.

SHELLY WRIGHT, Executive Director  
Southeast Conference

Juneau, Alaska

**POSITION STATEMENT:** Presented information on Southeast Conference's role in economic development.

MEILANI SCHIJVENS, Economic Planner

Rain Coast Data;

Member

Southeast Conference

Juneau, Alaska

**POSITION STATEMENT:** Presented information on the Southeast Conference economic development plan.

ROBERT VENEABLES, Energy Coordinator

Southeast Conference

Juneau, Alaska

**POSITION STATEMENT:** Presented information on the Southeast Conference energy goals.

CHRIS HLADICK, Commissioner

Department of Commerce, Community and Economic Development

Juneau, Alaska

**POSITION STATEMENT:** Participated in the presentation titled "Northern Opportunity," Alaska's Comprehensive Development Strategy.

BRITTENY CIONI-HAYWOOD, Director

Division of Economic Development

Department of Commerce, Community and Economic Development

**POSITION STATEMENT:** Participated in the presentation titled "Northern Opportunity," Alaska's Comprehensive Development Strategy.

ETHAN TYLER, Manager

Division of Economic Development

Anchorage, Alaska

**POSITION STATEMENT:** Participated in the presentation titled "Northern Opportunity," Alaska's Comprehensive Development Strategy.

#### **ACTION NARRATIVE**

[1:31:40 PM](#)

**CHAIR MIA COSTELLO** called the Senate Labor and Commerce Standing Committee meeting to order at 1:31 p.m. Present at the call to order were Senators Gardner, Hughes, Meyer, and Chair Costello.

#### **Strategy for Alaska's Economy**

[1:32:19 PM](#)

CHAIR COSTELLO said the committee will continue to focus on the economy by looking at the regional development plans. The question members should consider is if the state should have a strategic vision to move forward with an eye to a resilience in the economy. She welcomed Bill Popp.

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BILL POPP, President & CEO, Anchorage Economic Development Corporation (AEDC), shared AEDC's mission, which is to grow a prosperous, sustainable, and diverse Anchorage economy. The vision is for Anchorage to be the number one city in America in which to live, work, and play by 2025. The focus is on Anchorage, but AEDC believes what is good for others is also good for Anchorage.

He stated that the municipality faces a lot of challenges. Anchorage is now the 20<sup>th</sup> most expensive city in the nation at 130.2 percent of the national cost-of-living average. It is the 6<sup>th</sup> highest for groceries, 20<sup>th</sup> for housing, 112<sup>th</sup> for utilities, 36<sup>th</sup> highest for transportation, and it remains the 3<sup>rd</sup> most expensive city for healthcare at 143.5 percent of the national average. It is the 5<sup>th</sup> most expensive for miscellaneous goods and services at 125.8 percent, and the 7<sup>th</sup> most expensive place to buy a Big Mac. This shows the difficulty of attracting new outside investment.

MR. POPP related that AEDC offers services to businesses and growth-focused programs, such as research and analysis reports, national and international business attraction methods, assistance to new and existing businesses seeking to invest in Anchorage, and support for entrepreneurship and relative programs and initiatives.

He explained that AEDC's strategic efforts are focused in three key areas: Live, Work, Play Initiative, Comprehensive Economic Development Strategy, and the Airport Business Development Initiative. Live, Work, Play is the community redevelopment initiative focused on strengthening community foundational elements, which undermine economic efforts if they are weak. These include safety, housing, education, arts, recreation, and the health and diversity of the community.

He said that the Comprehensive Economic Development strategy takes advantage of the improved community foundations and is focused on economic development. The strategy is set for

completion in the fall of 2017. It is a grassroots planning process that will lay down a five-year set of initiatives, such as downtown revitalization and a U-Med Innovation District.

He turned to the Airport Business Development Initiative, which is entering its fourth year. He termed the airport the "crown jewel" in the state's overall economy. Last year it was the 4<sup>th</sup> busiest cargo airport on the planet. He said AEDC spent 18 months focusing on global supply chains as potential business operations in Anchorage. The four that rose to the top were pharmaceuticals, especially clinical trials, automotive electronics, consumer electronics, and aviation parts. Pharmaceuticals was the most likely opportunity.

MR. POPP said that for the last 18 months, AEDC has been focusing on analyzing pharmaceutical industry needs and expectations. They also have been working to align private and public partnerships and looking at industry cost trends. He predicted that the new business facilities would be small with 10 to 25 employees. He noted it was a long-term project.

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MR. POPP related that AEDC is entering its 30<sup>th</sup> anniversary year. It is a 10-person operation with a 65-member board. The 2017 budget is estimated at \$1.8 million cash and in-kind and direct government funding of about \$250,000, fully from the Municipality of Anchorage. The remainder is private sector sourced.

He concluded, "There are no easy wins in either economic or community development." He stressed that investments in both efforts are critical to community development and must go hand-in-hand with economic development strategies. He suggested thinking of it as a private/public project, not a public/private project.

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CHAIR COSTELLO thanked Mr. Popp for his work.

SENATOR HUGHES asked for the names of the other three cities that are higher than Anchorage for health care. She also asked why pharmaceuticals rose to the top in the study of industry possibilities for Anchorage.

MR. POPP respond that Fairbanks is first, Juneau second, and Kodiak is fourth for the cost of health care. The next closest city was Boston at 20 percent above the national average. He

stressed that expensive health care is a substantial problem and contributes to a lack of competitiveness for business in the state.

He explained that pharmaceuticals are a target because 25-30 percent of the cost of developing a drug comes from the cost of doing clinical trials. Most companies are trying to develop new drugs for distribution around the world, not in the U.S. market. The FDA requires U.S. sourced materials for clinical trials. That puts Alaska in an interesting position. If pharmaceuticals can be based in Anchorage, they can distribute to major market places for clinical trials in several Asian countries in one airplane ride, which is a major risk reduction.

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CHAIR COSTELLO asked him to comment on the relationship between Anchorage's economy and the rest of the state. All the economists agree that Alaska is experiencing a recession. She referred to a map showing how job growth varies, depending on location.

MR. POPP said the relationship is symbiotic. If Fairbanks is suffering, there is less coming through the Port of Anchorage for that destination. The same applies throughout the state, but to a lesser extent to Southeast and the Aleutian chain. AEDC saw a "bubble" that just burst - the professional and business services sector, mainly in Anchorage. He recalled the history of project-oriented spending. Two-thirds, or 1,600, of job losses last year were centered in that sector. About another 900 jobs were lost in construction.

CHAIR COSTELLO said most of the job losses were in the private sector, primarily oil and gas and construction. She pointed out that job loss varies around the state. The legislature has been interested in knowing how much of the capital budget dollars are unspent, due to the five-year time limit. She provided an example from her district. She suggested that knowing the balance is helpful information.

MR. POPP relayed that professional and business services lost direct local jobs, as well as oil and gas sector jobs. They are still sorting out the losses on the North Slope with 25 to 30 percent being non-resident. He noted that Anchorage is just starting to see an impact to the non-resident workforce because there has not yet been a significant spike in first-time employment, the housing market is healthy, and there has been a

net migration to the Mat-Su Borough due to high costs and lack of affordable housing in Anchorage.

CHAIR COSTELLO said she appreciates the clarifications. It was surprising to hear from economists that housing in Anchorage hasn't been challenged.

CHAIR COSTELLO welcomed Tim Dillon from the Kenai Peninsula Economic Development District.

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TIM DILLON, Executive Director, Kenai Peninsula Economic Development District (KPEDD), provided information on the Kenai Peninsula Economic Development District's economic development plan. He said KPEDD is a two-person Alaska Regional Development Organization (ARDOR) with a 12-person board. He related that KPEDD has been seeing job losses of 2.4 percent. They had a small decline in construction in the specialty trades, but saw a small bump in heavy construction employment due to the new Soldotna hospital building. The population in the district was up .65 percent.

He explained that KPEDD is a 501c(4) with funding sources from the Kenai Peninsula Borough, the U.S. Department of Commerce and Economic Development Administration, and the renewed organization ARDOR from the state. He spoke of another funding asset called the "incubator", 20 offices and acreage that provide rental income. He noted their sister organization, Kenai Peninsula Opportunities, a 501c(3), which contains the construction academy.

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MR. DILLON discussed KPEED's most recent comprehensive economic development strategy. The process started in August 2015 and finished in June 2016 and involved the Board, community focus groups, and the University of Alaska's Center for Economic Development. He stressed the importance of buy-in from local businesses. The plan goes through 2021 and has six broad goals.

The first goal is developing and enhancing regional partnerships. The second goal is developing infrastructure and technology. The third goal is workforce and human capital, which is working with educational and training institutions. The fourth goal is developing a more robust business climate and entrepreneurship. He described the micro loan program. The fifth goal is quality of place. People need to be safe, have good schools and good recreational opportunities. Goal six is

knowledge creation and dissemination. They put together a situation and prospects book to help attract business, and recently held a forum to distribute the information. They have just formed a partnership with AEDC to produce appropriate data.

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CHAIR COSTELLO thanked Mr. Dillon and said he would be hearing from her.

MR. DILLON spoke of the importance of having stakeholders involved in the process.

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At ease

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CHAIR COSTELLO reconvened the meeting. She welcomed the Southeast Conference members Robert Venebles, Meilani Schijvens, and Shelly Wright.

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SHELLY WRIGHT, Executive Director, Southeast Conference, presented information on Southeast Conference's role in economic development. She thanked the committee for hearing from the Alaska Regional Development Organizations (ARDOR) and for highlighting the value of a good economy and healthy communities. She said they have been in existence since 1958 and their mission is to build strong economies, healthy communities and a quality environment by forming partnerships and creating a regional plan that all members can use in their planning processes. Their motto is "think local and plan regional."

MEILANI SCHIJVENS, Economic Planner, Rain Coast Data, Member, Southeast Conference, presented information on Southeast Conference's economic development plan. She said she would present the current state of Alaska's economy and then provide an overview of the Southeast Alaska Economic Plan.

She related that Southeast Alaska is 500 miles long and made up of mainland and over 1,000 islands, with 18,500 miles of saltwater shoreline. Southeast Alaska has 34 communities, with 10 percent of Alaska's population, about 10 percent of Alaska's overall economy, 11 percent of all jobs, and 10 percent of all wages. From statehood to the 1990s, the population and employment levels in Southeast Alaska more than doubled and its economy was strong. In the 1990s Southeast lost most of its timber industry and for the next 16 years, entered a sustained

economic decline. The last year of the decline was 2007, and from 2008 to 2015 the economy improved.

MS. SCHIJVENS explained that, currently, the question is how the impact of the state's fiscal crisis will impact the regional economy. Based on the 2016 data, she maintained that the impact to Southeast Alaska will continue to be a major challenge. In 2016, jobs declined by 1.4 percent or 600 jobs, slightly better than the state did overall.

She pointed out that Southeast Alaska also lost population in 2016. The loss was about 500 people, 400 of which came from Juneau alone, the third largest drop in the history of Juneau.

CHAIR COSTELLO asked if the population is currently 73,812, including an increase during the summer.

MS. SCHIJVENS said yes, there is a huge increase in employment in the summer. The population is counted as a single number once a year.

CHAIR COSTELLO asked Ms. Schijvens if she has the data that shows the summer population increase.

MS. SCHIJVENS agreed that there is a large increase in employment in the summer due to tourism and growth in certain industries.

She showed a slide that illustrates Southeast employment as a percent of all earnings, compared to the state as a whole. The most important sectors of the economy were government at 35 percent, seafood at 12 percent, and the visitor industry at 9 percent.

CHAIR COSTELLO asked what percentage of the government jobs are federal.

MS. SCHIJVENS noted that information was on the next slide.

She continued to say that Southeast's "three-legged stool" looks a lot different than Alaska's because there is no oil and gas industry employment. In total, oil and gas makes up 11 percent of all employment earnings. That means that Southeast is more sensitive to loss of employment and state spending, but less sensitive to declines in oil and gas development.

MS. SCHIJVENS said federal government jobs equal 8 percent of all regional wages, and state jobs equal 14 percent of all regional wages. State government in Juneau accounts for more than a quarter of all local wages.

She said preliminary job numbers for 2016 are grim with a loss of 425 jobs in the government sector, almost all state jobs. Further cuts of 200 Southeast jobs are projected.

CHAIR COSTELLO said legislators are interested in whether the lost jobs were filled positions.

MS. SCHIJVENS said she doesn't have the breakdown, but she understands that many of the jobs were lost through attrition. The number she quoted was the average job numbers over 12 months.

CHAIR COSTELLO said she would continue to look for that information.

MS. SCHIJVENS reported that 600 jobs have been reduced from 2014 through 2016, an 11 percent reduction. Most of those losses were from Juneau.

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She continued to say that reduced state spending has a negative impact on private sector jobs. Construction jobs fell by 90 jobs or 4 percent in 2016. Legislative capital appropriations in the region have already dropped by 88 percent from FY13 levels. Projection for 2017 show a loss of another 100 jobs in construction.

She said timber industry jobs declined by 2 percent, the fastest declining industry, which is projected to continue to decline due to a variety of federal factors. She noted that the U.S. Forest Service manages about 78 percent of the lands in Southeast Alaska - the Tongass National Forest - while the federal government manages 94 percent of all lands in Southeast Alaska.

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MS. SCHIJVENS reported that the visitor industry has the strongest outlook of any industry in Southeast Alaska. There were 500 new tourism jobs and 1,500 jobs since 2010. One-third of visitor spending occurs in Southeast Alaska and 2016 was the best year ever. There were record numbers of visitors on ferries, by air, and on cruise ships.

CHAIR COSTELLO asked if she had information about the number of independent travelers who were first cruise ship passengers.

MS. SCHIJVENS said no. She offered to provide that information.

She noted an industry concern due to deep reductions in the Alaska Tourism Marketing budget.

She related that mining is another growing industry. Maritime jobs and wages are also bright spots. In Southeast Alaska maritime wages make up more than a quarter of all workforce earnings. In the past five years 1,000 jobs were added to the economy resulting in a 35 percent increase in wage earnings. The largest component of the maritime sector is the seafood industry, which accounts for two-thirds of maritime jobs.

In 2016 the regional fishing industry experienced a rough year due to a lower pink salmon run and lower prices, but it is expected to improve in 2017.

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MS. SCHIJVENS stated that Southeast Conference released its five-year plan about 6 months ago. It builds on Southeast Alaska's strengths and creates a blueprint for economic growth. She emphasized the importance of ownership of the plan by the people for which it is being developed. She shared the strengths and weaknesses, opportunities and threats that were quantified.

She said the economic resiliency strategies are to reduce business costs, continue to focus on economic development, reduce government spending, increase state revenues through a mix of taxes, and maintain ferry services.

SENATOR GARDNER noted the apparent lack of importance of maintaining the ferry system.

MS. SCHIJVENS explained that the number of responses is reflected in the size of the font. She reinforced the importance of maintaining the ferry system.

SENATOR GARDNER suggested that the first two items cannot happen unless the fifth one happens.

MS. SCHIJVENS agreed.

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MS. SCHIJVENS noted 47 objectives for growing the economy. Of those, eight were prioritized for a work plan moving forward:

1. AMHS Reform Project and support longevity
2. Promote regional energy projects
3. Diesel displacement
4. Maritime workforce development implementation
5. Full seafood resource utilization and ocean product development
6. Grow Alaska Mariculture Initiative.
7. Market Southeast Alaska visitor opportunities
8. Secure an adequate economic timber supply from the federal government.

SENATOR GARDNER asked about an Alaska Seafood Marketing Institute (ASMI) project to develop value-added seafood products for export.

MS. SCHIJVENS said they are working to develop a variety of new seafood products such as human-grade protein powder and smoked salmon ice cream. She listed other specific areas that are a focus.

SENATOR GARDNER asked if the Alaska Symphony of Seafood is in Seattle.

MS. SCHIJVENS replied it will be in Juneau this year.

SENATOR HUGHES asked if the focus on liquid natural gas will affect the seafood marketing office in Tokyo and have an economic impact on Southeast Alaska.

MS. SCHIJVENS said she didn't have a specific answer.

She mentioned Southeast Conference's goals of strengthening the mariculture, tourism, and timber industries in Southeast Alaska.

SENATOR GARDNER asked if anyone is working on exporting timber in the round or value-added products in the timber industry.

MS. SCHIJVENS said the Viking Mill is the last mid-size mill in Southeast Alaska and the goal is to have maximum production taking place. When there is an economic timber sale, there is enough high-quality wood for Viking to process without the need to export it.

MS. WRIGHT added that there are a lot of small businesses that are developing wood products, but, for a thriving timber industry there is a lot of work to do.

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SENATOR MEYER said it seems that mining potential is great in Southeast Alaska. He asked why mining isn't a priority.

MS. SCHIJVENS said they have a mining objective, but it isn't in the top eight. Mining is not something Southeast Conference can work on or move forward.

MS. WRIGHT added that the 8 priorities are the focus this year, and if there is any mining activity on Prince of Wales Island next year there could be a focus on mining.

CHAIR COSTELLO asked Ms. Wright to clarify whether Southeast Conference's plan is driven by an economic analysis or priorities of members.

MS. WRIGHT explained that Southeast Conferences' initiatives were based on objectives important to regional members. Right now, the 8 objectives were of the highest importance, but they are fluid and reevaluated every six months.

SENATOR GARDNER asked if there is any development on Prince of Wales Island of rare earth minerals.

MS. WRIGHT said the developers are having trouble with investment in these economic times.

SENATOR HUGHES thanked the presenter. She pointed out that the revenue from the oil and gas industry is what has paid for state government and it is important to be sensitive to the health of that industry. She asked what Southeast Conference's strategy for energy legislation is and whether they are putting forth a bill this session.

[2:50:43 PM](#)

ROBERT VENEABLES, Energy Coordinator, Southeast Conference, presented information on Southeast Conference's energy goals. He responded that their focus is mostly on federal energy bills, however, they are supportive of Alaska Energy Authority's work. They aren't introducing any stand-alone bills, but they support the bills going through Congress.

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At ease

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CHAIR COSTELLO reconvened the meeting. She welcomed Commissioner Hladick, Britteny Cioni-Haywood, and Ethan Tyler from the Department of Commerce, Community and Economic Development.

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CHRIS HLADICK, Commissioner, Department of Commerce, Community and Economic Development (DCCED), said the initiative they have in DCCED will fit nicely with what other Alaska Regional Development Organizations (ARDORs) have been working on. He thanked the committee for hosting this discussion and Senator Hughes, Bill Popp, Shelly Wright, Tim Dillon, Meilani Schijvens, and Chris Naoroz for sitting on the initiative steering committee.

COMMISSIONER HLADICK shared his experience coming to Juneau after 25 years in rural Alaska where costs are high. Addressing Senator Costello's previous question about how much money was left in the grants pipeline, he said when he arrived in Juneau in 2015, there was \$2.1 billion in the pipeline, and now there is about \$900 million left, \$500 million of which is encumbered. He said there would be a report released next week on capital grants.

He noted that any money spent in rural Alaska comes back to the major population centers. Now, there is a paradigm shift regarding loan programs and there is a lot of work to be done; the question is how to get the work done. Those projects return money to the economy. He explained that the Comprehensive Economic Development Strategy (CEDs) is developed by the Division of U.S. Economic Development Administration and has received funding support from a \$100,000 grant. It is a process that works and will be a tool for the state to focus on getting the most results.

SENATOR MEYER talked about the tie-in to the oil and gas industry, stressing that is where construction and other jobs come from, as well as funding for education and capital projects. He suggested a need to education people about where the state gets its money.

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BRITTENY CIONI-HAYWOOD, Director, Division of Economic Development, Department of Commerce, Community and Economic Development (DCCED), said she would address what a comprehensive

economic development strategy is and the department's branding effort. She stated the following:

Economic development planning through a CEDS serves to engage community leaders, leverage involvement from the private sector, and establish a strategic blueprint for collaboration moving forward. A CEDS provides a capacity-building foundation by which the public sector, by working in conjunction with other economic actors, individuals, businesses, and industries, creates an environment for original economic prosperity. A CEDS is the result of regional-owned planning processes and designed to build the capacity and to guide us in our economic prosperity and resiliency for an area or a region.

She added that most of the ARDORs have this process in place. The Division of Economic Development brings it up to a statewide level.

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MS. CIONI-HAYWOOD pointed out that the CEDS needs to incorporate the concept of resiliency - the ability to avoid, withstand, and move past from either economic shifts or natural disasters. The CEDS named Northern Opportunity is going to build on past efforts and existing regional CEDS as the foundation. The project is guided by the U.S. Economic Development Administration and is funded by a grant for the initial phase. The process is overseen by a Strategic Committee comprised of industry and community leaders. She concluded that the Division is partnering with the ARDORs and other economic development organizations.

[3:03:56 PM](#)

ETHAN TYLER, Manager, Division of Economic Development, presented said he will discuss the branding opportunity called Northern Opportunity. He explained that the approach is one of inclusiveness; it is a bottom-built strategy. There is a research component to assess the economic conditions and engagement in community forums, visiting with communities and business leaders around the state. They have conducted industry forums and will set up a business survey to gather information.

He spoke of the Strategy Committee that provides information and represents the diversity of Alaska by region and industry. The group has been helpful, almost like a nonprofit board of directors.

[3:07:38 PM](#)

MR. TYLER listed the community forums they have completed and those that are in progress. The point of the outreach is to have broad-based stakeholder participation.

He provided a snapshot of industry input and listed the industry groups the Division of Economic Development has worked with.

[3:09:08 PM](#)

MS. CIONI-HAYWOOD read the initial vision and mission statement:

VISION

Alaska will have a stable and sustainable economy that generates quality jobs, capital investment, and new revenue to benefit the people and businesses of Alaska.

MISSION STATEMENT

The purpose of Northern Opportunity: Alaska's Economic Strategy is to arrive at a consensus among Alaskans regarding our economic future, which will result in the articulation of priorities and goals for the state economy. These efforts will promote new investment and economic opportunity for the benefit of all Alaskans.

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She noted their website - NorthernOpportunity.com - which will have a business survey soon, as well as updates on the process.

She reported that the public survey garnered 600 responses. The process was representative of the population and reflects population centers throughout the state.

[3:12:45 PM](#)

MR. TYLER addressed the preliminary results of the public survey. Most of the questions were open-ended, and they are in the process of analyzing the results. One of the questions asked why they chose to live in Alaska. Just over one-third cited nature and the environment as the reason; the second most cited reason was people and family.

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He showed the results of another question they asked about the biggest opportunities in Alaska. The most responses cited the visitor industry and resource development - mining, and oil and gas. In response to the question what would make Alaska a better

place to live, responses showed that wanting a more diverse economic economy was the top choice, followed by a cheaper cost of living.

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MS. CIONI-HAYWOOD noted they would launch the Northern Opportunity Business Survey next week. They will look for background information, business confidence, barriers to business growth or success, strategies to enhance economic growth, and what would expand growth going forward.

She said, based on the input they've received, they have identified preliminary goal areas: finance and investment, business development, innovation and entrepreneurship, enterprise infrastructure, and workforce development.

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She discussed what comes next in the process. She said they plan to complete the information gathering and public engagement process and then draft a document with Strategy Committee input. After that will be a public comment period of thirty days. The final strategy will be released and implemented. Yearly updates will be done based on implementation and changing economic conditions. There will also be a five-year review and rewrite.

She concluded that the Northern Opportunity process needs a serious commitment for measurable economic progress and the growing need for integrated planning and statewide coordination.

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COMMISSIONER HLADICK discussed some strategies going forward. He reported that there have been four initiatives in the last few years, none of which has gotten to the implementation plan. The legislature even had an Economic Development Commission for two years from 2010-2012. After the CEDS is finished, the department must figure out governance and structure and gauge what public/private partnership looks like. The department must also gauge private enterprise's willingness to become involved and have an economic summit for industry participation.

He opined that the governance of this CEDS should largely be outside of state government due to administration turnover. It needs to be built from the bottom up and have private enterprise and industry participation for a decade or longer.

CHAIR COSTELLO agreed that the state has failed to diversify the economy. The equity crowd-investing bill that passed last year

ties into the concept that economic growth happens at a local level.

She applauded DCCED's work and thanked Senator Hughes for her work in supporting ARDORs. She stated that the department has the full commitment of the committee regarding how the state moves forward. She agreed with Commissioner Hladick's view on the government's role and said she looks forward to continued discussions with the department.

She outlined the agenda for next week.

[3:27:35 PM](#)

There being no further business to come before the committee, Chair Costello adjourned the Senate Labor and Commerce Standing Committee meeting at 3:27 p.m.