

SB

44

<TARGET><BILL>SB 44</BILL><SUBJECT>SB
44</SUBJECT><COMM>SRES27</COMM></TARGET>

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

DIVISION OF FORESTRY

SEAN PARNELL, GOVERNOR

550 WEST 7TH AVENUE, SUITE 1450
ANCHORAGE, ALASKA 99501-3566

PHONE: (907) 269-8463

FAX: (907) 269-8931

To: Senator Tom Wagoner, Co-Chair
Senate Resources Committee

From: Trevor Fulton, Legislative Liaison
DNR Commissioner's Office

Date: 1/25/2011

Re: Bill Hearing Request: SB 44: SOUTHEAST STATE FOREST

I respectfully request a Senate Resources Committee hearing on SB 44: SOUTHEAST STATE FOREST at your soonest possible convenience.

HB 105 adds an additional 23,181 acres of commercial forest lands to the Southeast State Forest, allowing the Division of Forestry in the Department of Natural Resources to manage this land to increase long-term supply for local processors and wood energy needs, provide near-term jobs in pre-commercial thinking, timber harvest and milling, and retain the land in State ownership for multiple uses.

Attached you will find a copy of SB 44, the transmittal letter, a briefing paper, an area map, and letters of support.

If you need any additional information, please contact Trevor Fulton, Legislative Liaison for the Department of Natural Resources, at 907-465-4730 or Chris Maisch, Director of the Division of Forestry, at 907-451-2666.

STATE CAPITOL
PO Box 110001
Juneau, Alaska 99811-0001
907-465-3500
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907-269-7450
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Governor@alaska.gov

Governor Sean Parnell
STATE OF ALASKA

January 14, 2011

The Honorable Gary Stevens
President of the Senate
Alaska State Legislature
State Capitol, Room 111
Juneau, AK 99801-1182

Dear President Stevens,

Under the authority of Article III, Section 18, of the Alaska Constitution, I am transmitting a bill relating to the Southeast State Forest. The Southeast State Forest was established in June 2010, under Chapter 112, SLA 2010, in an effort to ensure that State lands in Southeast Alaska that had already been designated for commercial forestry management would be managed as an integrated unit and according to a broader long-term and comprehensive forest management plan. This bill would designate an additional 23,181 acres of commercial forest lands that are conducive to meeting these goals, almost doubling the size of the Southeast State Forest, and further ensuring an appropriate land base for long-term forest management. The lands would continue to be open for multiple uses, including wildlife harvest and recreational activities.

Adding lands to the Southeast State Forest enables the Division of Forestry in the Department of Natural Resources to manage this land to increase long-term timber supply for local processors and wood energy needs, provide near-term jobs in pre-commercial thinning, timber harvest and milling, and retain the land in State ownership for multiple uses.

The bill contains provisions to avoid conflicts with the newly formed City and Borough of Wrangell's land selection and entitlement. Additionally, if new municipalities are incorporated before June 30, 2019, lands that were vacant, unappropriated, and unreserved before establishment of the State Forest will be included in the calculation of the municipal entitlement acreage, but may not be selected.

Alaska's timber industry and energy needs remain top priorities of my administration. This legislation is one important piece of our overall strategy to stabilize and revitalize the timber industry and expand wood energy opportunities in Southeast Alaska.

I urge your prompt and favorable action on this measure.

Sincerely,



Sean Parnell
Governor

Enclosure

Public Briefing: HB 105/SB 44

Additional Lands to Southeast State Forest

DEPARTMENT OF NATURAL RESOURCES



Alaska Department of
**NATURAL
RESOURCES**
January 24, 2011

DIVISION OF FORESTRY

Background. Pursuant to SCSHB 162(RES), the 25,291 acre Southeast State Forest was established in June 2010. These forest lands will be managed as an integrated unit and according to a state forest management plan. While the lands were previously available for timber harvest before the State Forest was established, the State Forest designation ensures these productive forest lands will remain in state ownership and contribute to the long term viability of the timber based economy in southeast.

An additional 23,181 acres of State lands in the southern southeast have been identified as appropriate for inclusion into the Southeast State Forest. The Department of Natural Resources manages over 159,000 acres of uplands in southern southeast Alaska. Timber management is allowed on approximately one third of this land; the State actively manages this timber base to supply wood to local processors. The remaining land is designated primarily for other uses including land sales, recreation, water resources, and fish and wildlife habitat, including over 25,000 acres of legislatively designated state parks, refuges, and public use areas.

Adding lands to the State Forest will ensure that the State's most suitable lands in Southeast remain available to contribute to timber supply through the State's ongoing timber sale program. Much of the State owned timber land in southeast Alaska was inherited from the U.S. Forest Service and is comprised of young, second-growth stands. Actively-managed second-growth stands provide more timber volume per acre on shorter rotations and can result in improved deer browse than unmanaged stands. We can increase timber yield and associated timber supply from state land by thinning these stands. Thinning is a long-term investment and is only justified if the land will continue to be available for forest management.

Purpose. This bill would add an additional 23,181 acres of State lands to the Southeast State Forest from lands currently available for timber harvest. The Division of Forestry would then be able to manage the 48,472 acres of Southeast State Forest lands for a long-term supply of timber and retain these lands in state ownership for multiple uses.

Proposed Additions to Southeast State Forest The proposed additions to the Southeast State Forest include 23 parcels totaling approximately 23,181 acres (see chart). Approximately 21 percent of these lands are from six parcels that had previously been reserved pending legislative transfer to the University of Alaska. That legislation did not pass freeing these lands for long-term forest management in the State Forest. The legislation includes general use lands on Prince of Wales, Tuxekan, Gravina, Kosciusko, Revillagigedo, Wrangell, Suemez, Mitkof, Kuiu, Dall, and Zarembo Islands. Six of these parcels are adjacent or near existing State Forest parcels. The Division of Forestry worked with the Division of Mining, Land, and Water to identify and exclude lands that are priorities for the state land disposal program.

State Forest Management. The Southeast State Forest will be managed as part of the State Forest System under AS 41.17.200-.230. Lands in the State Forest will continue to be open for multiple uses, including wildlife habitat and harvest and recreational activities. State Forest lands will be managed consistent with the management intent under the current Prince of Wales Island Area Plan, Prince of Wales Island Area Plan Amendment, and Central/Southern Southeast Area Plan. Changes to management intent would require public and interagency review through adoption of a State Forest Management Plan under AS 41.17.230.

Municipal Entitlements. The City and Borough of Wrangell boundary encompasses five parcels in the proposed state forest additions (St. Johns Harbor, Eastern Passage, Pat Creek, Pat Creek Uplands and Earl

West Cove). A State Forest designation will not affect the amount or location of land the Wrangell Borough can select. That determination is based on the maximum total acreage of vacant, unappropriated, unreserved land in the borough boundaries within two years after the date of incorporation (AS 29.65.030). However, a borough would not normally be able to select land within a State Forest. To avoid conflicts with the Wrangell entitlement, the Southeast State Forest bill specifies that the Wrangell Borough may select State Forest land within the borough boundary.

If new municipalities are incorporated before June 30, 2019, lands that were vacant, unappropriated, unreserved land before establishment of the State Forest will be included in the calculation of the municipal entitlement acreage, but may not be selected.

| SOUTHEAST STATE FOREST ADDITIONS | | | |
|-------------------------------------------------------|----------------|----------------------------|-----------------|
| Plan Unit | Acreage | General Location | Island |
| Prince of Wales Island Area Plan and Amendment | | | |
| 8b | 617 | Kosciusko Island/ Edna Bay | Kosciusko |
| 7c | 786 | Naukati | Prince of Wales |
| 7b | 345 | Tuxekan | Tuxekan |
| 6a | 597 | Coffman Cove | Prince of Wales |
| 5a | 972 | Whale Pass | Prince of Wales |
| 13b | 523 | Kitkun Bay | Prince of Wales |
| 12b | 1,002 | Indian Creek | Prince of Wales |
| 11c | 280 | Thorne Bay South | Prince of Wales |
| D-01 | 1,063 | Port Delores | Suemez |
| D-02 | 985 | Hook Arm | Dall Island |
| Central/Southern Southeast Area Plan | | | |
| K01, K02 | 1,885 | Neets Bay | Revillagegedo |
| K11 | 332 | Leask Cove | Revillagegedo |
| K25 | 1,487 | North Gravina Island | Gravina |
| P23 | 1,264 | Favor Peak (E Mitkof) | Mitkof |
| P25 | 467 | South Mitkof | Mitkof |
| P27 | 1,040 | Woodpecker | Mitkof |
| P28 | 867 | Frederick Point | Mitkof |
| U02 | 652 | Rowan Bay | Kuiu |
| W02 | 1,266 | St. Johns Harbor | Zarembo |
| W08 | 1,411 | Eastern Passage | Wrangell Is. |
| W10 | 2,601 | Pat Creek | Wrangell Is. |
| W12 | 2,320 | Earl West Cove | Wrangell Is. |
| W27 | 419 | Pat Creek Uplands | Wrangell Is. |
| TOTAL | 23,181 | 23 parcels | |

Shaded parcels are from prior University Land bill

SB49

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number 1
Bill Version SB 44
(S) Publish Date 1/19/11

Identifier (file name) 1694-DNR-FMD-1-13-11 Dept. Affected Natural Resources
Title Land Additions to Southeast State Forest Appropriation Resource Development
Allocation Forest Management and Development
Sponsor Rules Committee
Requester Governor OMB Component Number 435

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

| | Appropriation Required | Information | | | | | | |
|-------------------------------|---------------------------|-------------|------------|------------|------------|------------|------------|------------|
| | | FY 2012 | FY 2012 | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 |
| OPERATING EXPENDITURES | | | | | | | | |
| Personal Services | | | | | | | | |
| Travel | | | | | | | | |
| Contractual | | | | | | | | |
| Supplies | | | | | | | | |
| Equipment | | | | | | | | |
| Land & Structures | | | | | | | | |
| Grants & Claims | | | | | | | | |
| Miscellaneous | | | | | | | | |
| TOTAL OPERATING | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

| | | | | | | | | |
|-----------------------------|--|--|--|--|--|--|--|--|
| CAPITAL EXPENDITURES | | | | | | | | |
|-----------------------------|--|--|--|--|--|--|--|--|

| | | | | | | | | |
|---------------------------|--|--|--|--|--|--|--|--|
| CHANGE IN REVENUES | | | | | | | | |
|---------------------------|--|--|--|--|--|--|--|--|

FUND SOURCE (Thousands of Dollars)

| | | | | | | | | |
|----------------------------|------------|------------|------------|------------|------------|------------|------------|------------|
| 1002 Federal Receipts | | | | | | | | |
| 1003 GF Match | | | | | | | | |
| 1004 GF | | | | | | | | |
| 1005 GF/Program Receipts | | | | | | | | |
| 1037 GF/Mental Health | | | | | | | | |
| Other Interagency Receipts | | | | | | | | |
| TOTAL | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

Estimate of any current year (FY2011) cost _____

POSITIONS

| | | | | | | | | |
|-----------|--|--|--|--|--|--|--|--|
| Full-time | | | | | | | | |
| Part-time | | | | | | | | |
| Temporary | | | | | | | | |

Why this fiscal note differs from previous version

not applicable, initial version

Prepared by Rick Rogers
Division Forestry
Approved by Daniel S. Sullivan
Natural Resources

Phone 269-8473
Date/Time 1-10-11 3:30pm
Date 1/13/2011

FISCAL NOTE #1

STATE OF ALASKA
2011 LEGISLATIVE SESSION

BILL NO. SB 44

Analysis

This bill adds 23,181 acres to the southeast State Forest in Southern Southeast Alaska by redesignating certain state-owned parcels. A timber management plan would be developed to actively manage the parcels for higher timber volumes per acre, shorter rotations, and less impact on wildlife. Designation of these parcels as State Forest lands and the development of a timber management plan will allow for long-term management activities, including the thinning of young second-growth timber stands, generally not considered appropriate for undesignated state lands.

Implementation of this bill will not require new positions or funding.

The bill will have no short-term impact to the revenue stream, but will provide for long-term increases in forest productivity and subsequent increased timber revenues.

Senate Bill 44
Southeast State Forest

Sponsor Statement

How many "near term jobs in pre-commercial thinning, timber harvest and milling" will be created by the passage of this legislation? Of the 23,000 total acres, how much of that will be utilized by the timber industry? What is the anticipated economic impact (i.e., "increased timber revenues") in the region (please be specific)?

What is the current status of these 23,000 acres of state-owned parcels (re: land use, etc.)?

See SEACC's "options for resolution." Are these reasonable options? Is there room for compromise? Why or why not?

Letters of Support

Alaska Forest Association, Inc. (Ketchikan)
Resource Development Council
City of Coffman Cove
Society of American Foresters
S.E. Conference

Letter of "Need to Balance"

Southeast Alaska Conservation Council (Juneau)

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

DIVISION OF FORESTRY

SEAN PARNELL, GOVERNOR

550 WEST 7TH AVENUE, SUITE 1450
ANCHORAGE, ALASKA 99501-3566

PHONE: (907) 269-8463

FAX: (907) 269-8931

To: Senator Joe Paskvan, Co-Chair
Senate Resources Committee

From: Trevor Fulton, Legislative Liaison
DNR Commissioner's Office

Date: 2/4/2011

Re: Bill Hearing Request: SB 44: SOUTHEAST STATE FOREST

I respectfully request a House Resources Committee hearing on SB 44: SOUTHEAST STATE FOREST at your soonest possible convenience.

SB 44 adds an additional 23,181 acres of commercial forest lands to the Southeast State Forest, allowing the Division of Forestry in the Department of Natural Resources to manage this land to increase long-term supply for local processors and wood energy needs, provide near-term jobs in pre-commercial thinking, timber harvest and milling, and retain the land in State ownership for multiple uses.

Attached you will find a copy of SB 44, the transmittal letter, a briefing paper, an area map, and letters of support.

If you need any additional information, please contact Trevor Fulton, Legislative Liaison for the Department of Natural Resources, at 907-465-4730 or Chris Maisch, Director of the Division of Forestry, at 907-451-2666.

"Develop, Conserve, and Enhance Natural Resources for Present and Future Alaskans."

SENATE COMMITTEE REPORT

First Committee of Referral

DATE: 1/19/11

FURTHER: Finance

Date of 5-Day Notice: _____
(in accordance with Uniform Rule 23)

DATE TURNED IN TO OFFICE: 2-21-11

Resources Committee considered SENATE BILL NO. 44

SB 44 SOUTHEAST STATE FOREST

"An Act relating to the Southeast State Forest; and providing for an effective date."

and recommends:

- be replaced with CS _____ (_____) Same Title New Title
- adopt previous CS _____ (_____) Same Title New Title
- attached amendment(s)
- adopt _____ Letter of Intent
- further referral to _____ Committee

| Dept Abbr. | |
|------------|-----|
| ADM | LEG |
| CED | LAW |
| COR | LWF |
| CRT | MVA |
| EED | DNR |
| DEC | DPS |
| DFG | REV |
| GOV | DOT |
| DHS | UA |

| NEW FISCAL NOTE(S) | | | | |
|--------------------|--------|--------|------|------|
| Dept. | Fiscal | Indet. | Zero | FN # |
| | | | | |
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| PREVIOUS FISCAL NOTE(S) | | | | |
|-------------------------|--------|--------|------|------|
| Dept. | Fiscal | Indet. | Zero | FN # |
| DNR | | | ✓ | 1 |
| | | | | |
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APPROPRIATION - no fiscal note

| SIGNATURES AND RECOMMENDATIONS: | PRINTED LAST NAME | DO PASS | DO NOT PASS | NO REC | AMEND |
|---------------------------------|-------------------|---------|-------------|--------|-------|
| | French | | | ✓ | |
| | Wielechowski | | | ✓ | |
| | STEEDEMAN | ✓ | | | |
| | STEEDEMAN | ✗ | | | |
| CO-CHAIR: | T.H. WAGONER | | | | |
| CO-CHAIR: | PASKUAN | | | ✗ | |

Southeast AK Public Land Summary (As prepared by Rick Rogers, DOF for SB44/HB105 deliberations)

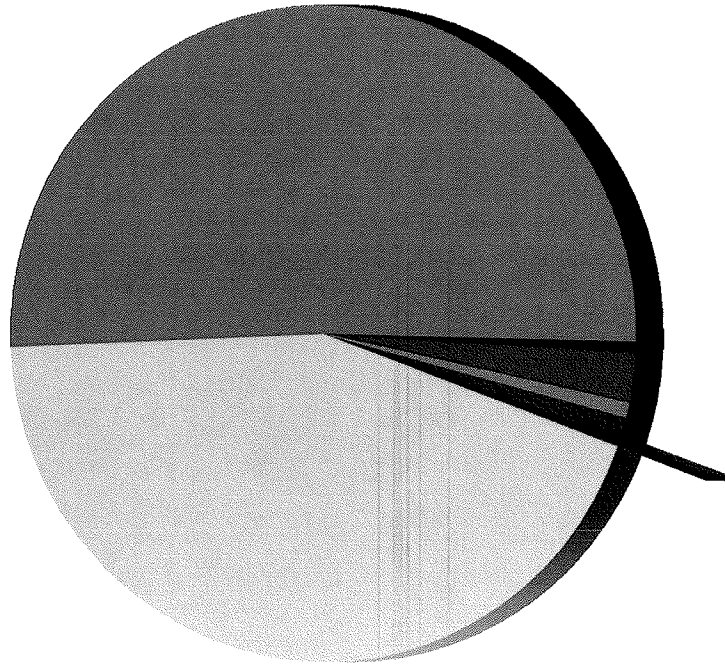
| | |
|-----------------------------------------|------------|
| 1 National Parks, Monuments, Wilderness | 9,199,026 |
| 2 Other Tongass Forest No Harvest | 10,713,778 |
| 3 State Parks, HCAs | 110,032 |
| 4 Non-LDA State Lands | 526,103 |
| 5 Tongass Timber Scheduled (Roaded) | 144,000 |
| 6 Haines State Forest | 286,000 |
| 7 SE State Forest | 25,291 |

21,004,230

- 1 2008 TLMP page 3-2 and Glacier National Park Web Page Acres
- 2 2008 TLMP page 3-2, Natural Setting and Development LUD less roaded suitable
- 3 Per DNR DMLW records including Chilkat Preserve, State Marine Parks and Critical Habitat Areas
- 4 DNR DMLW, excludes Juneau Area Plan which lumps uplands and tidelands together. Excludes selections.
- 5 2008 TLMP, Roaded Suitable, includes old growth and young growth
- 6 Per DOF Web page
- 7 SE State Forest not including additional SB44/HB105 acres

Southeast Alaska Public Land Summary

(21,004,230 acres)

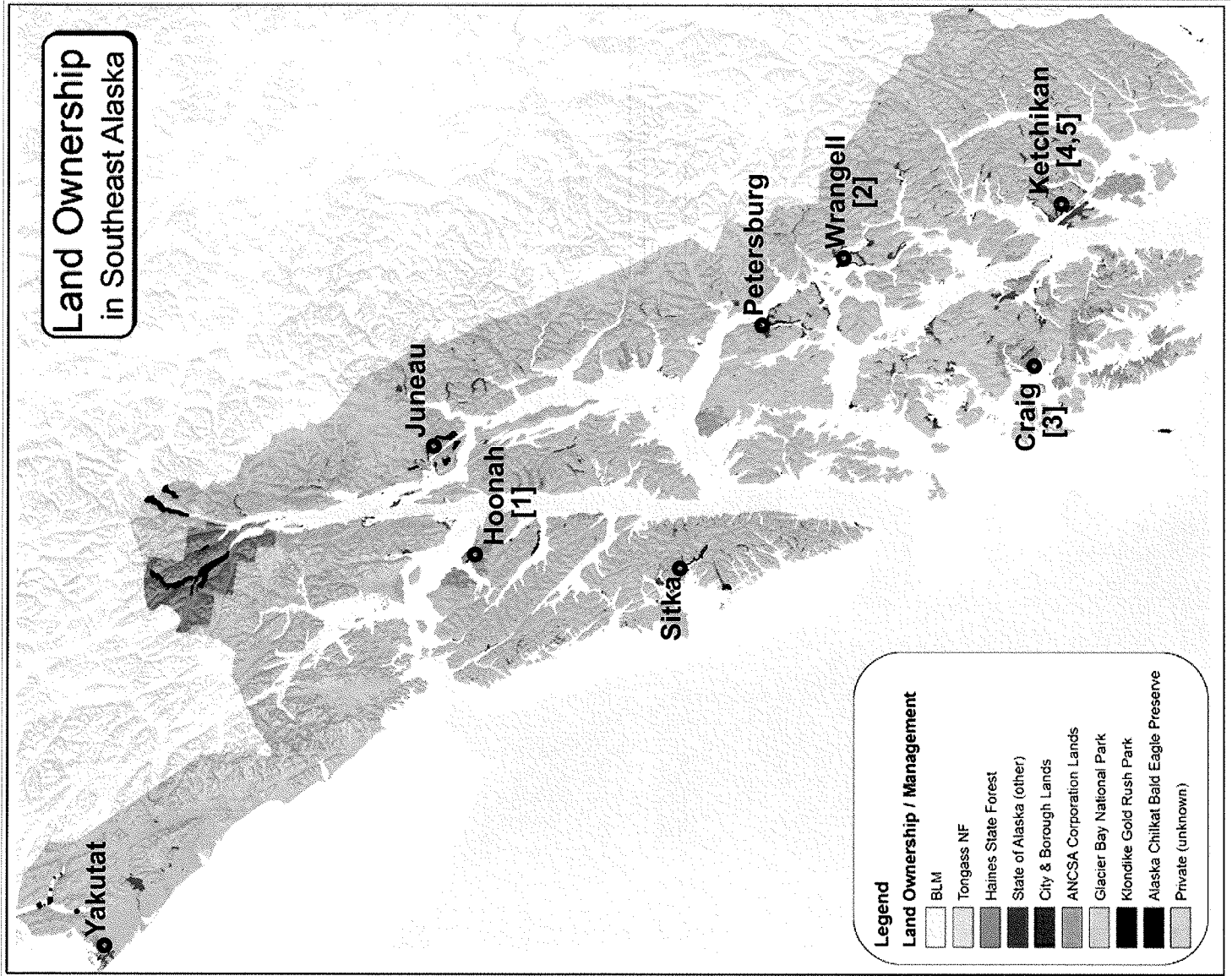


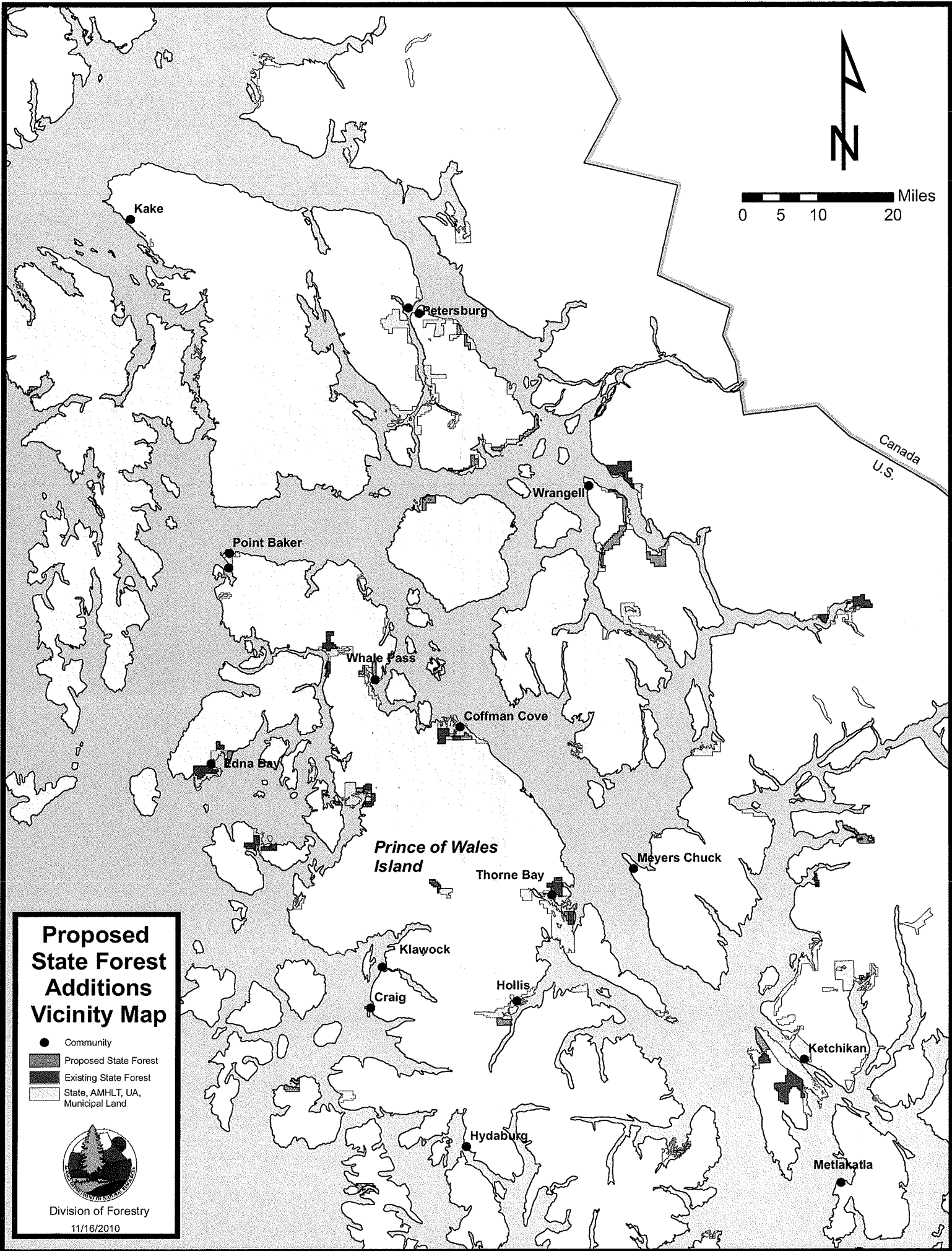
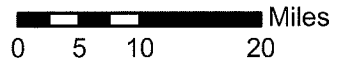
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- 5 2008 TLMP, Roaded Suitable, includes old growth and young growth. Table 2-4, TLMP FEIS
- 6 Per DOF Web page
- 7 SE State Forest not including additional SB44/HB105 acres

SE Mills

- 1 Icy Strait Lumber – Operating (recovering from fire)
- 2 Silver Bay Logging – Closed
- 3 Viking Lumber Co. – Operating
- 4 Pacific Log & Lumber – Closed
- 5 Ketchikan Veneer Mill – Closed





Proposed State Forest Additions Vicinity Map

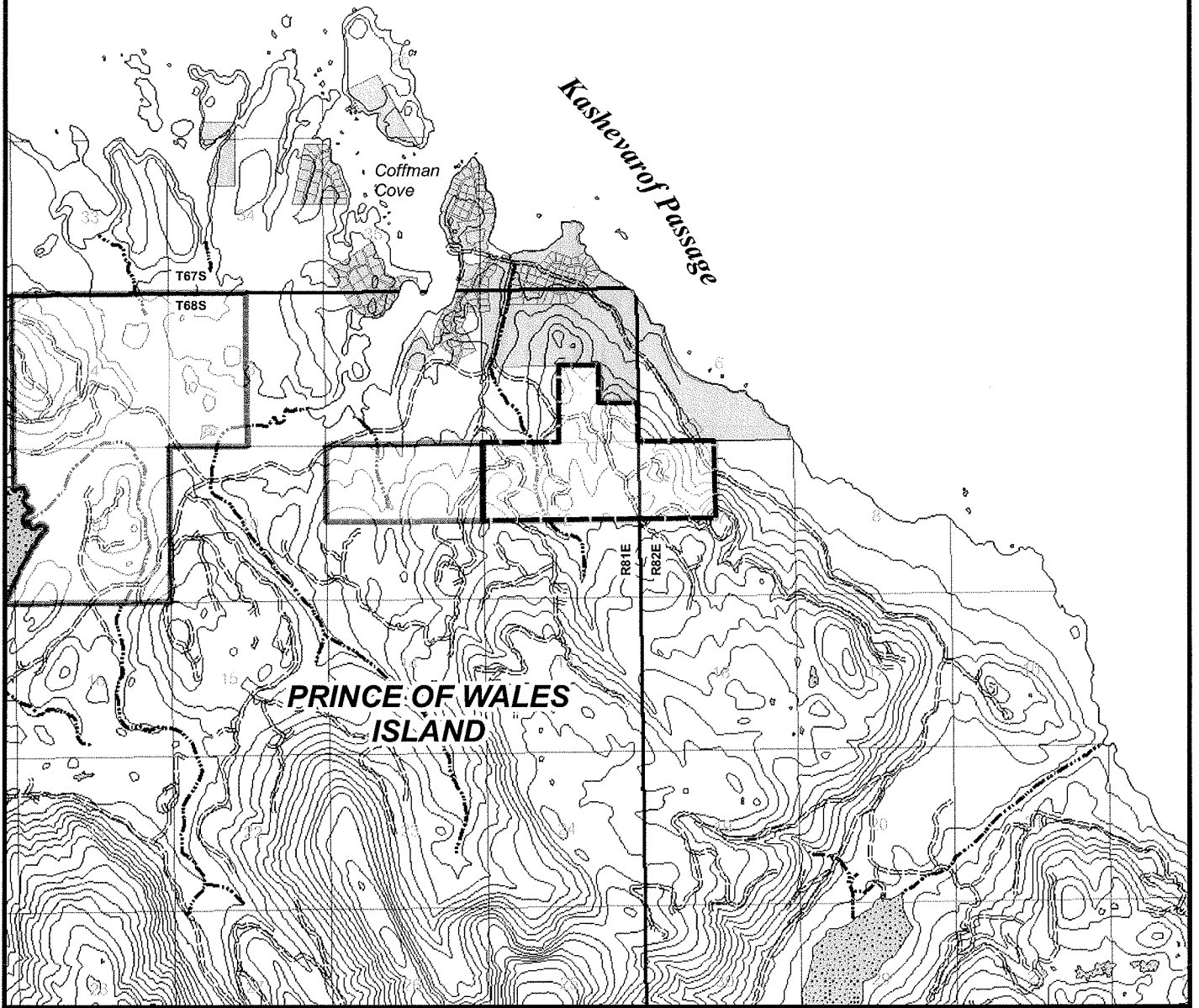
- Community
- Proposed State Forest
- Existing State Forest
- State, AMHLT, UA, Municipal Land



Division of Forestry

11/16/2010

Coffman Cove Parcel









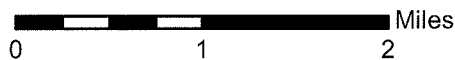
NAD 83, Contour Interval 100'

Area Planning Unit 6a

 Parcel Map Focus

Legend

-  Proposed State Forest
-  State Forest
-  State Park
-  Subdivision
-  Lakes
-  Cataloged Streams



1 inch = 1 miles

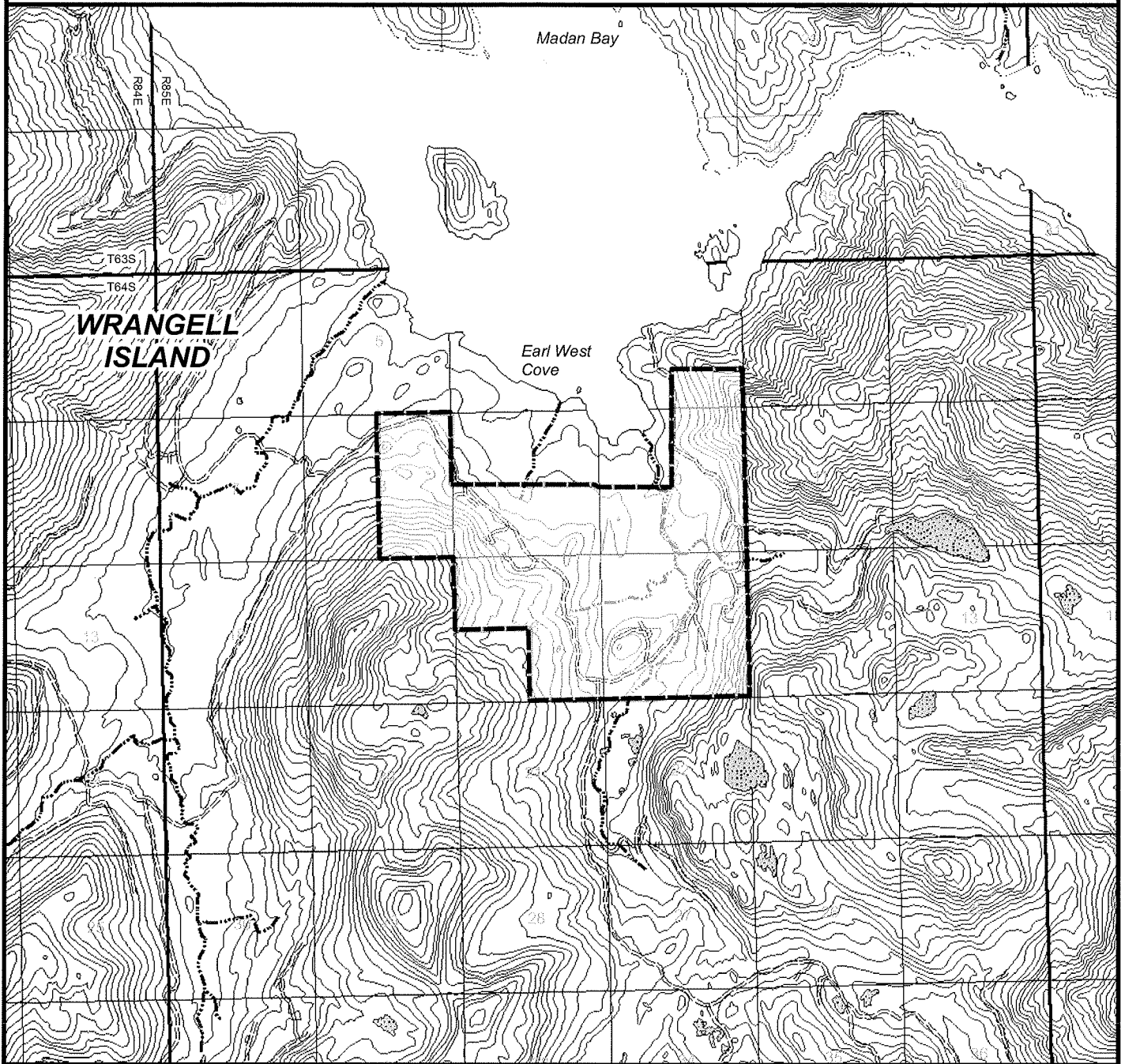
**SOUTHEAST
STATE FOREST
PROPOSED ADDITIONS**



DIVISION OF FORESTRY

Oct 27, 2010

Earl West Cove Parcel









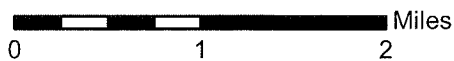
NAD 83, Contour Interval 100'

Area Planning Unit W12

 Parcel Map Focus

Legend

-  Proposed State Forest
-  State Forest
-  State Park
-  Subdivision
-  Lakes
-  Cataloged Streams



1 inch = 1 miles

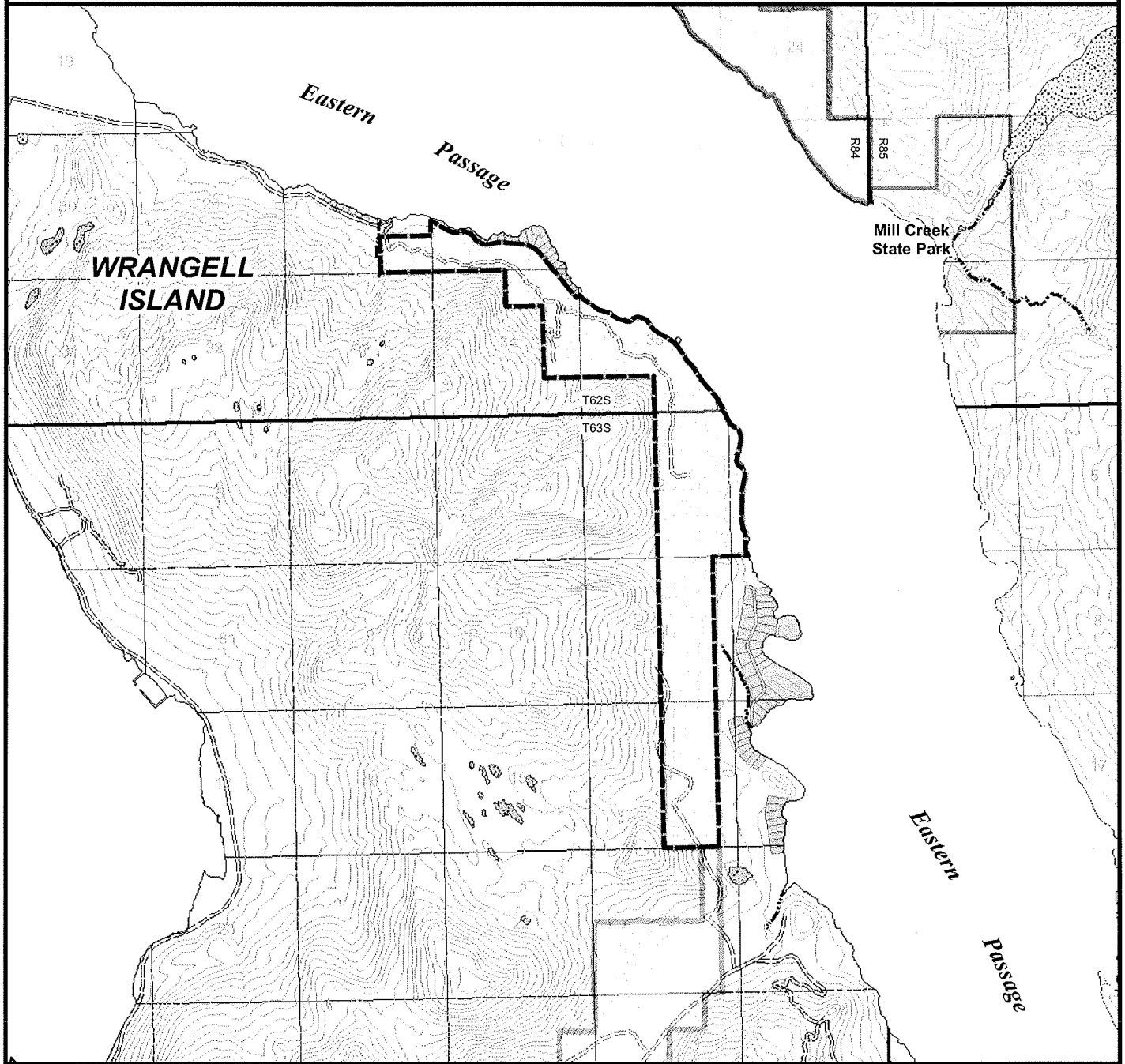
**SOUTHEAST
STATE FOREST
PROPOSED ADDITIONS**



DIVISION OF FORESTRY

Oct 27, 2010

Eastern Passage Parcel









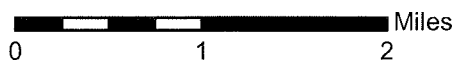
NAD 83, Contour Interval 100'

Area Planning Unit W08

 Parcel Map Focus

Legend

-  Proposed State Forest
-  State Forest
-  State Park
-  Subdivision
-  Lakes
-  Cataloged Streams



1 inch = 1 miles

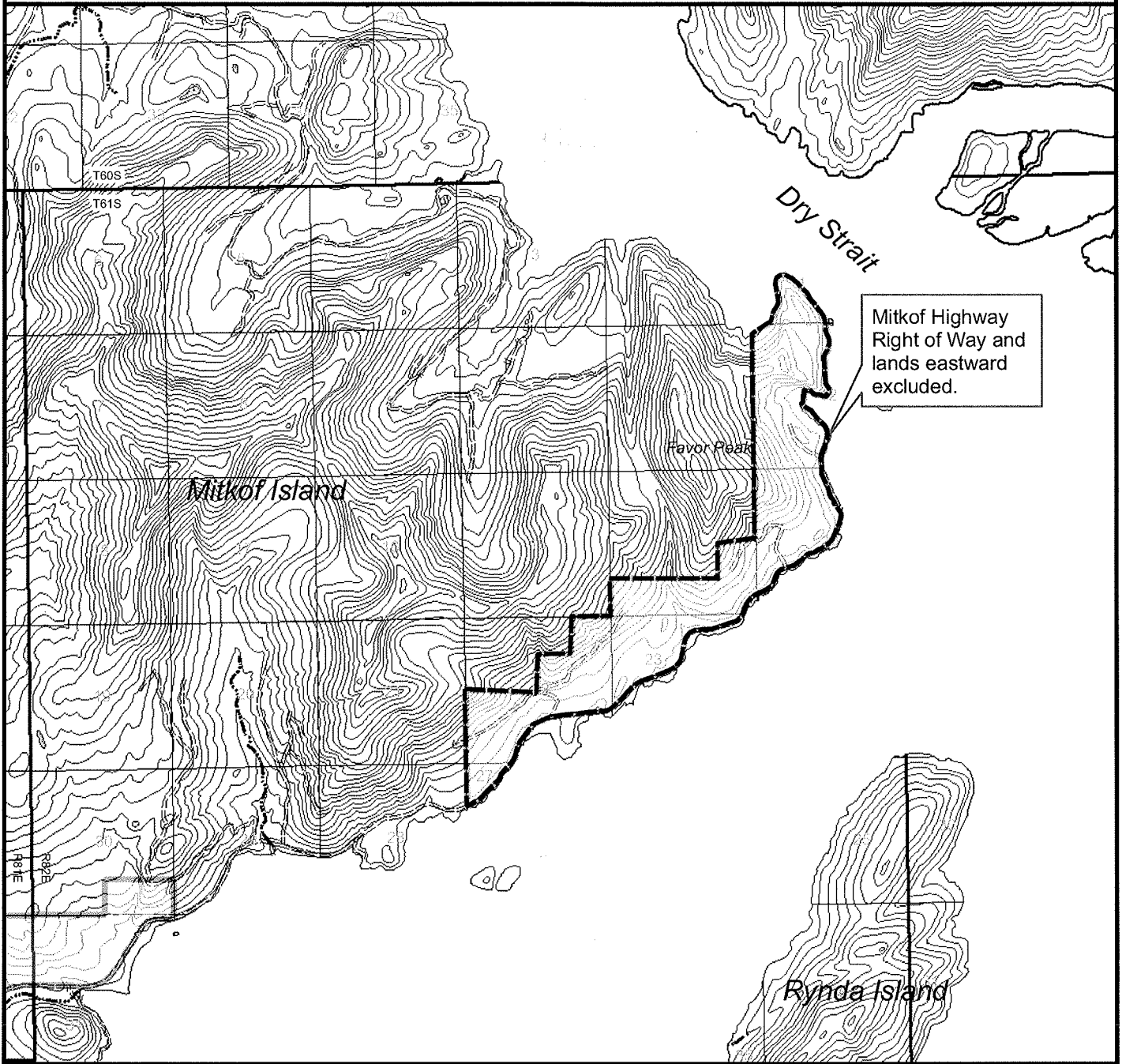
SOUTHEAST STATE FOREST PROPOSED ADDITIONS



DIVISION OF FORESTRY


Dec 15, 2010

Favor Peak Parcel









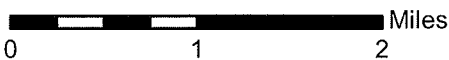
NAD 83, Contour Interval 100'

Area Planning Unit P23

 Parcel Map Focus

Legend

-  Proposed State Forest
-  State Forest
-  State Park
-  Subdivision
-  Lakes
-  Cataloged Streams



1 inch = 1 miles

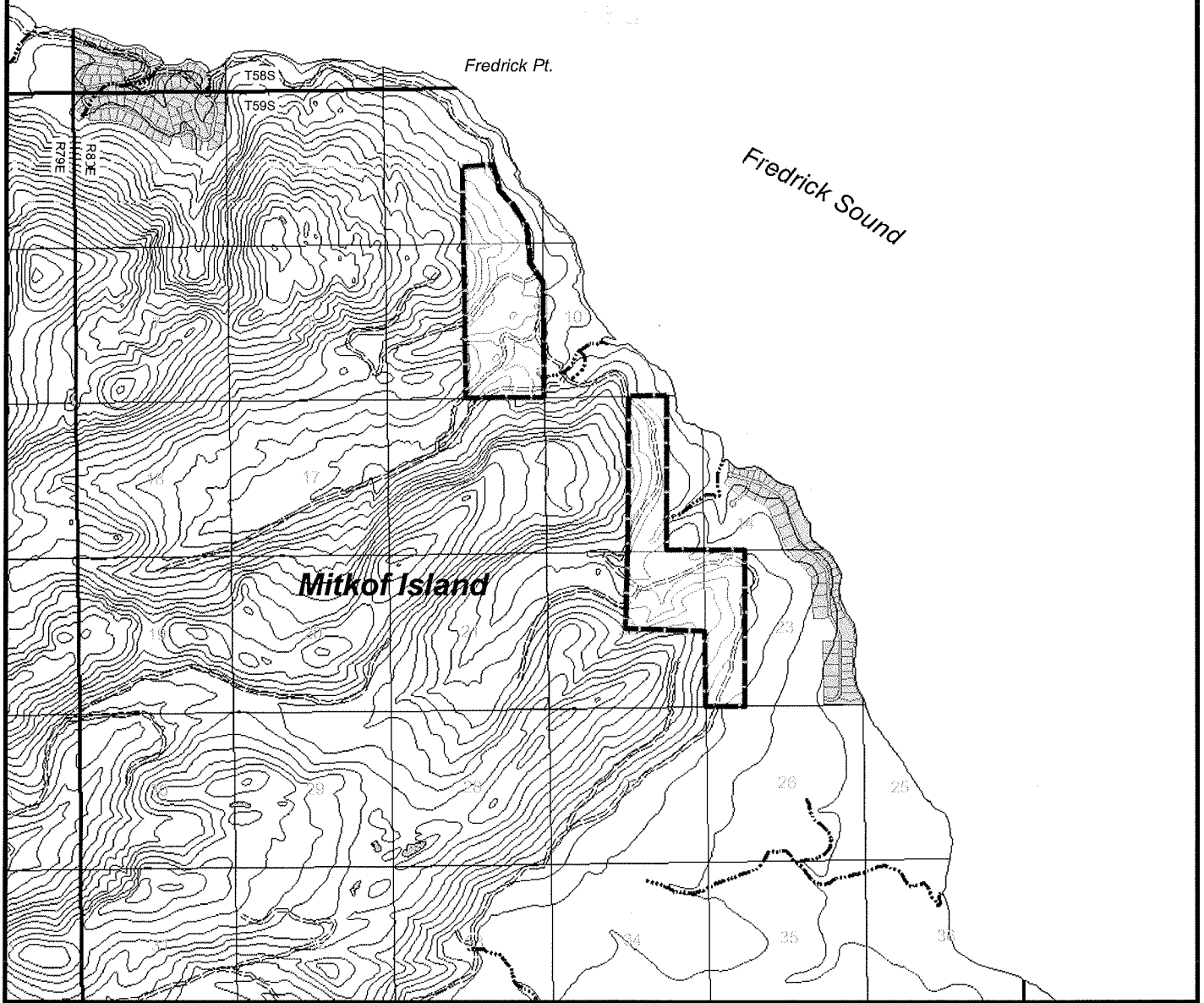
SOUTHEAST STATE FOREST PROPOSED ADDITIONS



DIVISION OF FORESTRY

Oct 27, 2010

Frederick Point Parcel









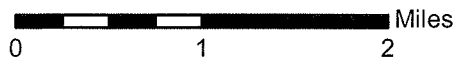
NAD 83, Contour Interval 100'

Area Planning Unit P28

 Parcel Map Focus

Legend

-  Proposed State Forest
-  State Forest
-  State Park
-  Subdivision
-  Lakes
-  Cataloged Streams



1 inch = 1 miles

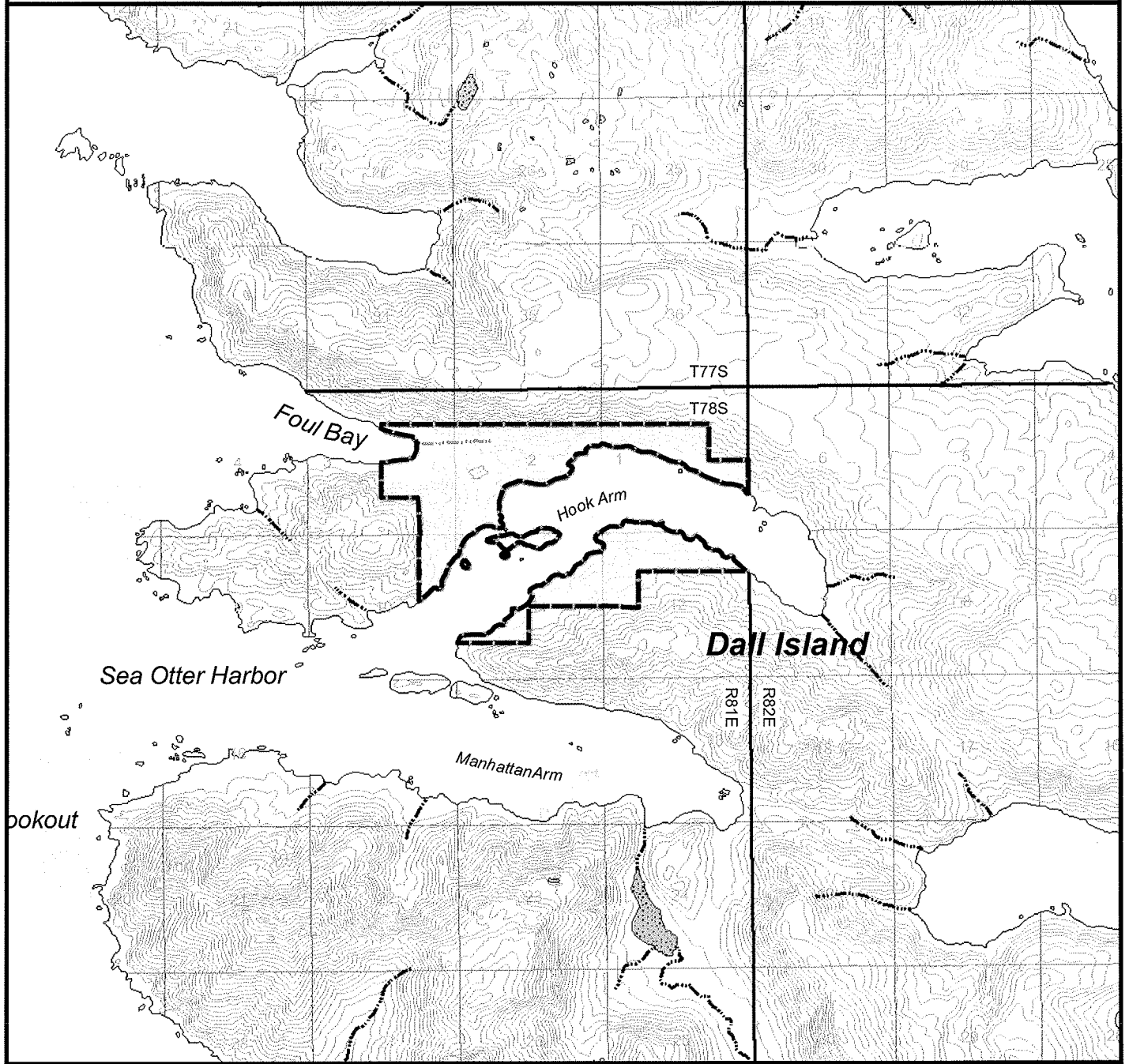
**SOUTHEAST
STATE FOREST
PROPOSED ADDITIONS**



DIVISION OF FORESTRY

Oct 27, 2010

Hook Arm Parcel



NAD 83, Contour Interval 100'

Area Planning Unit D02

SOUTHEAST STATE FOREST PROPOSED ADDITIONS









DIVISION OF FORESTRY

Dec 13, 2010

 Parcel Map Focus

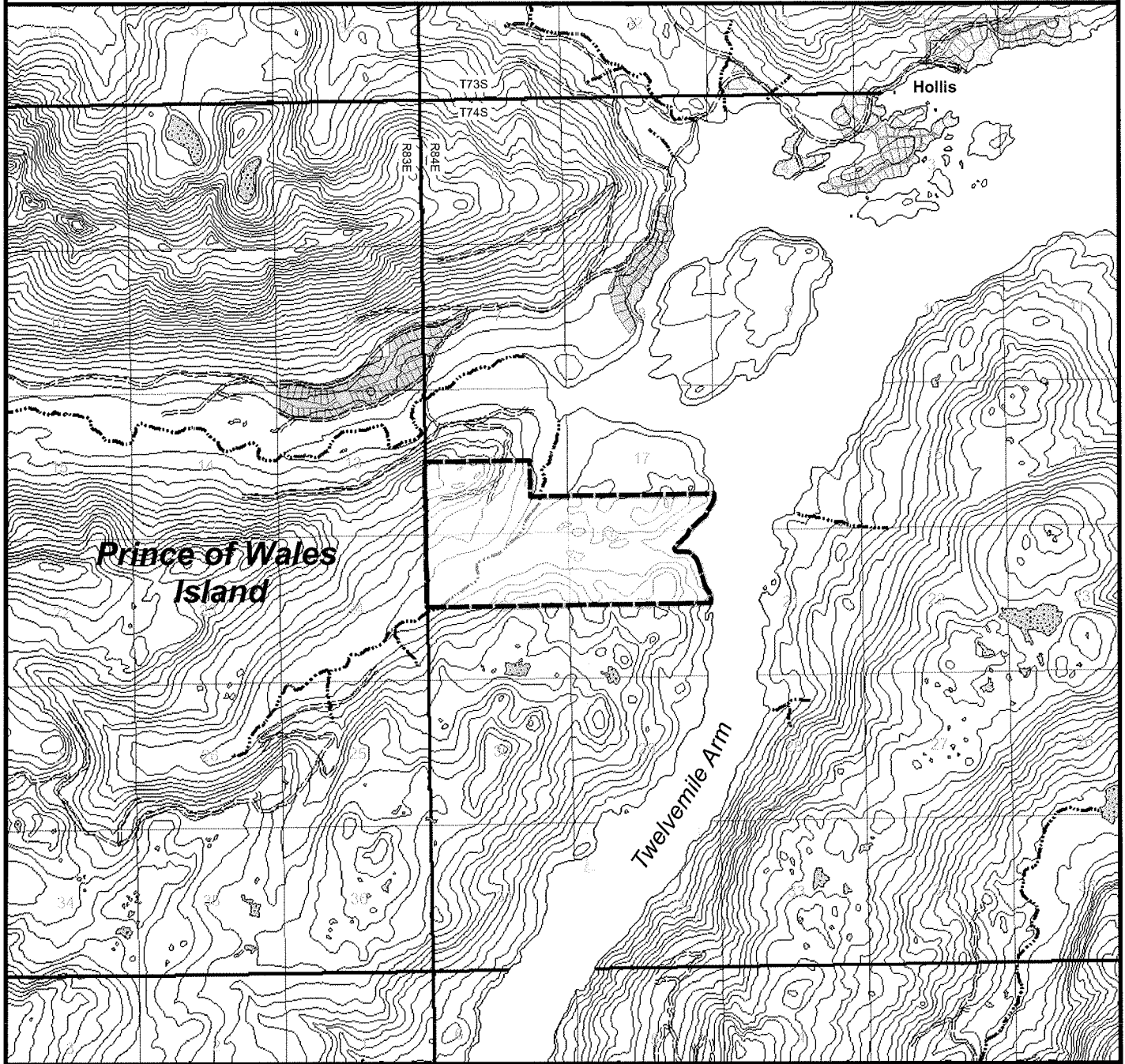
Legend

-  Proposed State Forest
-  State Forest
-  State Park
-  Subdivision
-  Lakes
-  Cataloged Streams



1 inch = 1 miles

Indian Creek Parcel









NAD 83, Contour Interval 100'

Area Planning Unit 12b

 Parcel Map Focus

Legend

-  Proposed State Forest
-  State Forest
-  State Park
-  Subdivision
-  Lakes
-  Cataloged Streams



1 inch = 1 miles

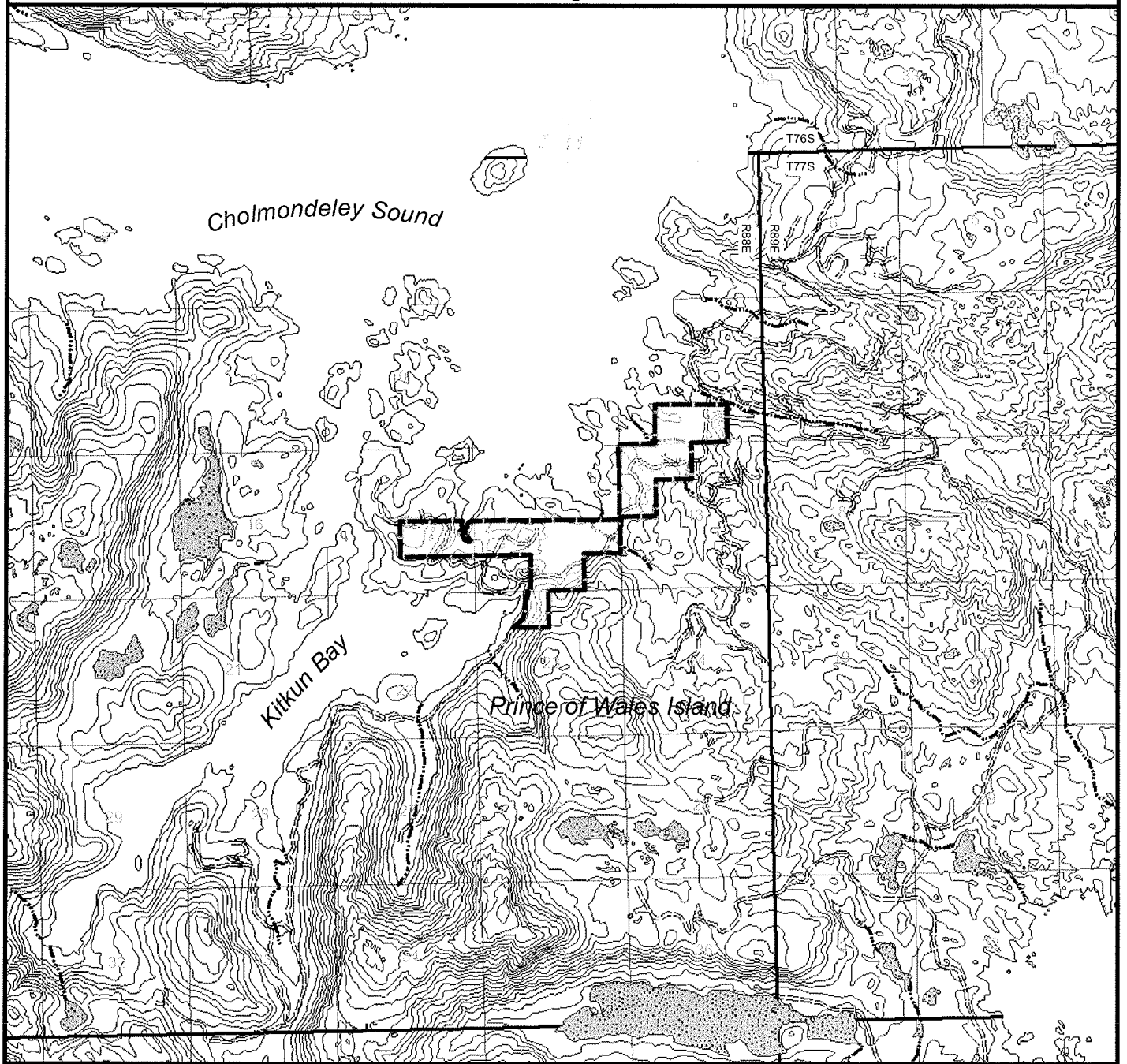
**SOUTHEAST
STATE FOREST
PROPOSED ADDITIONS**



DIVISION OF FORESTRY

Oct 27, 2010

Kitkun Bay Parcel









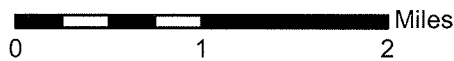
NAD 83, Contour Interval 100'

Area Planning Unit 13b

 Parcel Map Focus

Legend

-  Proposed State Forest
-  State Forest
-  State Park
-  Subdivision
-  Lakes
-  Cataloged Streams



1 inch = 1 miles

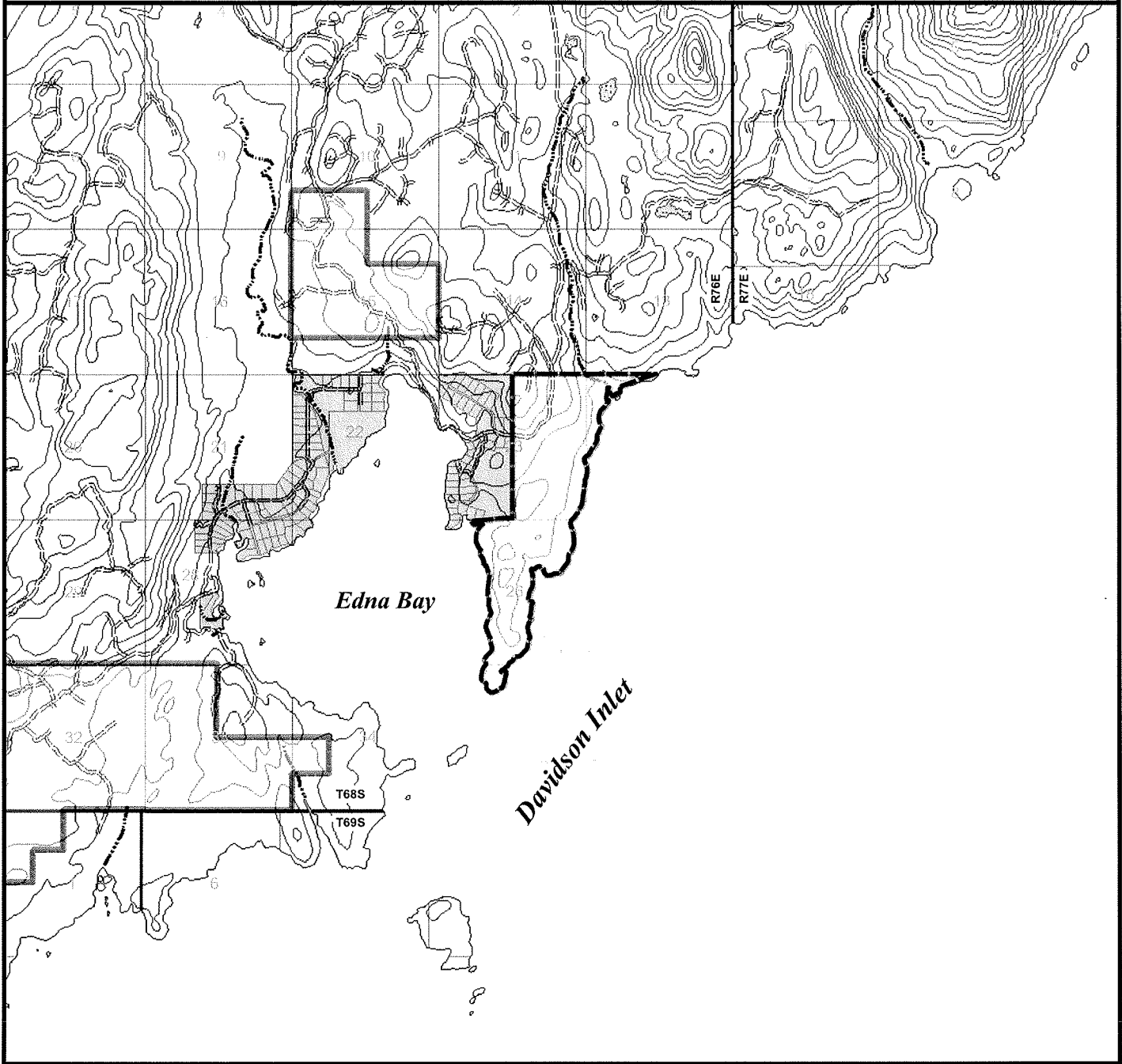
**SOUTHEAST
STATE FOREST
PROPOSED ADDITIONS**



DIVISION OF FORESTRY

Oct 27, 2010

Kosciusko Island/ Edna Bay Parcel









NAD 83, Contour Interval 100'

Area Planning Unit 8b

 Parcel Map Focus

Legend

-  Proposed State Forest
-  State Forest
-  State Park
-  Subdivision
-  Lakes
-  Cataloged Streams



1 inch = 1 miles

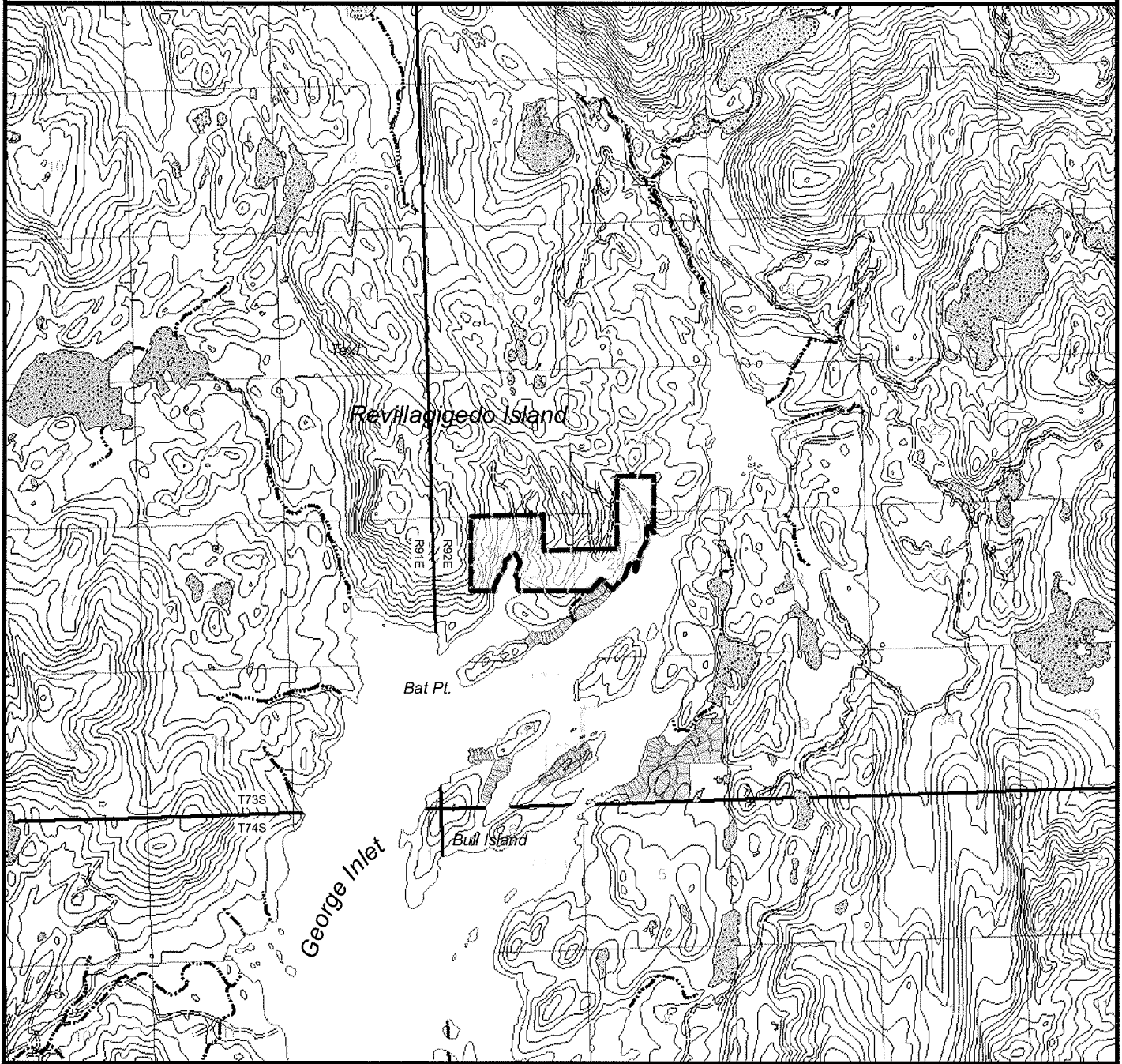
SOUTHEAST STATE FOREST PROPOSED ADDITIONS



DIVISION OF FORESTRY

Oct 27, 2010







Leask Cove Parcel

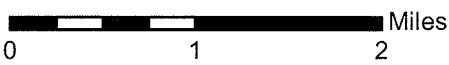


NAD 83, Contour Interval 100'

Area Planning Unit K11

 Parcel Map Focus

| Legend | |
|-------------------------------------------------------------------------------------|-----------------------|
|  | Proposed State Forest |
|  | State Forest |
|  | State Park |
|  | Subdivision |
|  | Lakes |
|  | Cataloged Streams |



1 inch = 1 miles

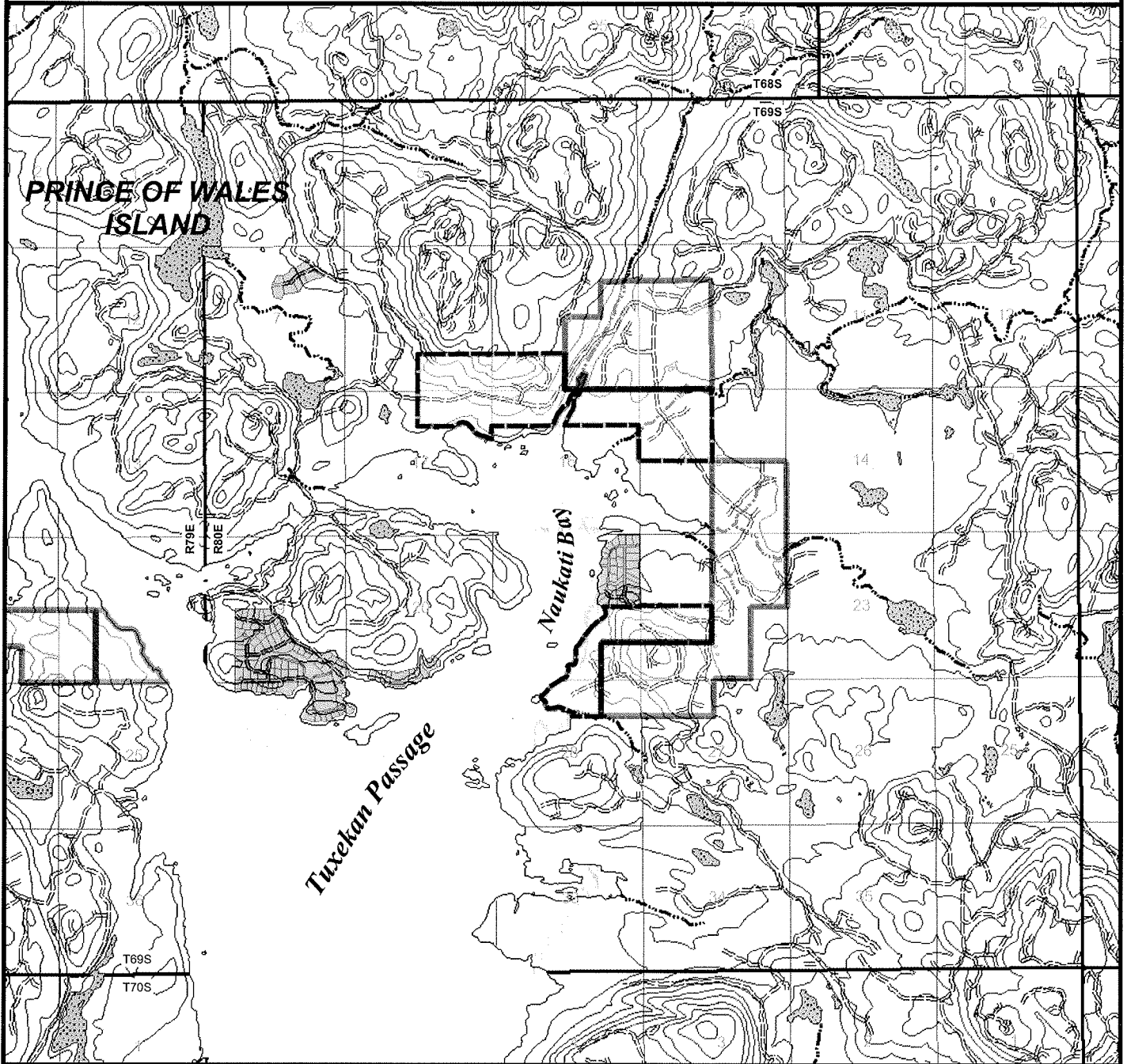
**SOUTHEAST
STATE FOREST
PROPOSED ADDITIONS**



DIVISION OF FORESTRY

Oct 27, 2010

Naukati Parcel









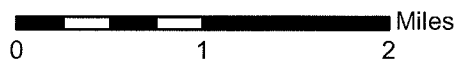
NAD 83, Contour Interval 100'

Area Planning Unit 7c

 Parcel Map Focus

Legend

-  Proposed State Forest
-  State Forest
-  State Park
-  Subdivision
-  Lakes
-  Cataloged Streams



1 inch = 1 miles

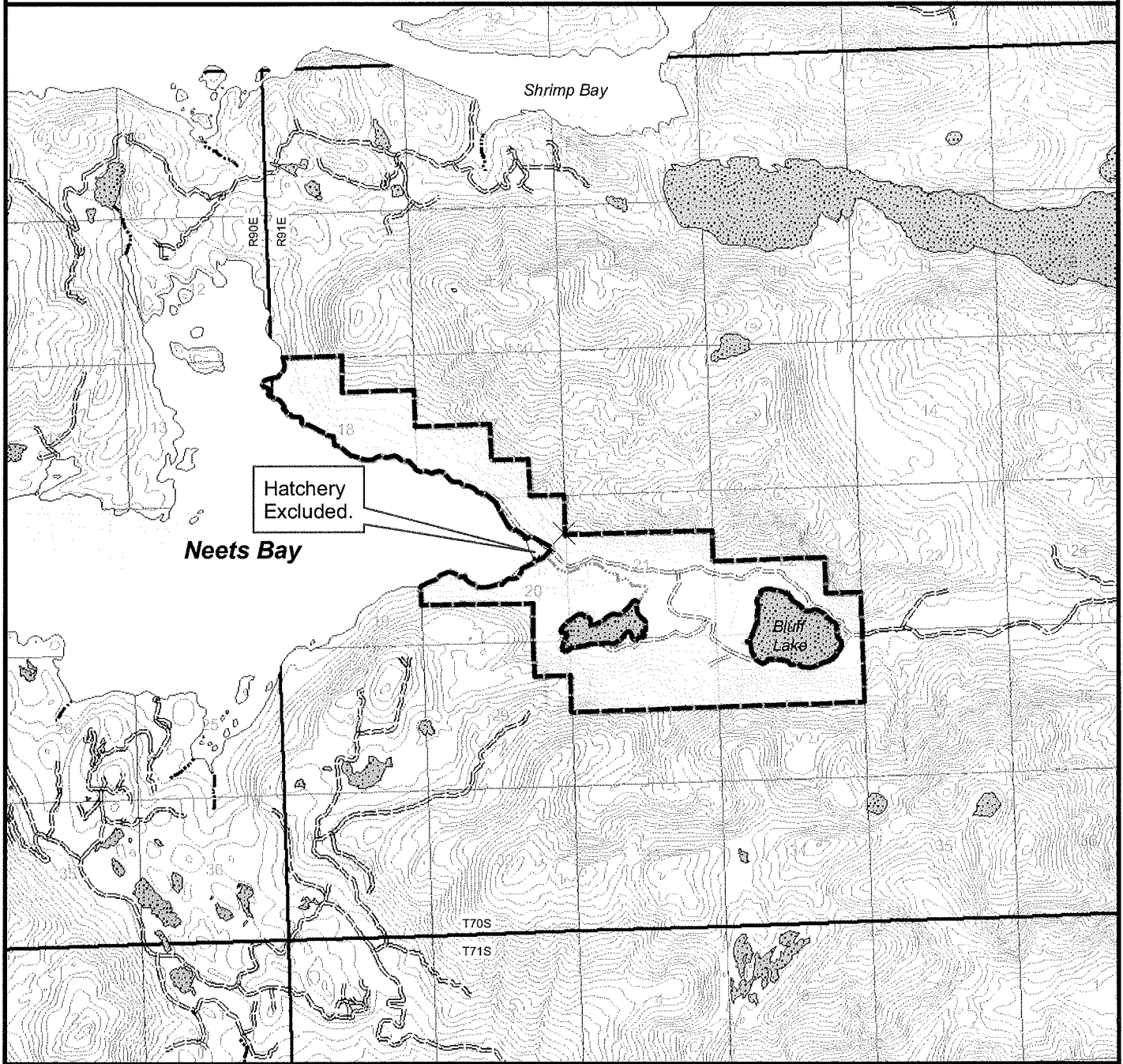
SOUTHEAST STATE FOREST PROPOSED ADDITIONS



DIVISION OF FORESTRY

Oct 27, 2010

Neets Bay Parcel



NAD 83, Contour Interval 100'

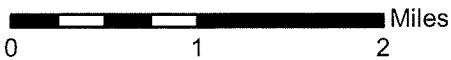
Area Planning Unit K01/02

SOUTHEAST STATE FOREST PROPOSED ADDITIONS

Parcel Map Focus

Legend

- Proposed State Forest
- State Forest
- State Park
- Subdivision
- Lakes
- Cataloged Streams



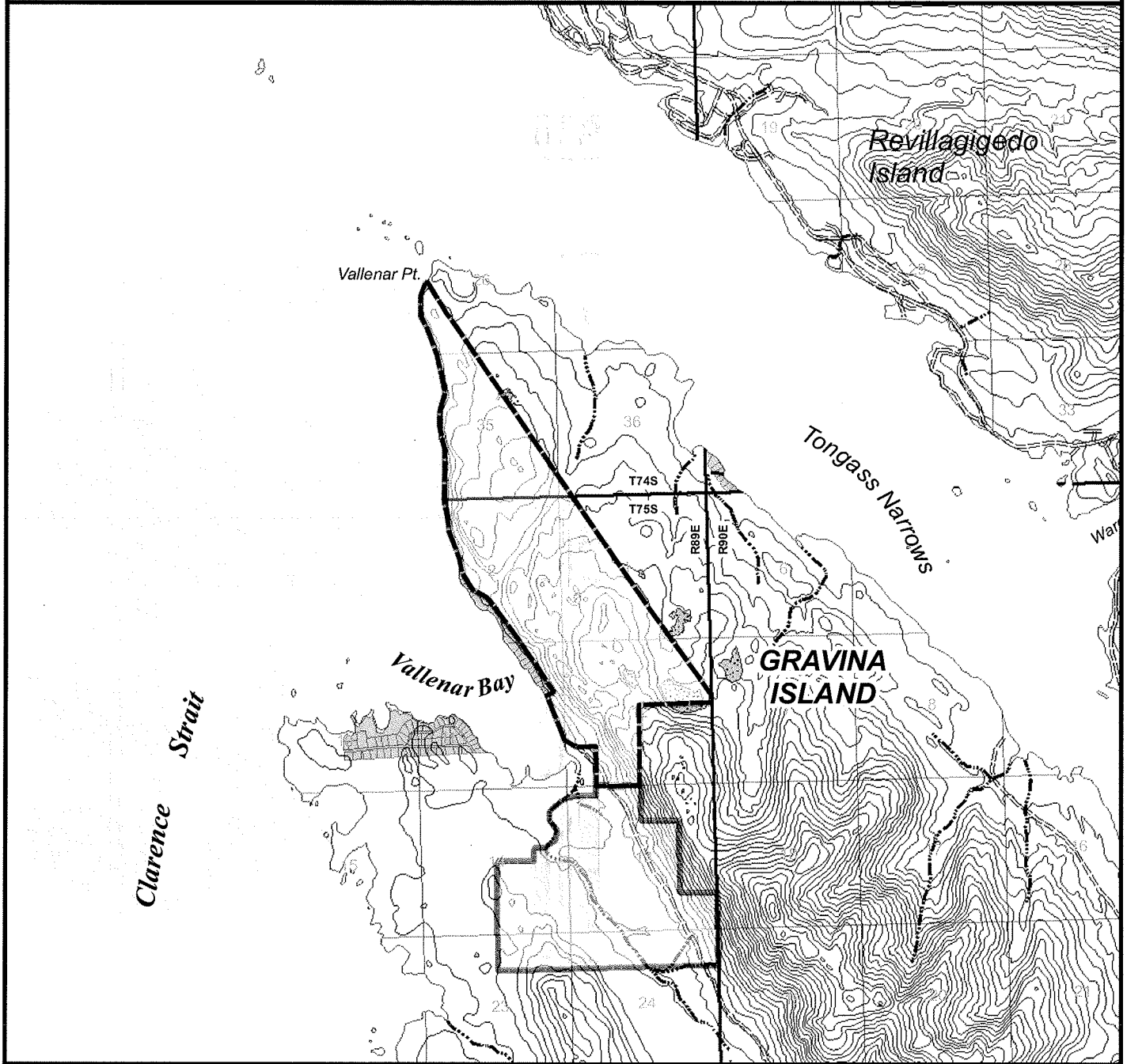
1 inch = 1 miles



DIVISION OF FORESTRY

Dec 15, 2010

North Gravina Island Parcel









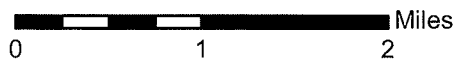
NAD 83, Contour Interval 100'

Area Planning Unit K25

 Parcel Map Focus

Legend

-  Proposed State Forest
-  State Forest
-  State Park
-  Subdivision
-  Lakes
-  Cataloged Streams



1 inch = 1 miles

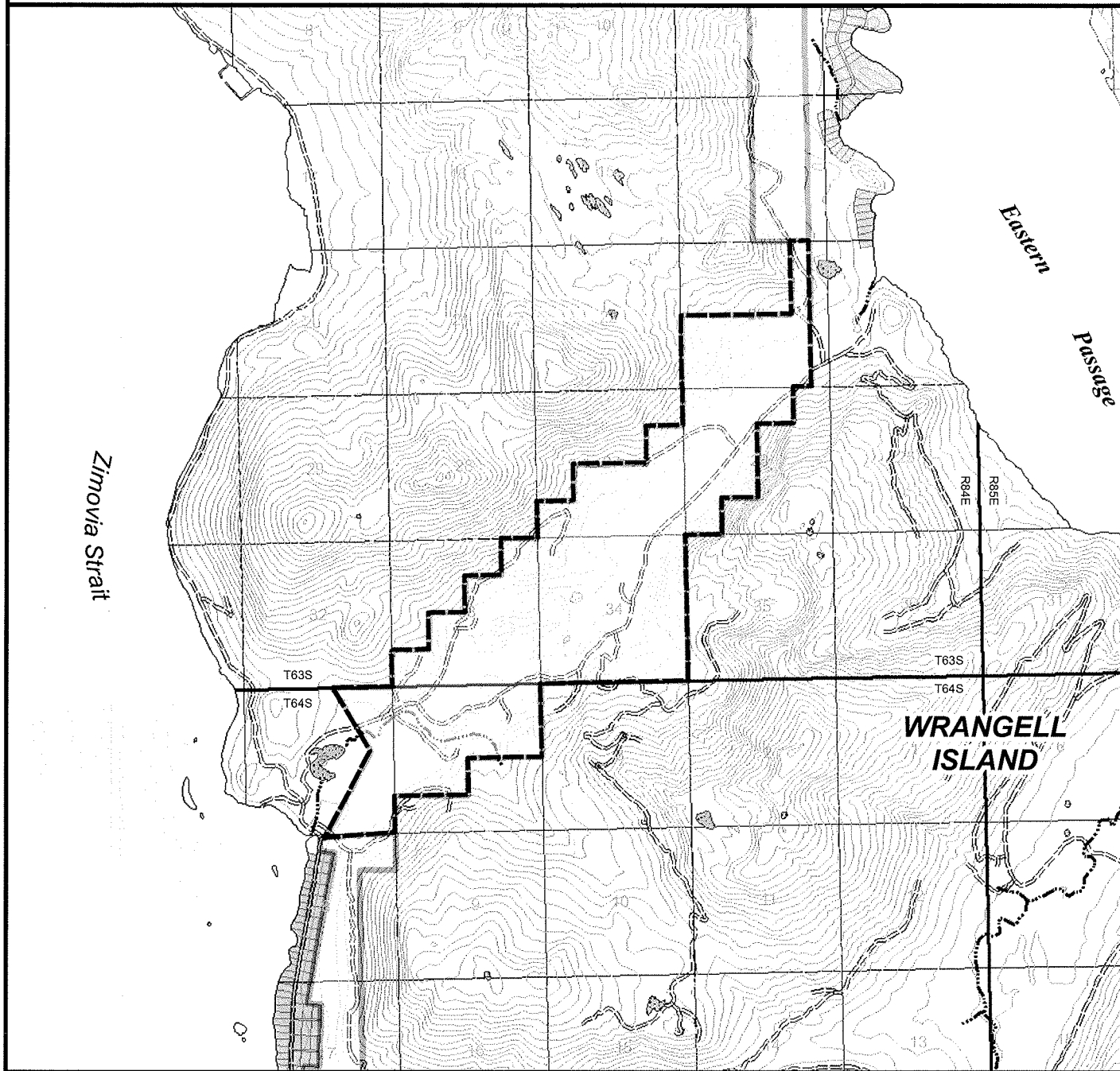
**SOUTHEAST
STATE FOREST
PROPOSED ADDITIONS**



DIVISION OF FORESTRY

Oct 27, 2010

Pat Creek Parcel









NAD 83, Contour Interval 100'

Area Planning Unit W10

 Parcel Map Focus

Legend

-  Proposed State Forest
-  State Forest
-  State Park
-  Subdivision
-  Lakes
-  Cataloged Streams



1 inch = 1 miles

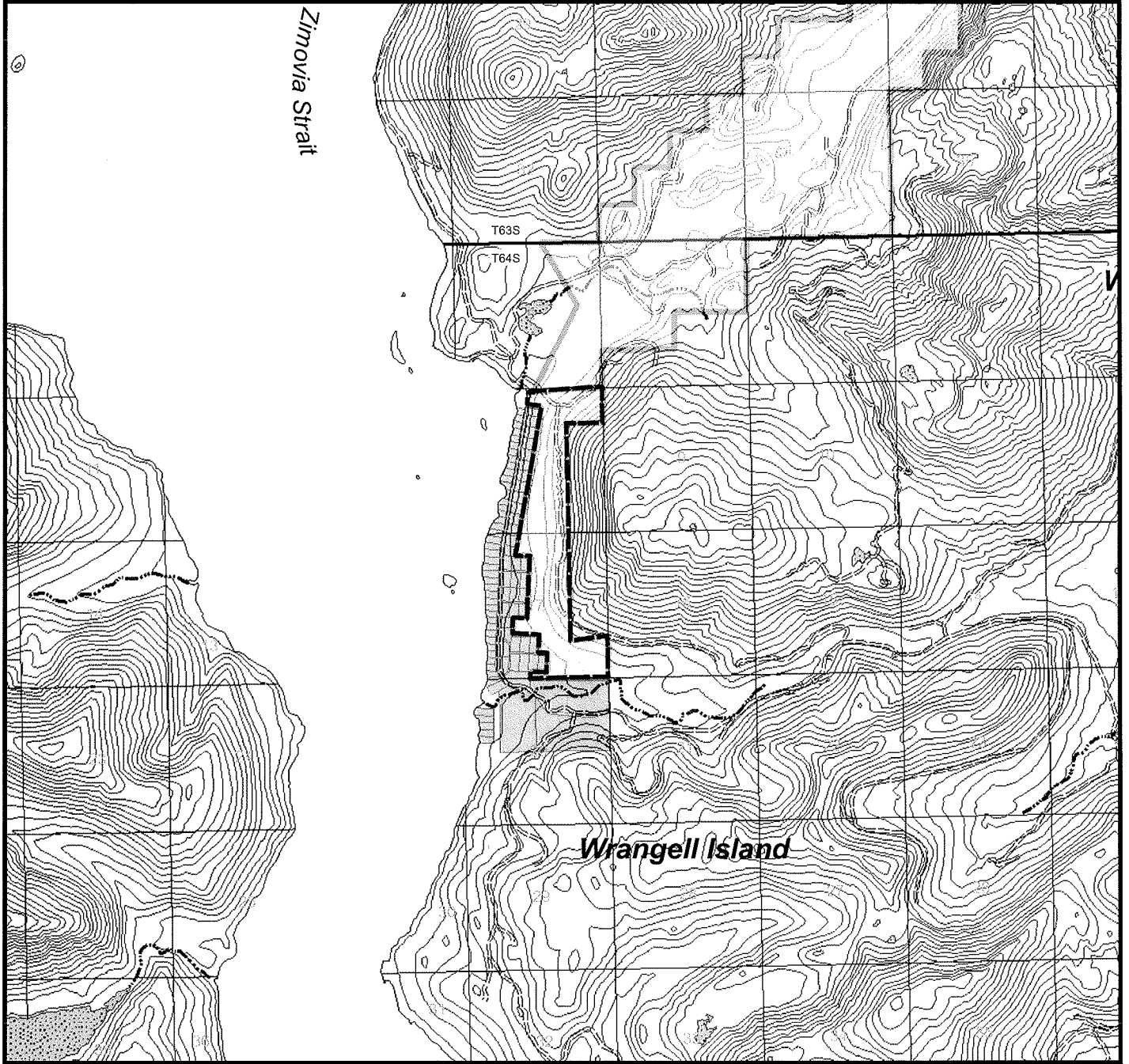
SOUTHEAST STATE FOREST PROPOSED ADDITIONS



DIVISION OF FORESTRY

Dec 15, 2010

Pat Creek Uplands Parcel









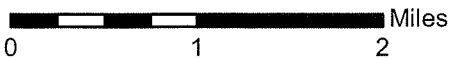
NAD 83, Contour Interval 100'

Area Planning Unit W27

 Parcel Map Focus

Legend

-  Proposed State Forest
-  State Forest
-  State Park
-  Subdivision
-  Lakes
-  Cataloged Streams



1 inch = 1 miles

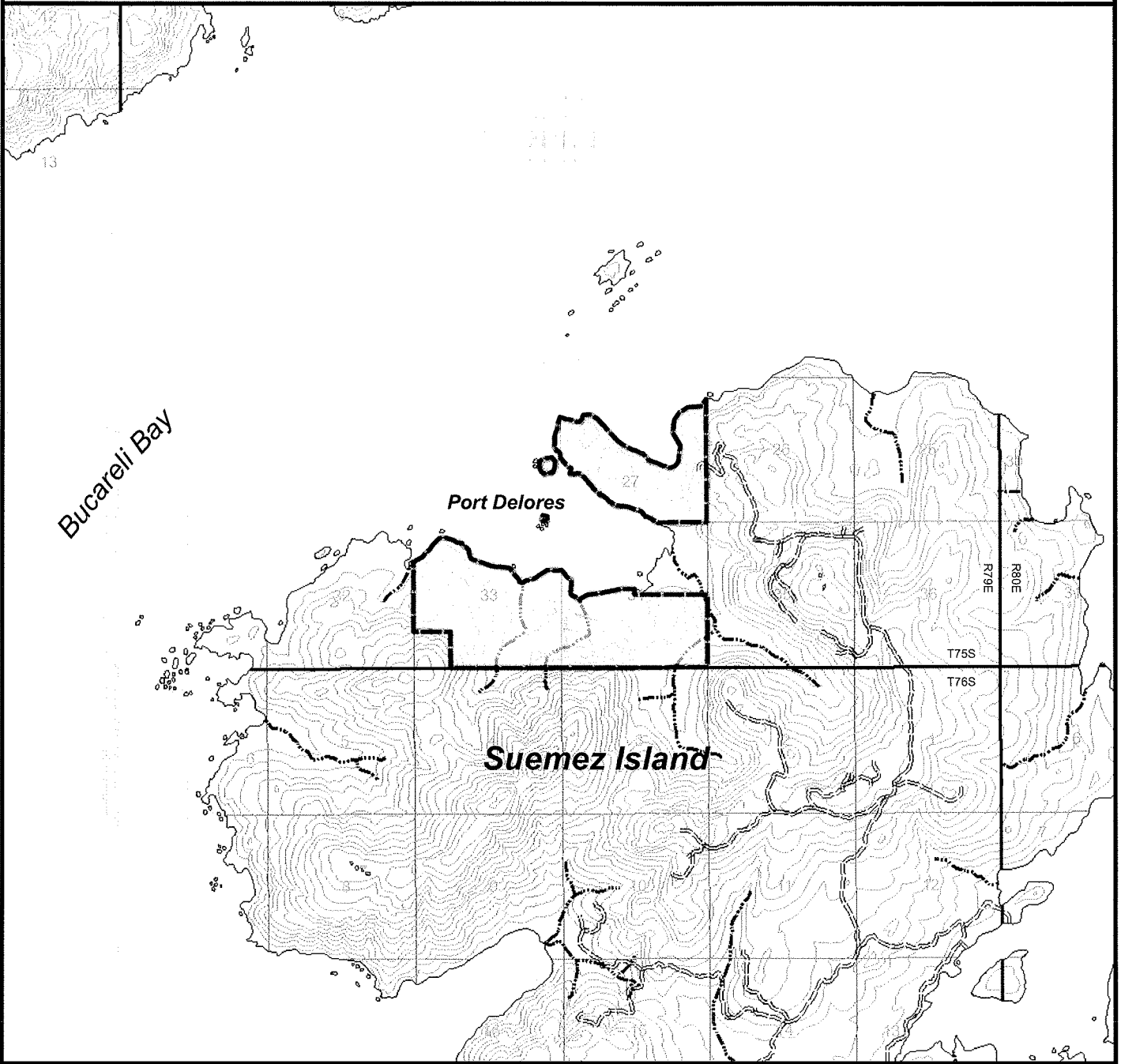
**SOUTHEAST
STATE FOREST
PROPOSED ADDITIONS**



DIVISION OF FORESTRY

Oct 27, 2010

Port Delores Parcel








NAD 83, Contour Interval 100'

Area Planning Unit D01

 Parcel Map Focus

Legend

-  Proposed State Forest
-  State Forest
-  State Park
-  Subdivision
-  Lakes
-  Cataloged Streams



1 inch = 1 miles

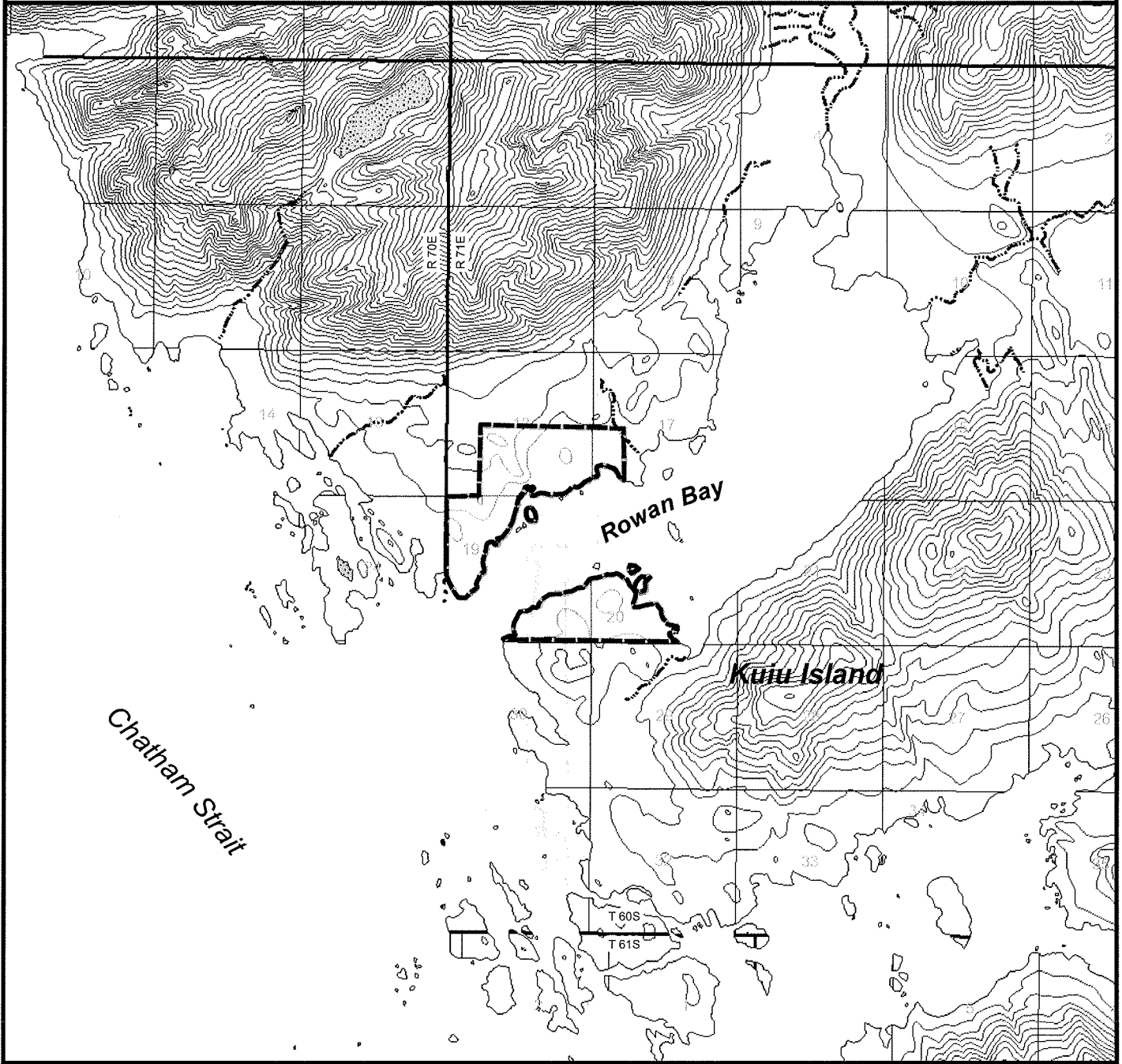
SOUTHEAST STATE FOREST PROPOSED ADDITIONS



DIVISION OF FORESTRY

Dec 13, 2010

Rowan Bay Parcel









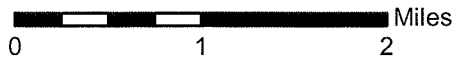
NAD 83, Contour Interval 100'

Area Planning Unit U02

 Parcel Map Focus

Legend

-  Proposed State Forest
-  State Forest
-  State Park
-  Subdivision
-  Lakes
-  Cataloged Streams



1 inch = 1 miles

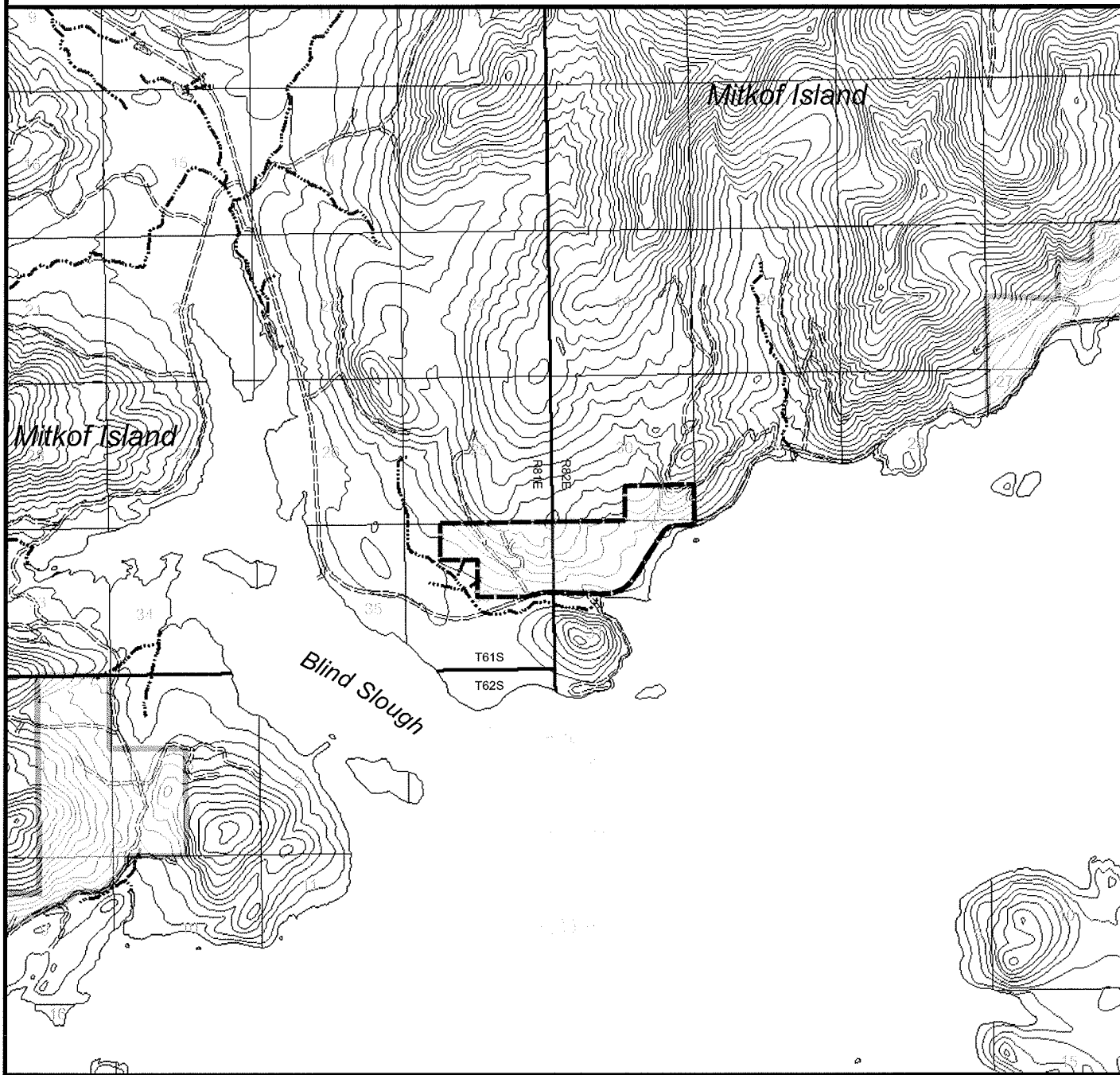
SOUTHEAST STATE FOREST PROPOSED ADDITIONS



DIVISION OF FORESTRY

Oct 27, 2010

South Mitkof Parcel









NAD 83, Contour Interval 100'

Area Planning Unit P25

 Parcel Map Focus

Legend

-  Proposed State Forest
-  State Forest
-  State Park
-  Subdivision
-  Lakes
-  Cataloged Streams

SOUTHEAST STATE FOREST PROPOSED ADDITIONS



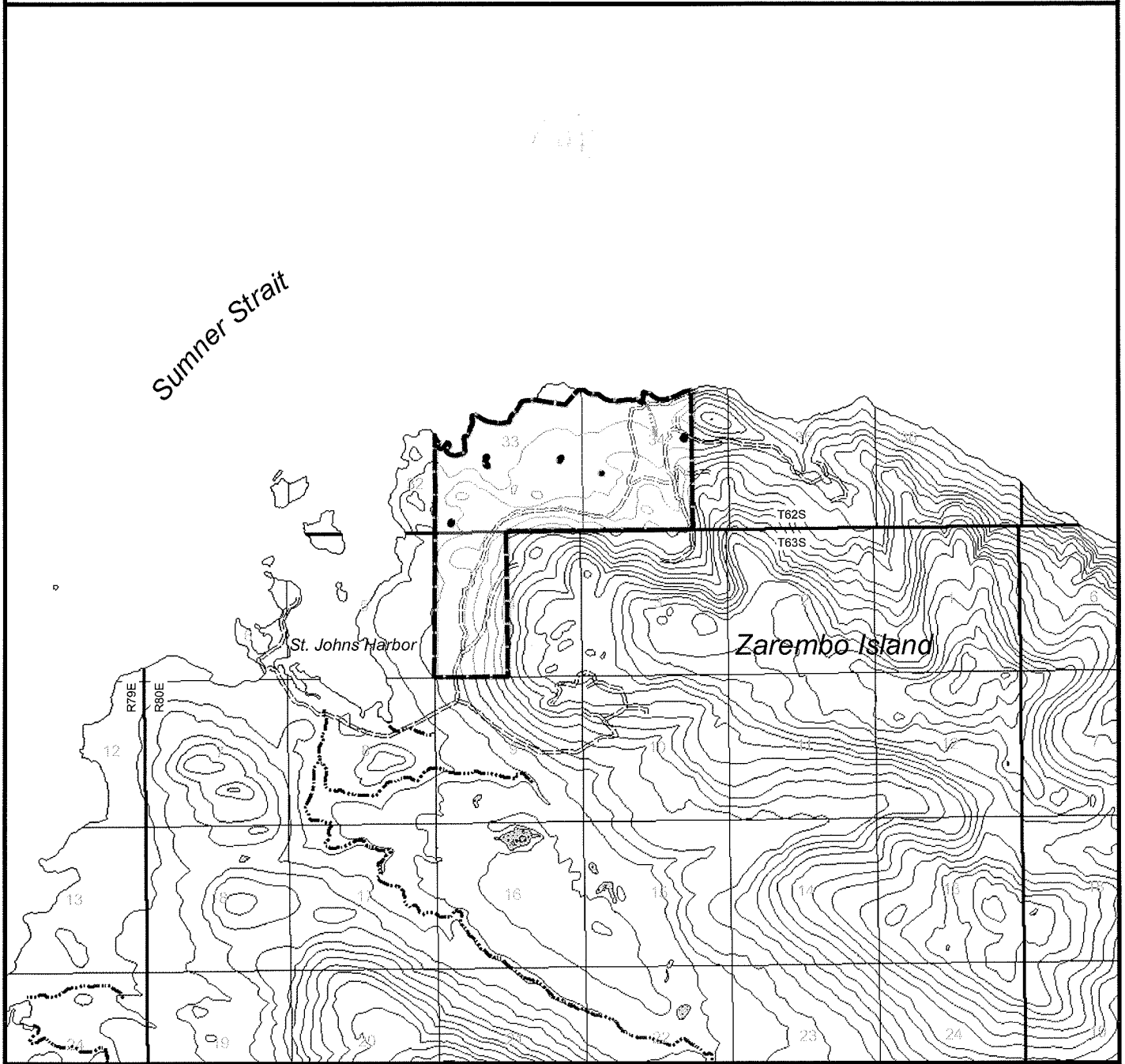
DIVISION OF FORESTRY

Oct 27, 2010



1 inch = 1 miles

St. Johns Harbor Parcel









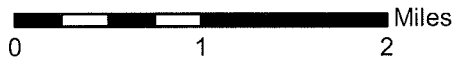
NAD 83, Contour Interval 100'

Area Planning Unit W02

 Parcel Map Focus

Legend

-  Proposed State Forest
-  State Forest
-  State Park
-  Subdivision
-  Lakes
-  Cataloged Streams



1 inch = 1 miles

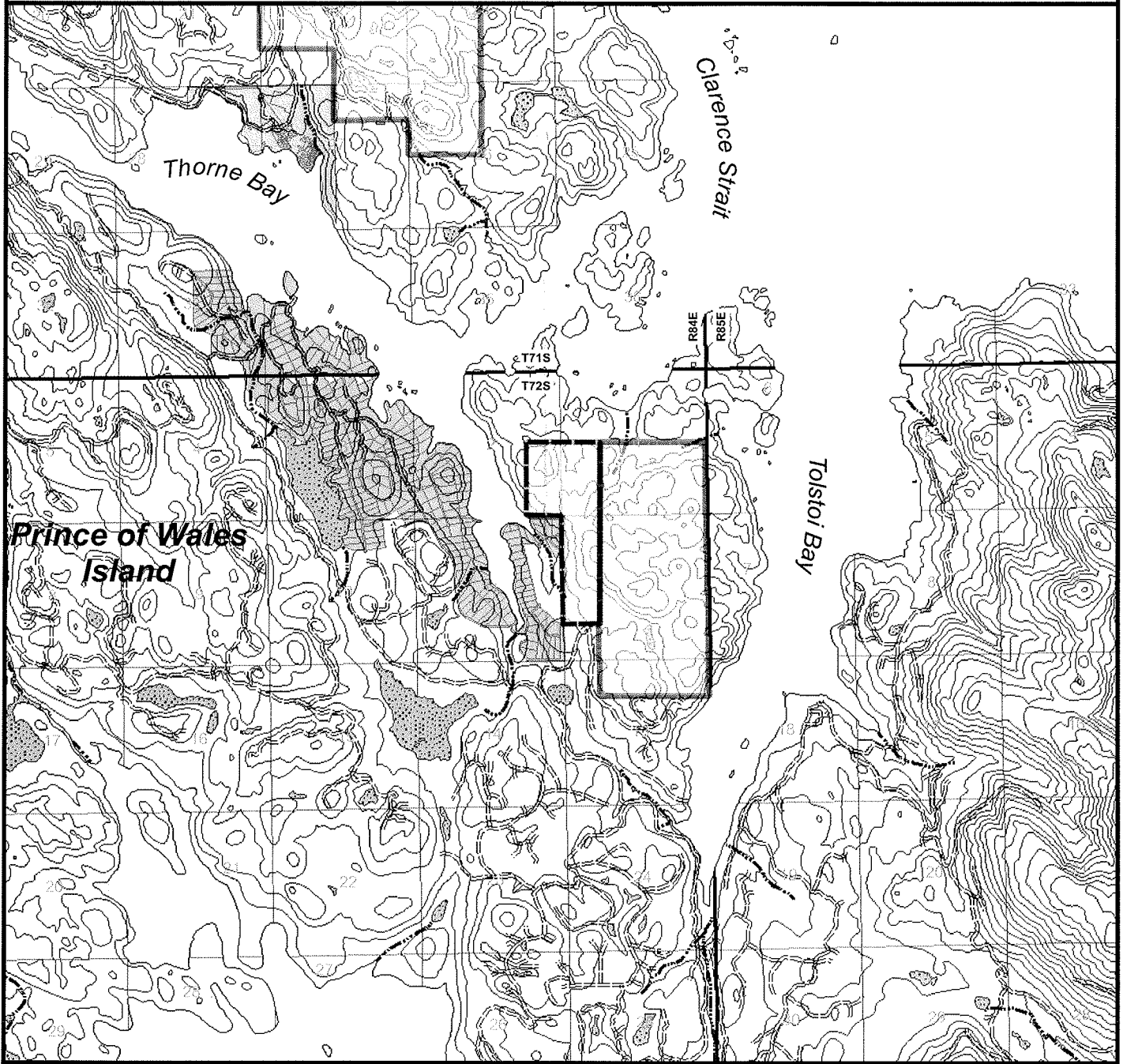
**SOUTHEAST
STATE FOREST
PROPOSED ADDITIONS**



DIVISION OF FORESTRY

Oct 27, 2010

Thorne Bay South Parcel









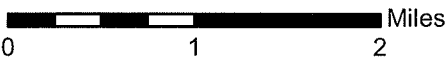
NAD 83, Contour Interval 100'

Area Planning Unit 11c

 Parcel Map Focus

Legend

-  Proposed State Forest
-  State Forest
-  State Park
-  Subdivision
-  Lakes
-  Cataloged Streams



1 inch = 1 miles

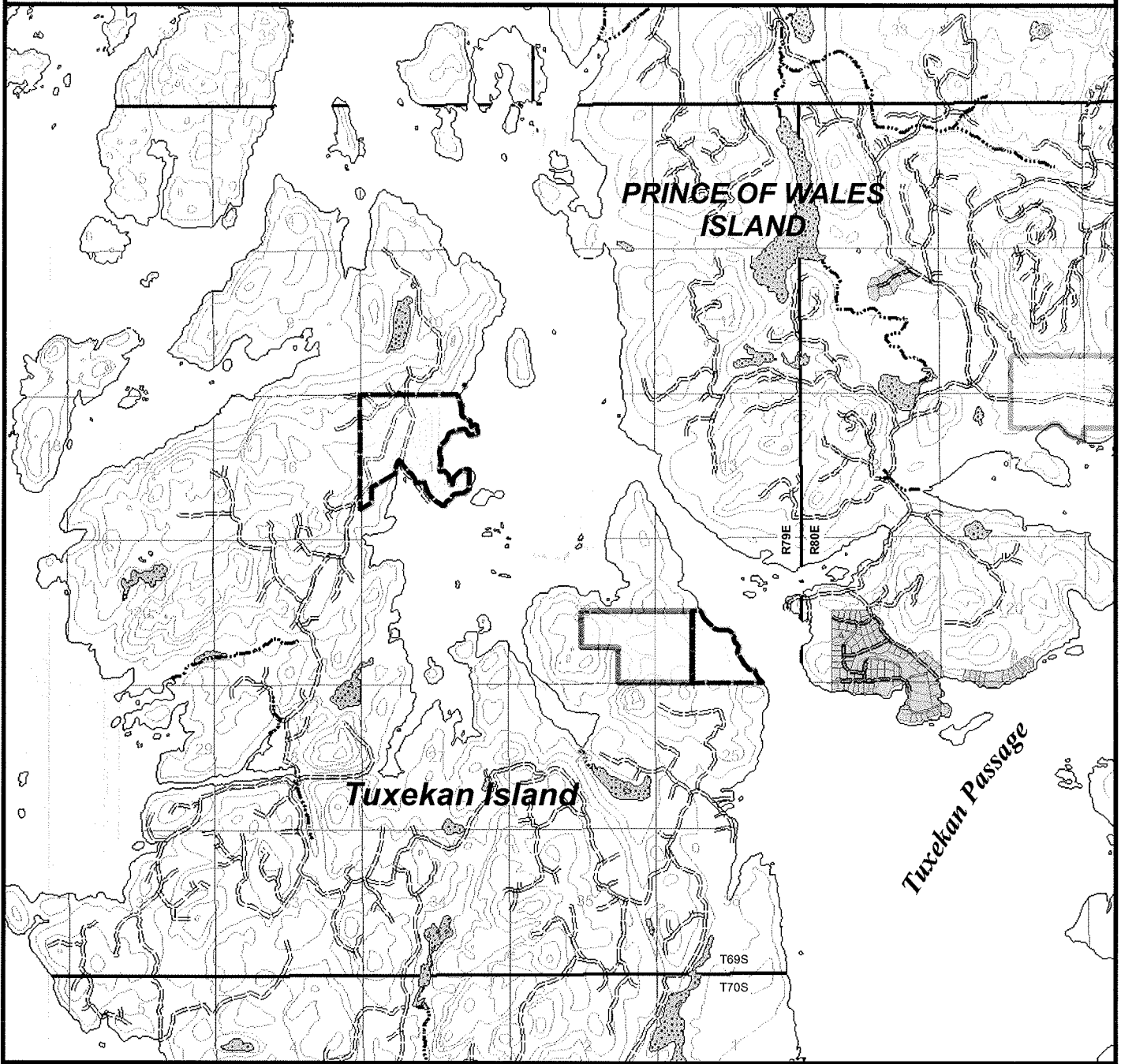
**SOUTHEAST
STATE FOREST
PROPOSED ADDITIONS**



DIVISION OF FORESTRY

Oct 27, 2010

Tuxekan Parcel









NAD 83, Contour Interval 100'

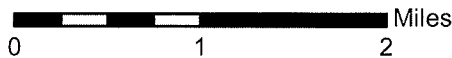
Area Planning Unit 7b

SOUTHEAST STATE FOREST PROPOSED ADDITIONS

 Parcel Map Focus

Legend

-  Proposed State Forest
-  State Forest
-  State Park
-  Subdivision
-  Lakes
-  Cataloged Streams



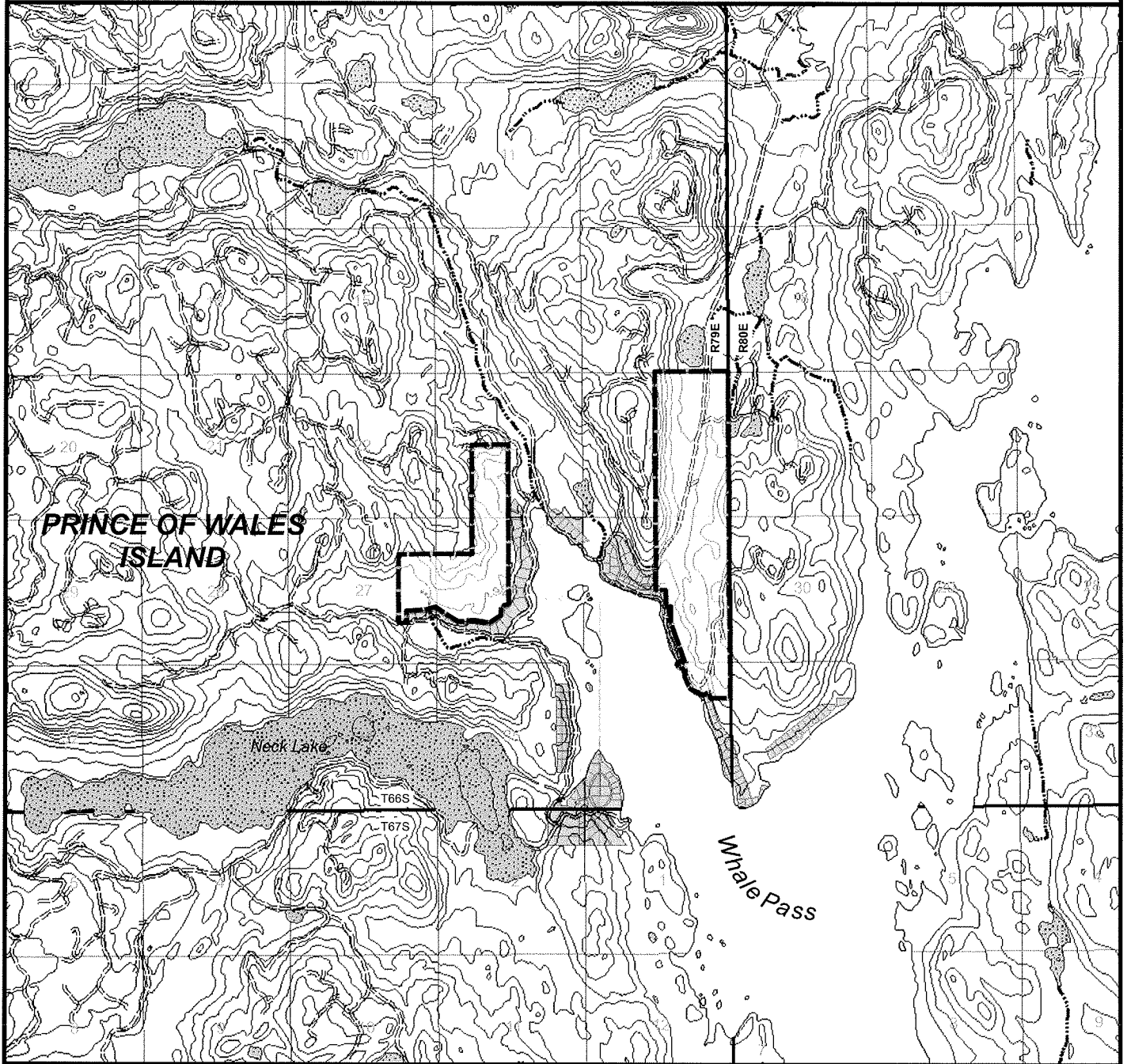
1 inch = 1 miles



DIVISION OF FORESTRY

Dec 15, 2010

Whale Pass Parcel









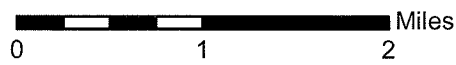
NAD 83, Contour Interval 100'

Area Planning Unit 5a

 Parcel Map Focus

Legend

-  Proposed State Forest
-  State Forest
-  State Park
-  Subdivision
-  Lakes
-  Cataloged Streams



1 inch = 1 miles

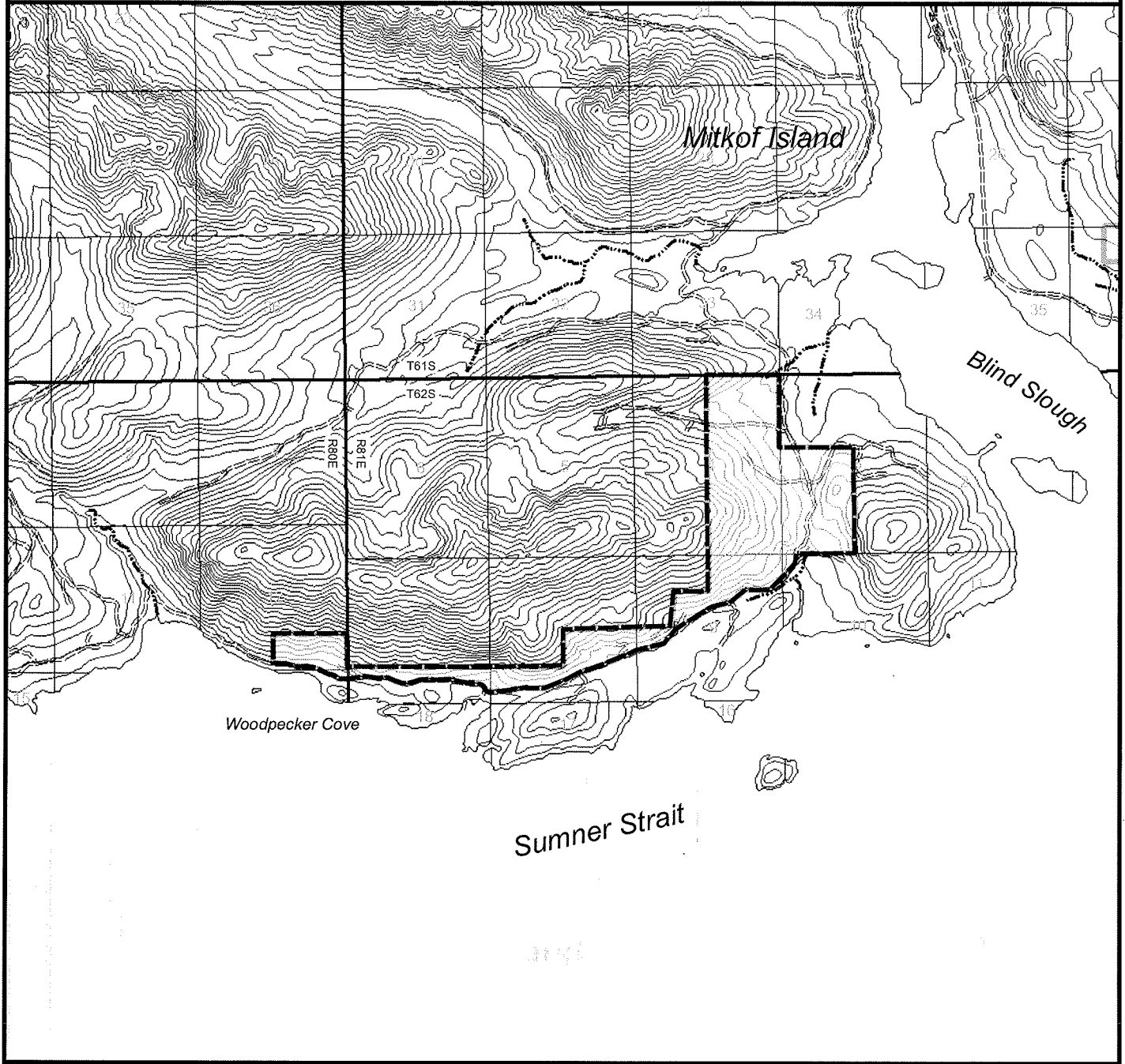
**SOUTHEAST
STATE FOREST
PROPOSED ADDITIONS**



DIVISION OF FORESTRY

Oct 27, 2010

Woodpecker Parcel









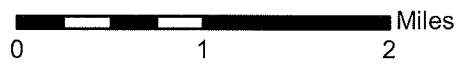
NAD 83, Contour Interval 100'

Area Planning Unit P27

 Parcel Map Focus

Legend

-  Proposed State Forest
-  State Forest
-  State Park
-  Subdivision
-  Lakes
-  Cataloged Streams



1 inch = 1 miles

SOUTHEAST STATE FOREST PROPOSED ADDITIONS



DIVISION OF FORESTRY

Oct 27, 2010



**ALASKA ECONOMIC
TRENDS**

DECEMBER 2010

**Population Projections
2010 to 2034**

WHAT'S INSIDE

The Matanuska-Susitna Borough

Growth continues to eclipse rest of Alaska

Employment Scene

Unemployment rate at 7.9 percent in October



**ALASKA DEPARTMENT OF LABOR
& WORKFORCE DEVELOPMENT**

Governor Sean Parnell
Commissioner Click Bishop

ALASKA ECONOMIC TRENDS



ALASKA DEPARTMENT OF LABOR
& WORKFORCE DEVELOPMENT

Governor Sean Parnell
Commissioner Click Bishop

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Cover: Pacific walrus at Cape Peirce in Togiak National Wildlife Refuge. Photo courtesy of U.S. Fish and Wildlife Service.

Corrections

The average rent for a two-bedroom apartment in Kodiak is \$1,267. The number was incorrect in Exhibit 12 on page 9 of August's *Trends*.

We have updated Exhibit 5 on page 13 of September's online issue of *Trends* to reflect revised U.S. Bureau of Labor Statistics educational and training-level information.

To contact *Trends* authors or request a free subscription, e-mail trends@alaska.gov or call (907) 465-4500. *Trends* is on the Web at laborstats.alaska.gov.

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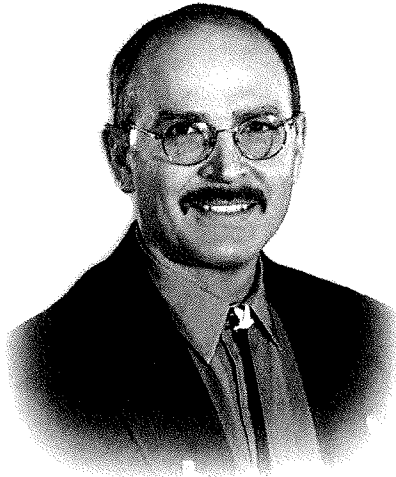
Trends Authors



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New scholarship one way to invest in our growing population

By Commissioner Click Bishop

This month's Trends focuses on Alaska's population, which is projected to increase 25 percent by 2034, from roughly 692,000 to more than 862,000 people. We expect Alaska's senior population, age 65-plus, to more than double and Alaska Native numbers to grow by more than 45,000, to almost 20 percent of our population.

The Alaska Department of Labor and Workforce Development, Research and Analysis section's projections are more than just head counts. Our state, local, and tribal governments use the data for planning for new schools, roads, police, and fire departments. The numbers are used to allocate funds for everything from job training and housing to community development and health care services.

Community organizations use the numbers to develop social service and community action projects. Businesses use the numbers to decide where to locate retail centers, movie theaters, banks, and offices — most often leading to new jobs.

Population information helps health care providers predict the spread of diseases through communities with elderly people and children. And during floods, tornadoes, or earthquakes, the numbers help rescuers plan for how many people will need help.

R&A's projections show the number of working Alaskans will also increase by 11 percent, to almost 490,000. As the "boomer" generation retires, jobs will open for succeeding generations.

As we move into the second decade of this century, we must continue to explore and develop ways to ensure the long-term vitality of Alaska's workforce. Often, that means investing now in workforce development to obtain significant returns in the future.

A new program would provide some of that investment for university or vocational training in Alaska. The Alaska Performance Scholarship, which aims to improve Alaska's student performance and future opportunities, was created this year after being proposed by the Parnell administration and passed into law by the Legislature.

This scholarship will provide annual awards of up to \$4,755 to qualifying high school graduates who pursue university or vocational training in Alaska. Beginning with Alaska's high school class of 2011, graduates may qualify for the Alaska Performance Scholarship, with 2011-12 funding to be determined no later than May 1.

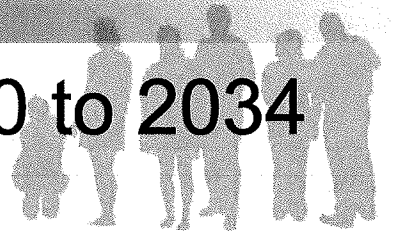
The State Board of Education and Early Development recently approved and began phasing in 2011 curriculum regulations, which should be fully implemented by 2013. Students who graduate in 2011 will need five or more credits of math and science, a GPA of 2.5 or higher, and scores of at least 21 on the ACT or 1450 on the SAT. Students pursuing a career and technical education certificate program may substitute WorkKeys scores of 5 or higher for an ACT or SAT.

Current high school freshmen and sophomores should prepare to take the full curriculum, including four years of English, four years of social studies, and either four years each of math and science or three years each of math and science plus two years of a foreign or Alaska Native language.

For more information, including funding status, detailed eligibility requirements, and how to apply, go to: aps.alaska.gov.

Population Projections, 2010 to 2034

Alaska by age, sex, and race



Population projections tell us more than how many people we should expect — they tell us what kinds of services we'll need to support the future population. Alaskans use these projections to plan for social services like nursing homes, schools, and hospitals. This article is an overview of projected numbers for the state, regions, and borough/census areas as well as the Alaska Native population. It also summarizes how the Department of Labor makes these projections and explains components of change (mortality, fertility, and migration).

The state's total population is projected to increase by nearly 25 percent from 2009 to 2034, growing from 692,314 to 862,750 people. The number of seniors (age 65-plus) is expected to grow the most of any age group, more than doubling in size as Alaska's baby boomers age. Alaska's Native population is projected to increase by more than 45,000 by 2034.

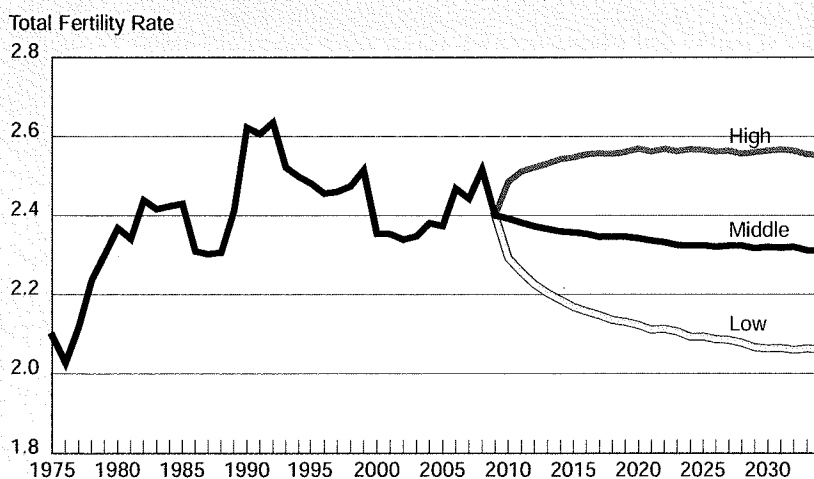
Projected population growth varies significantly across the state and in each of the economic regions, with the largest gain of about 38 percent in the Anchorage/Matanuska-Susitna region by 2034. By contrast, the projection for Southeast is a drop of 14.2 percent over the same period.

Methodology

Rather than building forecasts on economic factors, demographers base projections on the current population and historical trends in each of the components of population change. Specifically, they "age" the population¹ of each sex while accounting for natural increase (births minus deaths) and migration (in-migration and out-migration)². However, past and current economic conditions also affect demographic variables³.

Statewide, the demographers repeated the projections 2,000 times with random combinations of potential fertility and migration numbers, while keeping the age-specific mortality, or death rate, fixed. The projections took into account variations in recent trends of natural increase and migration, which gave a statistically valid⁴ high and low projection range at the state level. There is a 90 percent chance that the actual values will fall

1 Total Fertility Rate Alaska, 1975 to 2034



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

¹ For example, if a person is 10 years old in 2009, he or she will be 35 in the 2034 projection.

² This method is the "cohort component method."

³ For example, fertility rates may drop during a recession.

⁴ The probabilistic projection method provided a probability distribution for Alaska's future population, by sex and single years of age. After calculating 2,000 sets of component paths for each age and sex, the demography unit applied them to a cohort component projection model. More specifically, Leslie Matrices were used to project natural increase, with projected vectors of migrants added at each step. This process generated a distribution of 2,000 potential population paths from 2010 to 2034. The sums of the boundaries of the 90 percent confidence intervals for each age-by-sex are reported as the 90 percent confidence high and low variants.

within the range. These ranges do not account for all future uncertainty, such as state economic and social changes.

High and low ranges are not statistically significant at the regional and borough/census area levels, as they are adjusted to add up to the state's ranges to attempt to capture the uncertainty of these projections.

Mortality

Mortality rates across all age groups refer to a person's life expectancy at birth if that person lived according to age-specific mortality rates that year. Just as the makeup of Alaska's population varies greatly among groups, so does life expectancy. Overall, Alaska's life expectancy has been similar to that of the nation. From 2000 to 2034, life expectancy for Alaskan males is expected to rise from 74.9 to 79.9 years, and from 79.7 to 83.6 years for females.

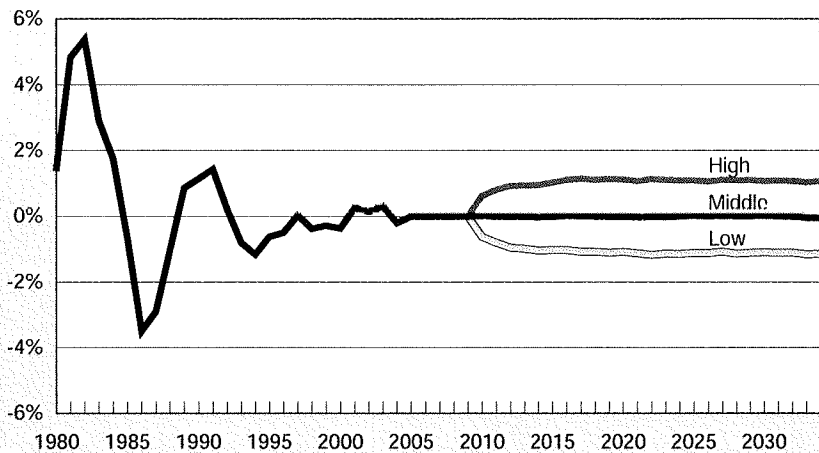
Mortality is the most predictable component of change for Alaska's population. It has been relatively stable over recent history, and is expected to continue improving, following the U.S. Social Security Administration's projected future changes in U.S. mortality.

Fertility

The level of fertility, or births, is expressed in the Total Fertility Rate (TFR). The TFR for a specified year is the average number of children that a woman would bear if she followed that year's age-specific fertility rates throughout her childbearing years. A TFR of 2.1 children per woman would be necessary for natural increase (births minus deaths) to break even. Alaska's TFR ranks among the highest in the U.S., allowing for robust and steady growth. Even if net-migration (in-migration minus out-migration) were zero, Alaska would continue to grow from natural increase alone.

Net Migration Ratio 2

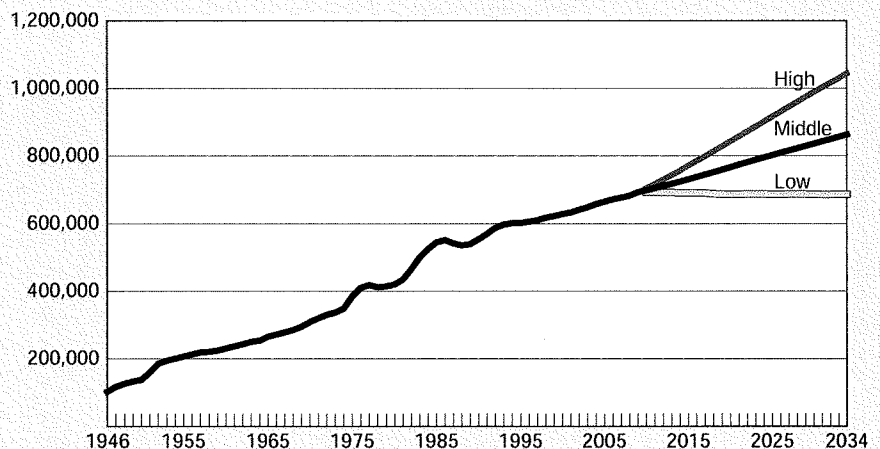
Proportion of Alaska's Total Population, 1980 to 2034



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

Alaska's Population 3

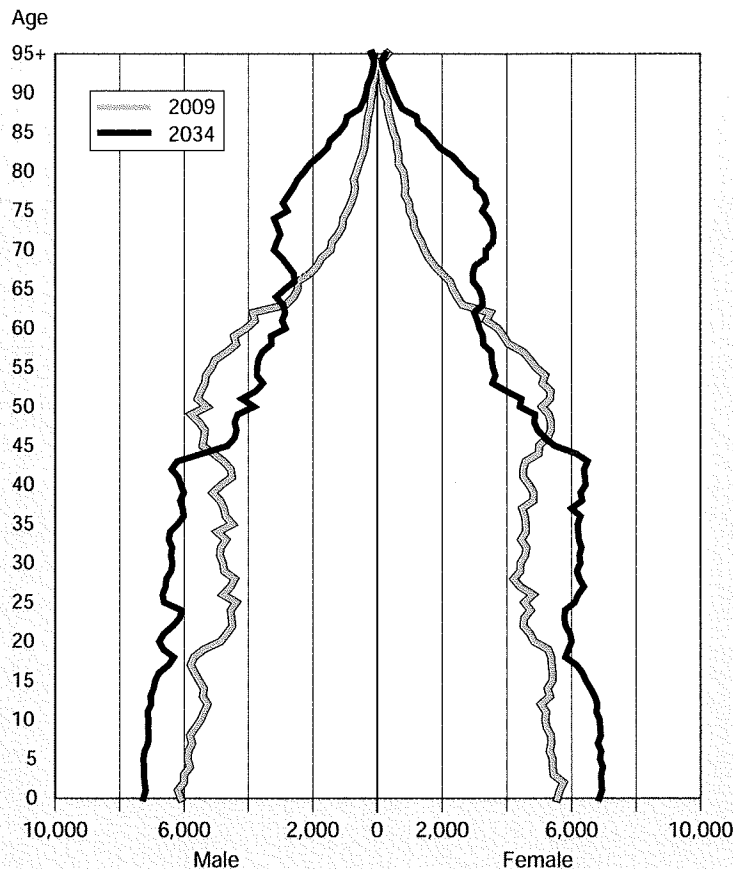
1946 to 2034



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

Fertility varies greatly across the state, with estimated TFR ranging from 5.1 children per woman in the Wade Hampton Census Area to just 1.3 in the Aleutians West Census Area. However, the current global trend of rural-to-urban migration results in lower overall fertility rates. Assuming that continues in Alaska, the state's projected fertility rate is likely to be 2.3 in 2034, down from the 2009 estimate of 2.4. The statistical model estimated the level of uncertainty around this value by using variance from recent decades.

4 Population By Age and Sex Alaska, 2009 and 2034¹



¹ Middle projection series
Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

Exhibit 1 shows the projected levels of TFR through 2034. There is a 10 percent chance TFR will fall outside these bounds in any given year, so it is likely to be outside this range at some point over the next 25 years.

Migration

The most volatile component is migration, which is affected by the economy in Alaska and the Lower 48. Wars, pipeline construction, and the oil boom led to significant influxes of new residents throughout Alaska's modern history, while base closures, pipeline completion, and the oil bust prompted people to leave. However, large-scale economic events like the construction of the oil pipeline are unlikely over the next 25 years. Even construction of a natural gas pipeline probably

would not reach that level of impact. Therefore, migration rates are likely to remain stable.

The projection model considered two ratios of migration (migrants divided by total population): in-migration and out-migration. The model estimated with 90 percent certainty that Alaska's net-migration will fall within about 1 percent of Alaska's population in a given year through 2034. (See Exhibit 2.) For example, if population is projected to be 700,000 in a given year, there is a 90 percent chance that net-migration will be within +/- 7,000 people. However, as with TFR, net-migration is likely to fall outside the predicted range at some point over the next 25 years, as it's 10 percent likely to do so in any given year.

Special populations

The military makes up a large portion of the population in Anchorage, Fairbanks, Denali, and Kodiak, and these military populations were held constant over the projection period to avoid "aging" these populations, which would underestimate residents in their 20s and 30s. Fish processing (group quarters) populations in Aleutians East and Aleutians West were also kept constant to prevent errantly "aging" these transient populations.

Statewide projections

Though the department projects a total statewide population increase through 2034 (see Exhibits 3 through 6), the annual rate of growth will likely slow over the projection period because of the expected increase in deaths relative to births. However, as stated earlier, the state is expected to continue growing even if net-migration were zero. By 2014, the most likely scenario is a population of 723,619, with 794,975 people in 2024 and 862,750 by 2034. The level of uncertainty greatly increases with time.

Projections for age groups

Alaska's population 4 years of age and younger is projected to increase by 22.3 percent, from 57,899 to 70,805 children between 2009 and 2034. (See Exhibit 6.) Numerous potential levels of fertility and migration cause greater uncertainty for younger age groups.

Population By Age and Sex Alaska, 2034 **5**

The most likely scenario for school-age children (ages 5 to 17) is 25.7 percent growth, from 141,873 to 178,392 people between 2009 and 2034. With the “echo boom” cohort (the children of baby boomers) now entering working ages, the short-term projection for the school-age group supports slow growth; but further into the future, the projected total school age population will grow at a steady pace.

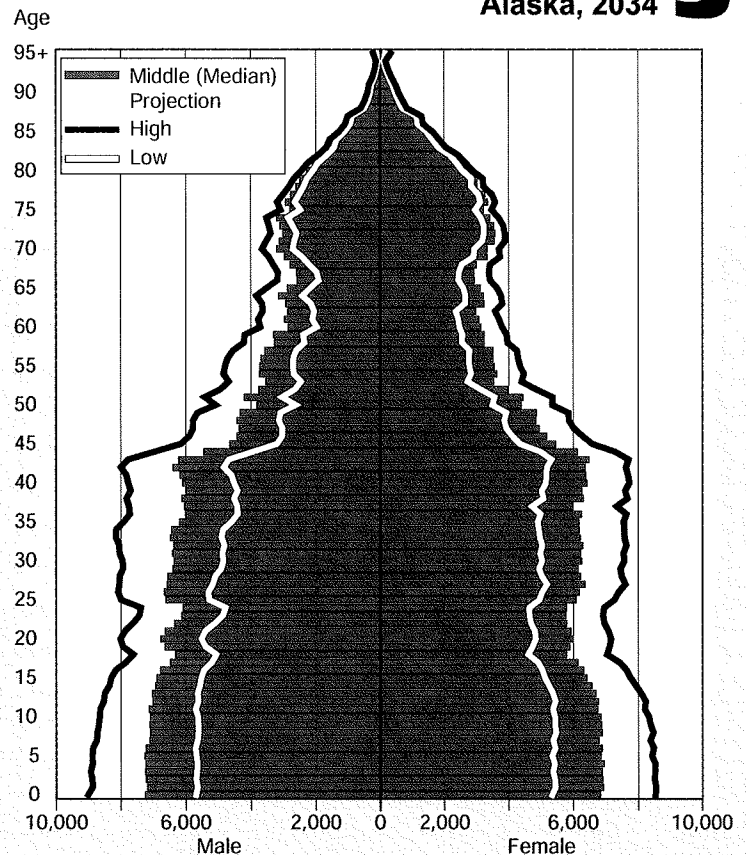
Alaska’s working-age population (ages 18 to 64) is currently 440,279 people, and is likely to increase by 11 percent over the projection period to 488,696 in 2034. As baby boomers become retirees, the echo boomers will move into the working ages, yielding almost no change in the overall working-age population for the majority of the period.

As mentioned earlier, retirees (ages 65 and older) are likely to more than double by 2034. This is attributable to Alaska’s large number of baby boomers reaching age 65 and older in 2009, representing 7.5 percent of the state’s population. That number is projected to climb 138.9 percent (to 124,857) by 2034, when it would represent 14.5 percent of the population. (See Exhibit 7.) The U.S. Census Bureau projects a similar trend for the nation as a whole, with the proportion age 65 and older in the U.S. increasing from 12.9 percent in 2009 to 19.8 percent in 2034.

Increasing dependency ratios

Dependency ratios show the burden of support on the working-age population to care for the young and old, traditionally nonworking populations. In 2009, every 100 Alaskans of working age supported 45.4 people under age 18, and 11.9 people over age 65, which adds up to a total dependency ratio of 57.3. Each of these figures is expected to rise over the next 25 years. (See Exhibits 7 and 8.)

With the aging of Alaska’s echo boom, the youth dependency ratio will probably first decrease to 45.2 in 2014, then rise to 50.0 in 2024 and 51.0 in 2034. The aged dependency ratio is projected to increase to 14.6 by 2014, then 23.5 by 2024, and 25.5 by 2034. Though there is uncertainty in the



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

specific figures for the aged dependency ratio, it is certain it will climb dramatically over the next 25 years.

Projections for regions and boroughs/census areas

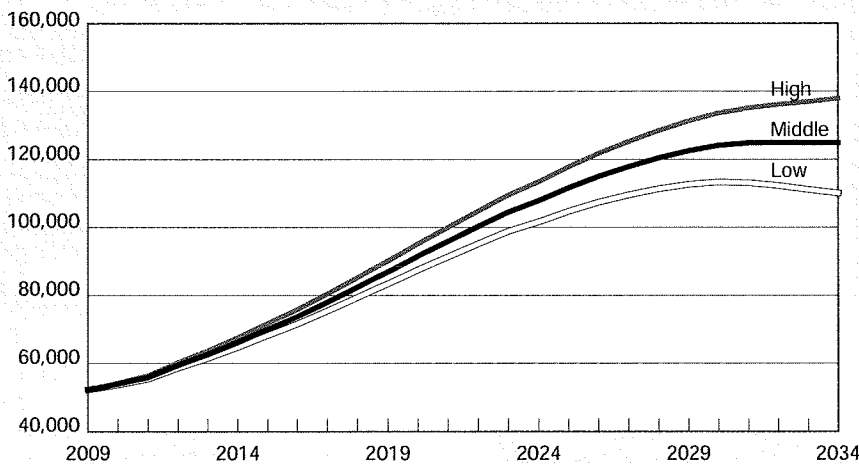
Population change is likely to vary greatly across the state, following paths similar to the last decade. (See Exhibits 9 and 10.) Regions and boroughs/census areas are more susceptible to the impact of migration than any other component of change because it includes intrastate and interstate migration. Although applying recent trends of migration to regions and boroughs/census areas can predict growth or decline, it is possible these trends will significantly change across the state in the future. Migration depends on economic and social factors, making it less predictable.

6 Population by Age Statewide and Alaska Natives, 2009 to 2034¹

| Total Alaska Population | | | | | | | Alaska's Native Population | | | | | | |
|-------------------------|---------|---------|---------|---------|---------|---------|----------------------------|---------|---------|---------|---------|---------|---------|
| Age | 2009 | 2014 | 2019 | 2024 | 2029 | 2034 | Age | 2009 | 2014 | 2019 | 2024 | 2029 | 2034 |
| Birth to 4 | 57,899 | 59,656 | 64,160 | 66,695 | 68,614 | 70,805 | Birth to 4 | 14,344 | 13,666 | 14,480 | 14,862 | 15,470 | 16,317 |
| 5 to 9 | 55,674 | 58,943 | 60,923 | 65,703 | 68,348 | 70,268 | 5 to 9 | 12,060 | 14,138 | 13,464 | 14,271 | 14,647 | 15,249 |
| 10 to 14 | 52,991 | 55,828 | 59,256 | 61,409 | 66,320 | 69,022 | 10 to 14 | 11,058 | 11,994 | 14,067 | 13,392 | 14,196 | 14,570 |
| 15 to 19 | 54,941 | 50,698 | 53,474 | 56,864 | 58,895 | 63,771 | 15 to 19 | 12,235 | 10,845 | 11,770 | 13,828 | 13,150 | 13,944 |
| 20 to 24 | 46,487 | 57,967 | 53,619 | 56,261 | 59,231 | 61,308 | 20 to 24 | 11,427 | 11,964 | 10,586 | 11,499 | 13,536 | 12,861 |
| 25 to 29 | 45,324 | 49,970 | 61,743 | 57,770 | 60,486 | 63,930 | 25 to 29 | 9,219 | 11,257 | 11,797 | 10,437 | 11,347 | 13,371 |
| 30 to 34 | 46,859 | 47,101 | 52,037 | 64,102 | 60,260 | 63,325 | 30 to 34 | 7,007 | 9,082 | 11,102 | 11,647 | 10,314 | 11,224 |
| 35 to 39 | 47,260 | 47,510 | 47,921 | 53,089 | 65,037 | 61,466 | 35 to 39 | 7,170 | 7,075 | 9,136 | 11,149 | 11,711 | 10,424 |
| 40 to 44 | 47,053 | 44,351 | 44,680 | 45,249 | 50,270 | 62,232 | 40 to 44 | 7,832 | 7,004 | 6,922 | 8,952 | 10,939 | 11,503 |
| 45 to 49 | 53,789 | 44,485 | 41,845 | 42,204 | 42,584 | 47,572 | 45 to 49 | 8,104 | 7,653 | 6,865 | 6,800 | 8,797 | 10,756 |
| 50 to 54 | 53,133 | 50,353 | 41,220 | 38,594 | 38,749 | 39,110 | 50 to 54 | 7,105 | 7,739 | 7,320 | 6,573 | 6,521 | 8,465 |
| 55 to 59 | 45,804 | 48,978 | 46,221 | 37,276 | 34,499 | 34,687 | 55 to 59 | 5,694 | 6,773 | 7,402 | 7,023 | 6,327 | 6,293 |
| 60 to 64 | 32,837 | 41,579 | 44,612 | 41,917 | 33,070 | 30,397 | 60 to 64 | 4,057 | 5,354 | 6,394 | 7,010 | 6,670 | 6,023 |
| 65 to 69 | 20,556 | 28,948 | 37,199 | 40,090 | 37,480 | 29,127 | 65 to 69 | 2,821 | 3,719 | 4,934 | 5,917 | 6,516 | 6,221 |
| 70 to 74 | 12,525 | 17,355 | 25,059 | 32,661 | 35,380 | 33,105 | 70 to 74 | 1,982 | 2,436 | 3,239 | 4,319 | 5,216 | 5,780 |
| 75 to 79 | 8,423 | 9,517 | 13,673 | 20,350 | 27,010 | 29,505 | 75 to 79 | 1,508 | 1,574 | 1,954 | 2,625 | 3,525 | 4,292 |
| 80 to 84 | 5,746 | 5,538 | 6,415 | 9,691 | 15,059 | 20,460 | 80 to 84 | 881 | 1,081 | 1,138 | 1,426 | 1,942 | 2,628 |
| 85 to 89 | 3,280 | 3,091 | 2,966 | 3,560 | 5,789 | 9,527 | 85 to 89 | 428 | 524 | 650 | 690 | 874 | 1,204 |
| 90+ | 1,733 | 1,751 | 1,590 | 1,490 | 1,786 | 3,133 | 90+ | 268 | 277 | 316 | 387 | 434 | 535 |
| Total | 692,314 | 723,619 | 758,613 | 794,975 | 828,867 | 862,750 | Total | 125,200 | 134,155 | 143,536 | 152,807 | 162,132 | 171,660 |

¹ Middle projection series
Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

7 Age 65 and Older Alaska's population, 2009 to 2034



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

The boroughs and census areas with the highest projected average annual growth rates over the period are the Matanuska-Susitna Borough (3.1 percent), the Wade Hampton Census Area (2.3 percent), and the Bethel Census Area (1.4 percent).

Those with the most dramatic expected losses in average annual population include the Haines Borough (-1.5 percent) and the Wrangell-Petersburg and Prince of Wales census areas (-1.3 percent).

The Anchorage/Mat-Su region's population is projected to grow by more than 142,535 — 38.0 percent, with a 1.5 percent average annual growth rate — from 374,902 people in 2009 to 517,429 in 2034. Anchorage is expected to continue growing, following the state's rural-to-urban migration trend. The Mat-Su Borough has grown dramatically throughout Alaska's history as a state, and is expected to continue.

The Gulf Coast region's population boomed during the 1980s, but growth has moderated in recent years. The projections yield an increase of roughly 5,239 people between 2009 and 2034 — 6.8 percent — but recent trends

could change significantly with future resource development.

Alaska's Interior region has grown steadily over recent years. However, the future of the populations in the Fairbanks North Star Borough and the Southeast Fairbanks Census Area may greatly depend on the military. Assuming current trends continue, the predicted increase for the Interior is 16,195 people between 2009 and 2034, or 14.9 percent.

High birth rates in the Northern and Southwest regions are anticipated to outpace the projected out-migration, resulting in net growth in those regions. Projections show the Northern region gaining about 5,908 residents (a 25.0 percent increase), and the Southwest region adding 10,433 (a 26.6 percent increase).

The only regional population expected to decline over the projection period is Southeast. Due to particularly low birth rates and the highest median age in the state (39.3), growth would require a sharp rise in net-migration. Southeast's projected loss is about 9,866 people (a 14.2 percent drop) between 2009 and 2034. The future of Southeast is uncertain because of its dependence on future social and economic developments.

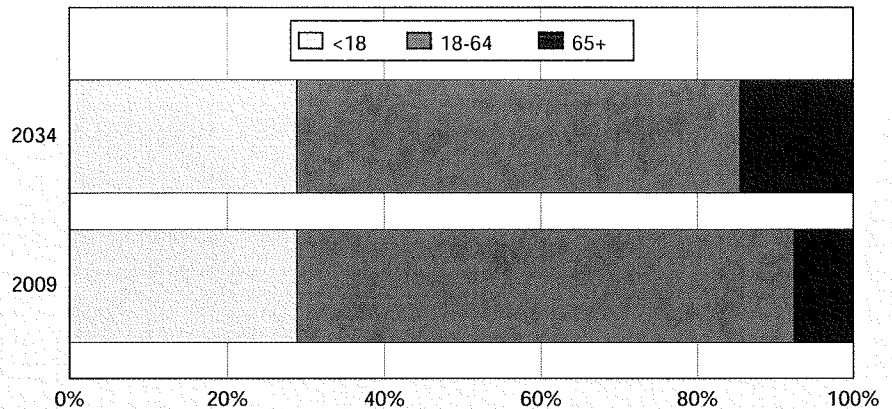
Projections show no change in the population rank-ordering of the regions over the projection period. In other words, the Anchorage/Mat-Su region is likely to remain the most populous, followed by the Interior, Gulf Coast, Southeast, and Southwest regions. The Northern region is expected to remain the least populated because of rural-to-urban migration.

Alaska Native projections

The department used the 2009 "bridged race"⁵

⁵ "Bridged" series race estimates use the definition of race from the 1990s, when people could only choose one race to define themselves. With the 2000 census, people could check all of the races that applied. As a result, race as reported after 2000 is no longer compatible with earlier data, and statistics on race are far more complex.

Population by Selected Age Groups Alaska, 2009 and 2034¹



¹ Middle projection series

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

estimate as a base for the Alaska Native⁶ population, applying the same method as regions and boroughs/census areas.

Mortality, fertility, and migration rates among Alaska Natives have historically differed greatly from those of the overall state population. Native mortality and fertility rates are among the highest in the nation. Alaska Native life expectancy will likely follow the U.S. Social Security Administration's projections for change in U.S life expectancy over the projected period. From 2009 to 2034, life expectancy for Alaska Native males is expected to rise from 67.2 to 74.7 years, and from 73.7 to 78.6 years for Native females. Projected fertility will decline from 3.2 children per woman in 2009 to 3.0 in 2034, due to the rural-to-urban migration discussed earlier. Because of the social and economic characteristics of urban centers, urban women are more likely to have fewer children than their rural counterparts.

Compared to statewide rates, Alaska Native migration is relatively low. Natives migrate to the state at just above 2 percent of the total Native population and leave the state at just over 2 percent of the population. This very slight annual loss

⁶ Alaska Native: A person with origins in any of the original peoples of North or South America (including Central America), who maintains tribal affiliation or community attachment. (Federal Office of Management and Budget) This includes Native Americans in Alaska; however, the majority of Natives in Alaska are Alaska Natives.

9 Population By Region and Borough/Census Area Alaska, 2009-2034¹

| | 2009 | 2014 | 2019 | 2024 | 2029 | 2034 | Percentage Change 2009-2034 | Average Annual Growth Rate 2009-2034 |
|---------------------------------------------|---------|---------|---------|---------|---------|---------|-----------------------------------|-----------------------------------------------|
| State of Alaska | 692,314 | 723,619 | 758,613 | 794,975 | 828,867 | 862,750 | 24.6% | 0.9% |
| Anchorage / Mat-Su Region | 374,902 | 399,950 | 427,814 | 457,519 | 487,028 | 517,429 | 38.0% | 1.5% |
| Anchorage, Municipality of | 290,588 | 304,555 | 319,812 | 335,672 | 350,569 | 364,973 | 25.6% | 1.0% |
| Matanuska-Susitna Borough | 84,314 | 95,395 | 108,002 | 121,847 | 136,459 | 152,456 | 80.8% | 3.1% |
| Gulf Coast Region | 76,686 | 78,196 | 79,885 | 81,313 | 81,908 | 81,925 | 6.8% | 0.3% |
| Kenai Peninsula Borough | 53,578 | 56,007 | 58,562 | 60,921 | 62,673 | 64,019 | 19.5% | 0.7% |
| Kodiak Island Borough | 13,860 | 13,461 | 13,095 | 12,705 | 12,188 | 11,567 | -16.5% | -0.6% |
| Valdez-Cordova Census Area | 9,248 | 8,728 | 8,228 | 7,687 | 7,047 | 6,339 | -31.5% | -1.2% |
| Interior Region | 108,463 | 111,723 | 115,217 | 118,773 | 121,822 | 124,658 | 14.9% | 0.6% |
| Denali Borough | 1,838 | 1,783 | 1,715 | 1,642 | 1,550 | 1,451 | -21.1% | -0.8% |
| Fairbanks North Star Borough | 93,779 | 96,997 | 100,358 | 103,768 | 106,774 | 109,580 | 16.8% | 0.6% |
| Southeast Fairbanks Census Area | 7,243 | 7,694 | 8,216 | 8,751 | 9,246 | 9,742 | 34.5% | 1.3% |
| Yukon Koyukuk Census Area | 5,603 | 5,249 | 4,928 | 4,612 | 4,252 | 3,885 | -30.7% | -1.2% |
| Northern Region | 23,664 | 24,760 | 26,037 | 27,257 | 28,354 | 29,572 | 25.0% | 1.0% |
| Nome Census Area | 9,500 | 9,911 | 10,391 | 10,859 | 11,282 | 11,744 | 23.6% | 0.9% |
| North Slope Borough | 6,798 | 7,140 | 7,517 | 7,855 | 8,157 | 8,517 | 25.3% | 1.0% |
| Northwest Arctic Borough | 7,366 | 7,709 | 8,129 | 8,543 | 8,915 | 9,311 | 26.4% | 1.0% |
| Southeast Region | 69,338 | 67,948 | 66,480 | 64,692 | 62,244 | 59,472 | -14.2% | -0.5% |
| Haines Borough | 2,286 | 2,133 | 1,974 | 1,802 | 1,619 | 1,422 | -37.8% | -1.5% |
| Juneau, City and Borough of | 30,661 | 30,884 | 31,051 | 31,040 | 30,710 | 30,191 | -1.5% | -0.1% |
| Ketchikan Gateway Borough | 12,984 | 12,464 | 11,934 | 11,339 | 10,633 | 9,878 | -23.9% | -0.9% |
| Prince of Wales-Outer Ketchikan Census Area | 5,392 | 5,052 | 4,721 | 4,368 | 3,966 | 3,566 | -33.9% | -1.3% |
| Sitka, City and Borough of | 8,627 | 8,578 | 8,505 | 8,400 | 8,215 | 8,000 | -7.3% | -0.3% |
| Skagway-Hoonah-Angoon Census Area | 2,908 | 2,785 | 2,642 | 2,483 | 2,297 | 2,100 | -27.8% | -1.1% |
| Wrangell-Petersburg Census Area | 5,852 | 5,445 | 5,070 | 4,701 | 4,276 | 3,828 | -34.6% | -1.3% |
| Yakutat, City and Borough of | 628 | 607 | 583 | 559 | 528 | 487 | -22.5% | -0.9% |
| Southwest Region | 39,261 | 41,042 | 43,180 | 45,421 | 47,511 | 49,694 | 26.6% | 1.0% |
| Aleutians East Borough | 2,778 | 2,830 | 2,887 | 2,945 | 2,967 | 2,981 | 7.3% | 0.3% |
| Aleutians West Census Area | 4,549 | 4,592 | 4,627 | 4,638 | 4,610 | 4,564 | 0.3% | 0.0% |
| Bethel Census Area | 16,997 | 18,036 | 19,224 | 20,471 | 21,720 | 23,019 | 35.4% | 1.4% |
| Bristol Bay Borough | 967 | 972 | 977 | 986 | 986 | 974 | 0.7% | 0.0% |
| Dillingham Census Area | 4,729 | 4,739 | 4,781 | 4,798 | 4,755 | 4,698 | -0.7% | 0.0% |
| Lake and Peninsula Borough | 1,547 | 1,487 | 1,441 | 1,393 | 1,328 | 1,258 | -18.7% | -0.7% |
| Wade Hampton Census Area | 7,694 | 8,386 | 9,243 | 10,190 | 11,145 | 12,200 | 58.6% | 2.3% |

¹ Middle projection series

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

through migration is projected to continue through 2034.

The Department of Labor projects stable growth for the Native population through the projection period, from 125,200 people in 2009 to 171,660 in 2034. (See Exhibits 6 and 11.) Additionally, Natives are expected to increase as a share of the state's population, from 18.1 percent in 2009 to 19.9 percent in 2034.

Historical trends for natural increase and inter-state net-migration have been relatively stable, so

uncertainty estimates were unnecessary for this group. Therefore, the Alaska Native projections are only comparable to the middle series of the statewide projections and can be subtracted from this series to estimate the non-Native population.

Decreasing fertility rates are reflected in the Native share of the total population under age 20. That proportion is projected to decline over the period from 22.4 percent in 2009 to 21.9 percent in 2034. The median age for the population is expected to rise from 25.8 to 29.8 between 2009 and 2034.

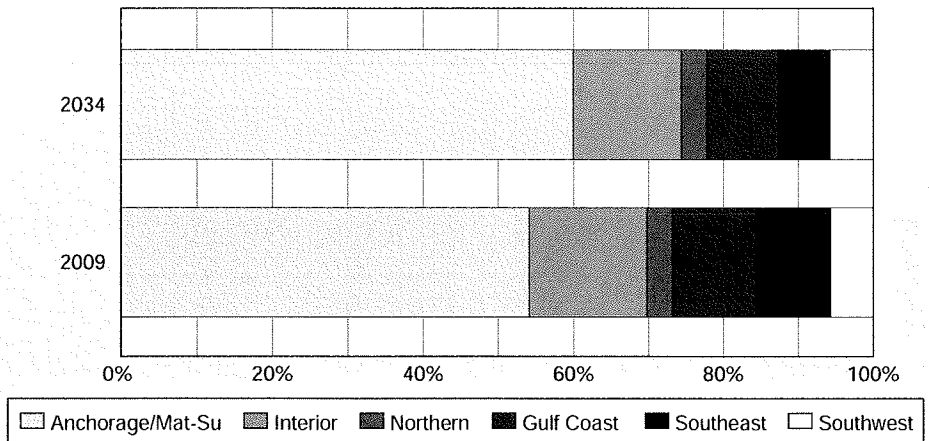
Natives ages 65 and older are projected to follow the same broad trends as the overall population in Alaska and the U.S. Specifically, the number of elderly Natives is expected to rise by 161.9 percent — from 7,888 in 2009 to 20,660 in 2034. The proportion of Natives age 65 and older within the total Native population will likely grow from 6.3 percent in 2009 to 11.7 percent in 2034. Increases in Native life expectancy will also affect future population change.

Historically, migration has not played as large a role in population change as natural increase; therefore only small losses in the population due to net out-migration are projected. However, rural-to-urban migration is expected to continue, so Alaska Natives are likely to help shape the future of urban centers.

The Department of Labor’s Native projections are only at the state level in this series. While Alaska uses the same classification for Native Americans as the U.S. Census Bureau does for the nation, the demographic makeup of the two populations is vastly different, therefore not comparable.

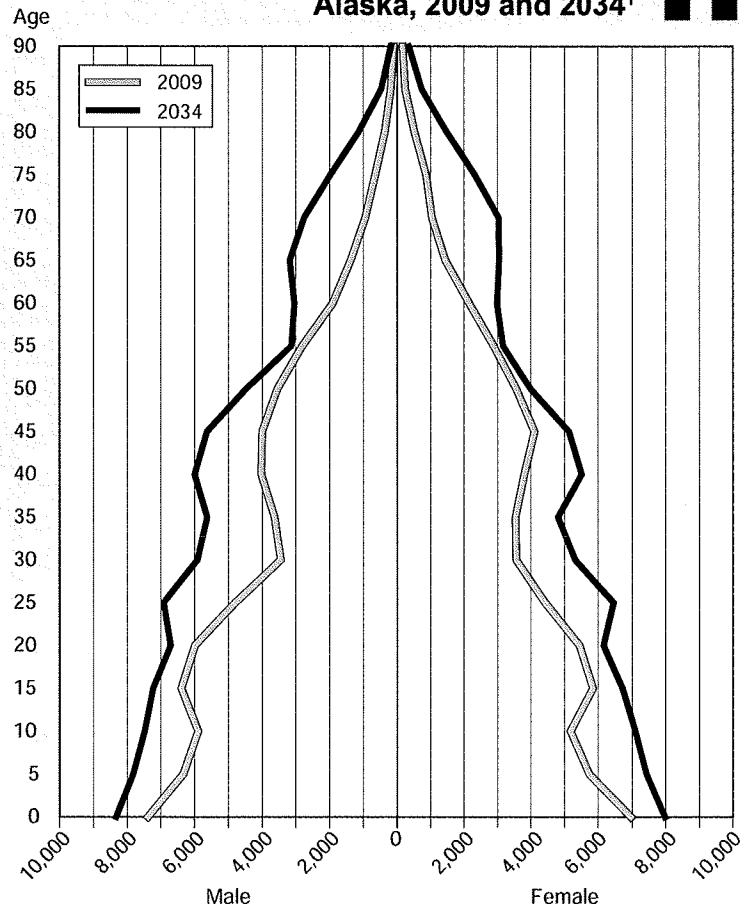
A complete description of the methods and results for these population projections (including high and low projection series) are available on the Research and Analysis Web site at laborstats.alaska.gov. Click on “Population & Census” on the left, then “Estimates & Projections.”

Population by Economic Region **10** Alaska, 2009 and 2034¹



¹ Middle projection series
Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

Alaska Native Population By Sex **11** Alaska, 2009 and 2034¹



¹ Middle projection series
Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

The Matanuska-Susitna Borough

Growth continues to eclipse rest of Alaska

1 Mat-Su Borough's Population Estimates, 2000 to 2009

| | Estimated Population 2009 | 2000 Census 2000 | Change 2000 to 2009 | Percentage Change 2000 to 2009 |
|------------------------------|---------------------------|------------------|---------------------|--------------------------------|
| Alaska | 692,314 | 626,931 | 65,383 | 10% |
| Anchorage | 290,588 | 260,283 | 30,305 | 12% |
| Fairbanks North Star Borough | 93,779 | 82,840 | 10,939 | 13.2% |
| Matanuska-Susitna Borough | 84,314 | 59,322 | 24,992 | 42% |

All places in the Mat-Su Borough are Census Designated Places (CDPs) unless footnoted.

| | | | | |
|-----------------------------|--------|-------|-------|------|
| Big Lake | 3,331 | 2,635 | 696 | 26% |
| Buffalo Soapstone | 738 | 699 | 39 | 6% |
| Butte | 3,255 | 2,561 | 694 | 27% |
| Chase | 35 | 41 | -6 | -15% |
| Chickaloon | 277 | 213 | 64 | 30% |
| Farm Loop | 1,313 | 1,067 | 246 | 23% |
| Fishhook | 3,337 | 2,030 | 1,307 | 64% |
| Gateway | 4,068 | 2,952 | 1,116 | 38% |
| Glacier View | 246 | 249 | -3 | -1% |
| Houston city | 1,664 | 1,202 | 462 | 38% |
| Knik-Fairview | 13,824 | 7,049 | 6,775 | 96% |
| Knik River | 631 | 582 | 49 | 8% |
| Lake Louise | 100 | 88 | 12 | 14% |
| Lakes | 8,388 | 6,706 | 1,682 | 25% |
| Lazy Mountain | 1,446 | 1,158 | 288 | 25% |
| Meadow Lakes | 7,319 | 4,819 | 2,500 | 52% |
| Palmer city ¹ | 5,532 | 4,533 | 999 | 22% |
| Petersville | 6 | 27 | -21 | -78% |
| Point MacKenzie | 273 | 111 | 162 | 146% |
| Skwentna | 73 | 111 | -38 | -34% |
| Susitna | 16 | 37 | -21 | -57% |
| Sutton-Alpine | 1,407 | 1,080 | 327 | 30% |
| Talkeetna | 894 | 772 | 122 | 16% |
| Tanaina | 7,407 | 4,993 | 2,414 | 48% |
| Trapper Creek | 444 | 423 | 21 | 5% |
| Wasilla city ² | 7,245 | 5,469 | 1,776 | 32% |
| Willow | 2,218 | 1,658 | 560 | 34% |
| Y | 1,057 | 956 | 101 | 11% |
| Remainder of Mat-Su Borough | 7,770 | 5,101 | 2,669 | 52% |

¹ Palmer had an annexation on September 5, 2003.

² Wasilla had a small annexation on May 3, 2002.

Sources: Alaska Department of Labor and Workforce Development, Research and Analysis Section; and the U.S. Census Bureau

The story of the Matanuska-Susitna Borough's growth in population and employment, which has long outstripped the rest of the state, is an old one. That saga continued in 2009, as employment kept growing in the borough even when it fell in the rest of Alaska for the first time in 21 years. Early indicators for 2010 are also positive.

One large place

Only Fairbanks and Anchorage have more residents than the Mat-Su Borough, which had a 2009 population of 84,314. (See Exhibit 1.) In addition, the Mat-Su is nearly as large as West Virginia at 24,682 square miles. Although it is a big place, 90 percent of its residents live in "the Valley," a tight corridor between the communities of Sutton on the Glenn Highway and Willow on the Parks Highway.

Wasilla, Palmer, and Houston are the only three communities that are incorporated or have political boundaries, and the residents of these three towns represent just 17 percent of the borough's population. The rest live in various unorganized or census-designated places (CDPs). According to state demographer Greg Williams, ten of the top 14 places in the state that experienced the most rapid growth between 2000 and 2009 are in the Mat-Su Borough. If these places were to incorporate, four of them would be larger than the City of Wasilla. One of them, Knik-Fairview, would become the fourth-largest city in the state.

Different economy than most

Historically, the lifeblood of the area came from farming, gold, and coal mining. Although the Mat-Su Borough remains the largest agricultural producer in the state and coal mining might make

a comeback, these industries were eclipsed decades ago by forces that have put the borough on the state's economic pedestal.

Today, an array of sectors vitalize the area's economy. Its most important stimulus is its status as a bedroom community — a place where people live while working elsewhere. An expanding visitor industry also plays a role, as does a growing list of borough enterprises that provide services to the rest of the state. One example is the new Goose Creek prison, which is scheduled to open in 2012.

However, the most important explanation for the borough's rapid employment growth is that its businesses and institutions are providing a larger range of goods and services to its burgeoning population.

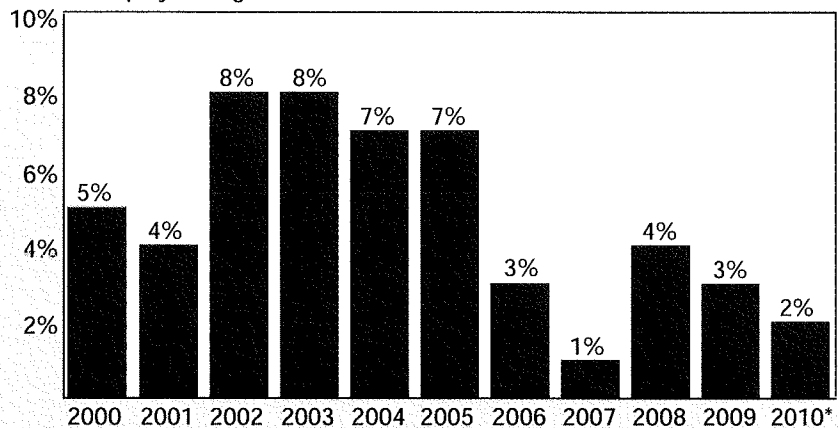
Residents spend more locally

Exhibits 2 and 3 show employment growth in the borough over the past decade and since 1959. The number of jobs in the borough grew more than three times as fast as the rest of the state in the past decade, and this trend continues because residents spend a growing share of their income locally. Economists call this phenomenon import substitution, and it increases payroll as well as salaries. For example, between 2000 and 2009, health care employment doubled and retail added more than 1,000 jobs.

The fact that employment grew considerably faster than population may be another indicator of this trend. Growth in sales tax revenue in Palmer and Wasilla is further evidence of the borough capturing more of its residents' consumption dollars. Between 2000 and 2009, collected sales tax more than doubled (even after adjustment for inflation), even though the borough's population grew only 42 percent.

Employment Continues to Grow Matanuska-Susitna Borough, 2000 to 2010 **2**

Annual employment growth

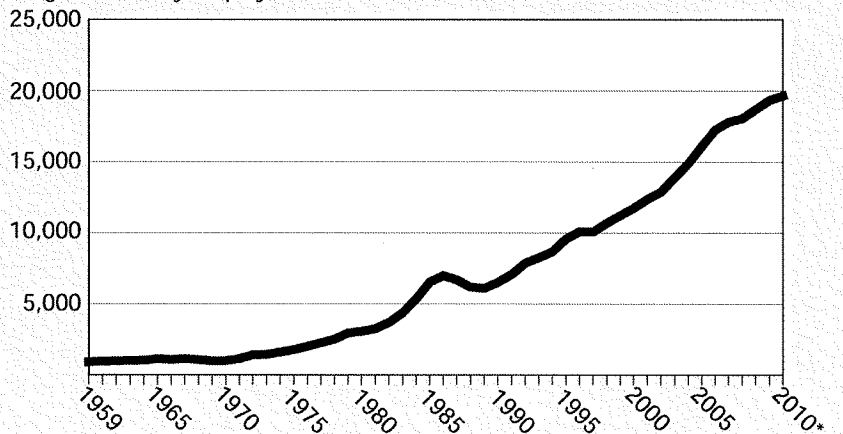


*estimate

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

A History of Strong Growth Matanuska-Susitna Borough, 1959 to 2010 **3**

Wage and salary employment



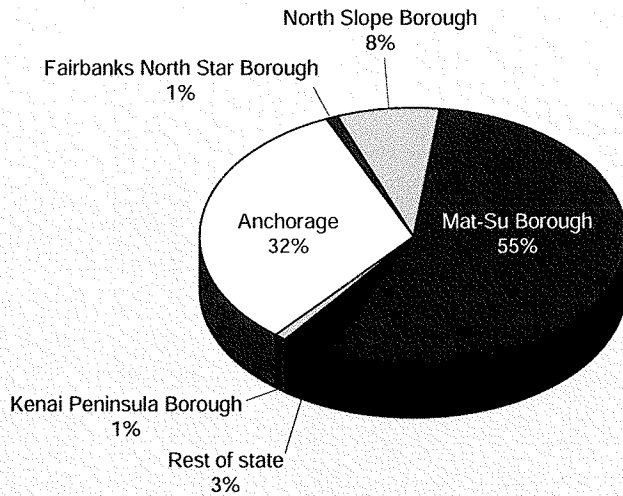
*estimate

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

Many earn their living elsewhere

In some ways, the Matanuska-Susitna Borough's commuter patterns are not that different from elsewhere in the country. That is, many people who live there commute outside the borough each day, and data produced by the Alaska Department of Labor and Workforce Development shed some

4 Where Mat-Su Residents Work¹ 2008



¹Excludes uniformed military, federal, and self-employed workers, 2008
Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

light on where these residents work. (See Exhibits 4, 5, 6, and 7.) According to these data (which exclude federal, uniformed military, and self-employed workers), nearly a third of the Mat-Su Borough's residents work in Anchorage, and this hasn't changed much over the years. (See Exhibit 4.)

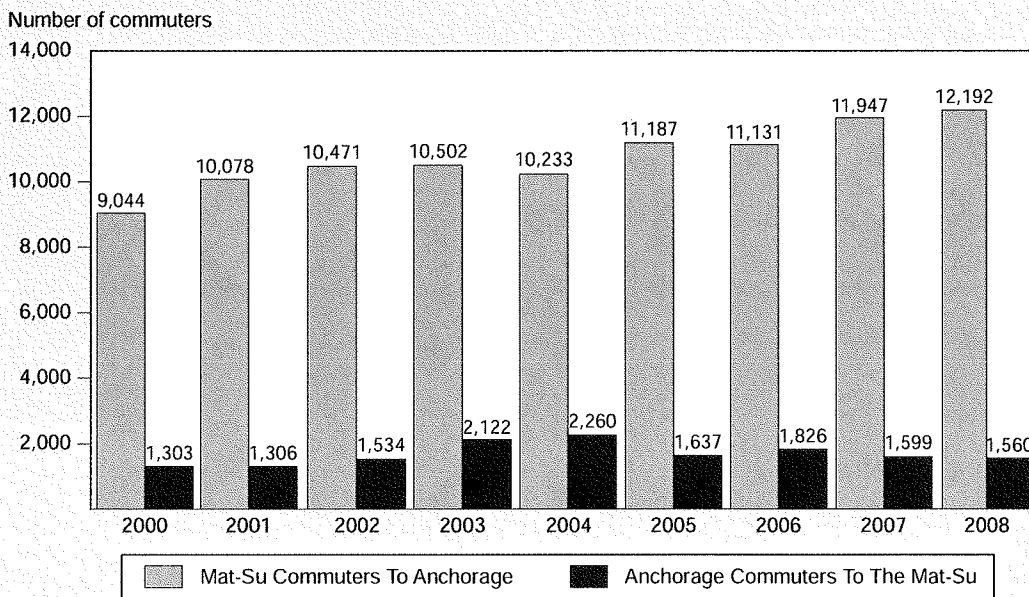
Unlike many areas that are home to a large population of commuters, the borough also has many residents that travel to remote job sites. For example, in 2008, 8 percent of the area's residents worked on the North Slope and another 5 percent held jobs in other distant places around the state.

Over the past decade, the proportion of commuters and those who work locally has not changed much. In both 2000 and 2008, 45 percent commuted beyond the borough's boundaries. However, an interesting trend emerged: workers were taking more jobs farther away. The number of commuters working on the North Slope doubled between 2005

and 2008 — a reflection of the employment rebound in the state's oil patch and the Mat-Su area's role as home to a large share of the state's oil industry workforce. The borough supplies the second-largest group of oil industry workers to the North Slope, after Anchorage.

There are many reasons so many Mat-Su residents commute, but two are paramount. The borough offers a competitive housing market, and the state's largest labor market (Anchorage) is within easy reach of most residents.

5 Commuter Traffic Continues to Grow¹ Matanuska-Susitna Borough, 2000 to 2008



¹Excludes uniformed military, federal, and self-employed workers
Source: Alaska Department of Labor and Workforce Development, Research and Analysis

Primary Place of Work and Wages¹ Matanuska-Susitna residents, 2008

6

| | Number of Workers | Percent | Wages | | Number of Workers | Percent | Wages |
|---------------------------------|-------------------------|---------|-----------------|------------------------------------|-------------------------|---------|-------------|
| Matanuska-Susitna Borough | 20,665 | 55% | \$543,926,149 | Bristol Bay Borough | 48 | 0% | \$1,557,543 |
| Anchorage Municipality | 12,192 | 32% | \$553,470,946 | Ketchikan Gateway Borough | 43 | 0% | \$1,064,649 |
| North Slope Borough | 2,858 | 8% | \$222,468,891 | Kodiak Island Borough | 42 | 0% | \$1,151,191 |
| Kenai Peninsula Borough | 359 | 1% | \$14,978,354 | Dillingham Census Area | 41 | 0% | \$1,515,610 |
| Fairbanks North Star Borough | 350 | 1% | \$12,726,821 | Lake and Peninsula Borough | 41 | 0% | \$1,347,090 |
| Northwest Arctic Borough | 142 | 0% | \$9,893,588 | Aleutians East Borough | 40 | 0% | \$1,207,105 |
| City and Borough of Juneau | 141 | 0% | \$5,501,178 | Wade Hampton Census Area | 34 | 0% | \$1,230,727 |
| Valdez-Cordova Census Area | 135 | 0% | \$6,803,009 | City and Borough of Sitka | 21 | 0% | \$487,742 |
| Bethel Census Area | 125 | 0% | \$6,056,487 | Skagway-Angoon Census Area | 18 | 0% | \$492,495 |
| Nome Census Area | 114 | 0% | \$5,856,028 | Wrangell-Petersburg Census Area | 15 | 0% | \$355,965 |
| Denali Borough | 96 | 0% | \$2,334,864 | Prince of Wales-Outer Ketchikan CA | 12 | 0% | \$411,236 |
| Yukon-Koyukuk Census Area | 79 | 0% | \$3,268,004 | Haines Borough | 0 | 0% | \$0 |
| Southeast Fairbanks Census Area | 71 | 0% | \$3,650,749 | Hoonah-Angoon Census Area | 0 | 0% | \$0 |
| Aleutians West Census Area | 60 | 0% | \$3,468,193 | City and Borough of Yakutat | 0 | 0% | \$0 |
| Total | 37,744 | 100% | \$1,405,224,612 | | | | |

¹Excludes uniformed military, federal, and self-employed workers, 2008

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

Housing is key to the economy

The numbers clearly show that a large part of the Mat-Su Borough's appeal is its affordable housing market. Other factors such as lifestyle and scenery probably play an important role, but they are more difficult (if not impossible) to quantify.

In 2010, the average sale price of a single-family home in the area was \$239,572: just three-quarters of the price of a single-family home in Anchorage (see Exhibit 8) and significantly below the state-wide average of \$277,941. This difference is a strong enticement to those who want to live close to a larger city.

Measuring how many wage earners it takes to pay the average mortgage also shows why an Anchorage worker might choose to live in the Mat-Su area. It takes 1.2 Anchorage wage earners to pay the average Mat-Su mortgage versus 1.6 to buy a home in Anchorage.¹ (See Exhibit 9.) Because average wages in the borough are significantly lower than those in Anchorage, it also takes 1.6 wage earners for those who work in the Mat-Su to afford a home there, so those who live and work

¹The Alaska Affordability Index is a measurement of the number of wage earners necessary to afford an average home, based on workers who earn average wages for their geographic location, and the average price for a single family home.

Top 25 Employers¹ Matanuska-Susitna Borough, 2009

7

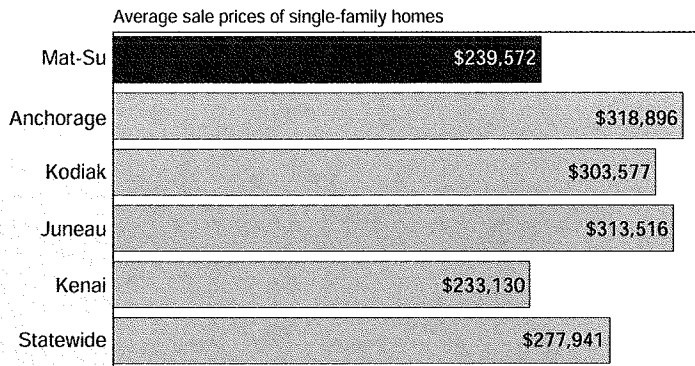
| Rank | Employer | Employment Range ² |
|------|-------------------------------------------------|----------------------------------|
| 1 | Matanuska-Susitna Borough School District | 2,013 |
| 2 | State of Alaska (excludes University of Alaska) | 947 |
| 3 | Mat-Su Regional Medical Center | 500-749 |
| 4 | Wal-Mart/Sam's Club | 250-499 |
| 5 | Fred Meyer | 250-499 |
| 6 | Matanuska-Susitna Borough | 368 |
| 7 | Matanuska Telephone Association | 250-499 |
| 8 | First Student | 250-499 |
| 9 | Carrs/Safeway | 100-249 |
| 10 | Federal government | 235 |
| 11 | Mat-Su Services for Children and Adults, Inc. | 100-249 |
| 12 | University of Alaska | 165 |
| 13 | First Student | 100-249 |
| 14 | Spenard Builders Supply | 100-249 |
| 15 | Chugach Government Services (Job Corps) | 100-249 |
| 16 | Target | 100-249 |
| 17 | City of Wasilla | 143 |
| 18 | Alaska Hotel Properties | 100-249 |
| 19 | Three Bears | 100-249 |
| 20 | Lowe's | 100-249 |
| 21 | McDonald's Restaurants | 100-249 |
| 22 | Home Depot | 100-249 |
| 23 | Matanuska Electric Association | 100-249 |
| 24 | Alaska Home Care | 100-249 |
| 25 | Matanuska Valley Federal Credit Union | 100-249 |

¹Excludes federal employees and uniformed military

²Due to confidentiality restrictions, employment data for private-sector firms are provided in ranges.

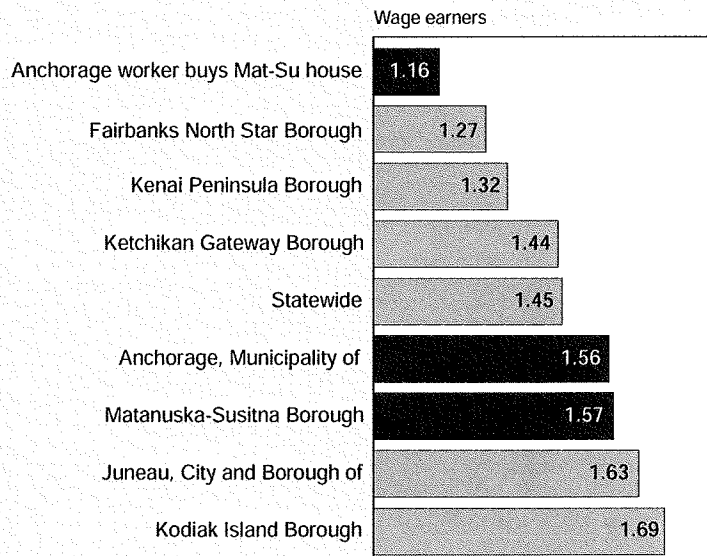
Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

8 Housing a Big Attraction in Mat-Su First quarter, 2010



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

9 Buying a Single-Family Home Wage earners needed to pay mortgage



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

in the Mat-Su don't see the benefit of the lower housing prices.

Most earnings come from elsewhere

One reason many residents choose to work outside the borough is that they can earn better wages elsewhere. (See Exhibit 10.) The average annual salary in the Mat-Su area in 2009 was \$36,492, nearly

\$13,000 less than in Anchorage. Even higher wages are available on the North Slope and elsewhere in Alaska. The borough's wages tend to be lower because of the prevalence of retail and service jobs. (See Exhibit 11.)

More of the higher paying jobs — such as those in oil, transportation, government, and the military — are also based elsewhere in the state. In 2008, Mat-Su residents earned more of their wages in Anchorage than they did at home, and 61 percent of all earnings came from outside the borough. (See Exhibit 6.)

Mat-Su provides services statewide

Besides the visitor industry and the housing market, other types of businesses provide services to the rest of the state, bringing new jobs into the Mat-Su area. These include Job Corps, Alaska Department of Corrections, GCI, and the surveying company TerraSond. Other examples are car dealers, greenhouses, farmer's markets, and others that cater to the local population as well as to Anchorage clientele.

A dynamic visitor sector

Bed tax receipts in the Mat-Su area more than tripled over the past five years — mainly due to the opening of large destination lodges — while visitor growth in most of the state was muted. The borough also has a well-developed visitor industry that caters to more independent travelers. A significant slice of its visitors come from Anchorage, and many own recreational property in the area.

Agriculture is still a player

The Mat-Su area remains the largest agricultural producer in the state. Most of its value is in crops like vegetables, potatoes, hay, and livestock. The recent explosion of farmer's markets in Southcentral Alaska is boosting farming in the Mat-Su.

Population, population, population

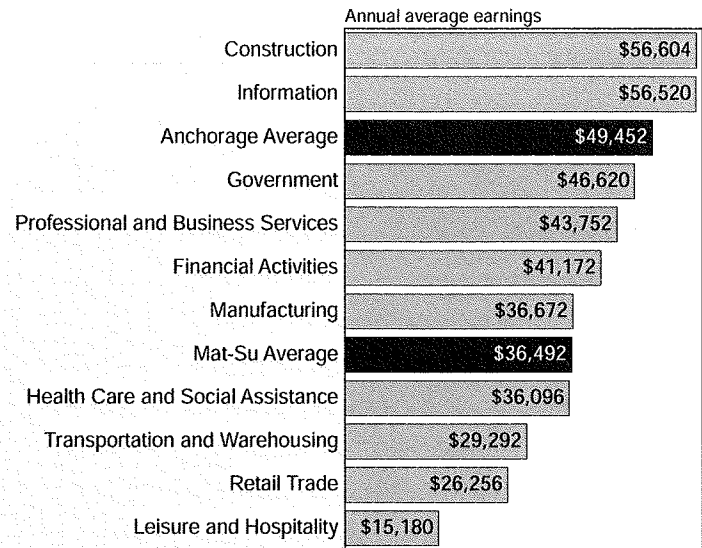
Since 2000, the borough's population has grown by 42 percent versus a 9 percent increase for An-

chorage and 10 percent statewide. (See Exhibit 12.) The Mat-Su's 2009 population of 84,314 is an increase of 24,992 people since 2000. Only Anchorage's absolute population grew more than that, but not by much. Unlike the rest of the state, most of this growth came from migration. (See Exhibit 13.) Overall, the borough went from comprising 7 percent of the state's population in 1990 to 12 percent in 2009. (See Exhibit 14.)

The demographics are different

The median age of the Mat-Su area's population is 34.5, one year older than the statewide median age and nearly four years older than the area's median age in 1990. (See Exhibit 15.) Its population is considerably less diverse than the state's — 84.1 percent white versus 70.4 percent statewide. The age breakdown of its population is similar to the state average, as is the ratio of men to women.

Average Annual Earnings Matanuska-Susitna Borough, 2009 **10**



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

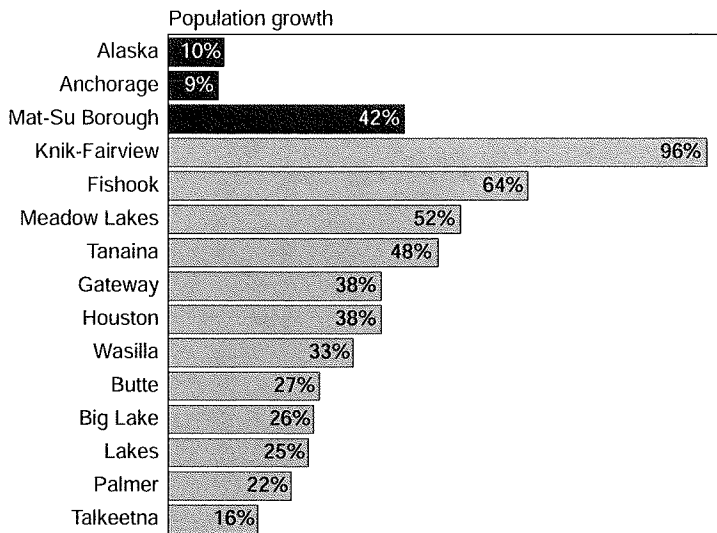
Average Annual Wage and Salary Employment by Industry Matanuska-Susitna Borough, 2000 to 2009 **11**

| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | Employment Change 2000-2009 | Percent Change 2000-2009 |
|---------------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-----------------------------|--------------------------|
| Statewide | 12,361 | 12,873 | 13,904 | 15,002 | 16,087 | 17,216 | 17,896 | 18,038 | 18,684 | 19,320 | 6,959 | 56% |
| Natural Resources | 69 | 83 | 105 | 120 | 117 | 132 | 118 | 96 | 116 | 128 | 59 | 86% |
| Construction | 1,163 | 1,298 | 1,439 | 1,546 | 1,736 | 1,850 | 1,788 | 1,602 | 1,648 | 1,577 | 414 | 36% |
| Manufacturing | 118 | 140 | 167 | 221 | 214 | 218 | 221 | 246 | 281 | 249 | 131 | 111% |
| Trade | 2,467 | 2,510 | 2,609 | 2,755 | 3,036 | 3,386 | 3,432 | 3,429 | ND | ND | * | * |
| Retail | 2,394 | 2,435 | 2,547 | 2,670 | 2,928 | 3,268 | 3,313 | 3,296 | 3,429 | 3,491 | 1,097 | 46% |
| Transportation, Warehousing | 259 | 280 | 397 | 453 | 543 | 559 | 539 | 781 | 814 | 809 | 550 | 212% |
| Utilities | 152 | 147 | 137 | 147 | 148 | 145 | 143 | 141 | ND | ND | * | * |
| Information | 405 | 407 | 401 | 498 | 520 | 534 | 557 | 663 | 646 | 659 | 254 | 63% |
| Financial Activities | 368 | 362 | 404 | 494 | 551 | 589 | 702 | 744 | 728 | 751 | 383 | 104% |
| Professional Services | 703 | 731 | 805 | 836 | 894 | 912 | 943 | 856 | 929 | 989 | 286 | 41% |
| Educational and Health Care Services | 1,771 | 1,807 | 1,970 | 2,293 | 2,424 | 2,608 | 2,827 | 2,900 | 3,020 | 3,353 | 1,582 | 89% |
| Health Care/Social Assistance | 1,561 | 1,603 | 1,736 | 1,979 | 2,161 | 2,339 | 2,503 | 2,582 | 2,692 | 3,094 | 1,533 | 98% |
| Leisure and Hospitality | 1,323 | 1,446 | 1,579 | 1,760 | 1,917 | 2,053 | 2,234 | 2,301 | 2,333 | 2,274 | 951 | 72% |
| Accommodations/Eating and Drinking | 1,149 | 1,218 | 1,364 | 1,524 | 1,645 | 1,775 | 1,970 | 2,025 | 1,983 | 1,909 | 760 | 66% |
| Accommodations | 255 | 200 | 228 | 396 | 447 | 538 | 647 | 675 | 635 | 542 | 287 | 113% |
| Eating and Drinking | 894 | 1,018 | 1,136 | 1,127 | 1,198 | 1,238 | 1,323 | 1,350 | 1,347 | 1,368 | 474 | 53% |
| Other Services | 477 | 423 | 548 | 518 | 550 | 572 | 588 | 601 | 626 | 691 | 214 | 45% |
| Government | 3,042 | 3,140 | 3,344 | 3,357 | 3,426 | 3,649 | 3,741 | 3,658 | 3,819 | 4,040 | 998 | 33% |
| Federal Government | 206 | 163 | 171 | 182 | 192 | 203 | 223 | 199 | 207 | 235 | 29 | 14% |
| State Government | 876 | 896 | 904 | 952 | 963 | 990 | 1,011 | 1,002 | 1,058 | 1,111 | 235 | 27% |
| Local Government | 1,960 | 2,081 | 2,269 | 2,223 | 2,272 | 2,457 | 2,507 | 2,456 | 2,554 | 2,694 | 734 | 37% |

ND: Not disclosable

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

12 Dramatic Population Growth Matanuska-Susitna Borough, 2000 to 2009



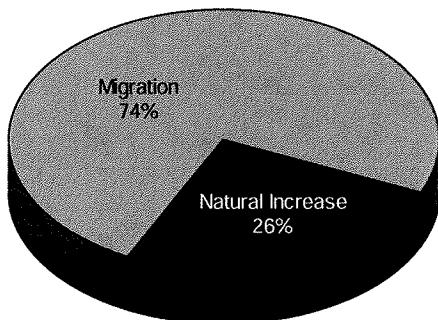
Sources: Alaska Department of Labor and Workforce Development, Research and Analysis Section, and U.S. Census Bureau

There are more married couples and family households in the borough (two or more people related by blood or marriage) than there are statewide, and those households are considerably bigger. The average family size in the Mat-Su was 4.3, versus 3.4 statewide. Median household income was \$67,132 — close to the statewide average, but 7 percent below Anchorage.

Hints of a continued bright future

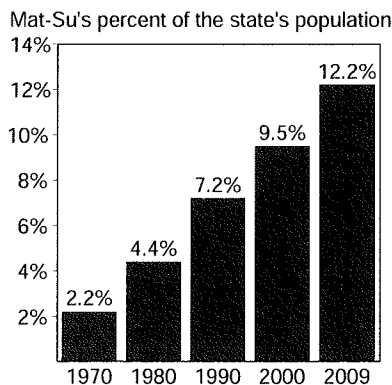
If Southcentral Alaska's economy continues to grow, the Mat-Su area will undoubtedly continue to capture a lopsided share of that action. The combination of its cost advantages and land availability is hard to beat. If projects such as a new coal mine, a rail extension, or Knik Arm crossing come to fruition or if Port MacKenzie attracts significant business, they too could become factors. But the economic fundamentals are likely to remain the most important factors in the borough's future: providing a competitive housing market, making more goods and services available locally, and finding new ways to sell goods and services to the rest of the state.

13 Growth Mostly Migration Mat-Su Borough, 1970 to 2009



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

14 Growing Share of Alaska Mat-Su Borough, 1970 to 2009



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

A Demographic Snapshot Matanuska-Susitna Borough, 2006 to 2009

15

2009 Population Estimates

| | Mat-Su Borough | Anchorage | Alaska |
|-------------------------|-------------------|-----------|---------|
| Total Population | 84,314 | 290,588 | 692,314 |
| Median Age | 34.5 | 33.1 | 33.5 |
| Race | | | |
| White | 84.1% | 72.8% | 70.4% |
| Native American | 7.5% | 9.5% | 16.2% |
| Black | 1.9% | 5.9% | 3.8% |
| Asian/Pacific Islanders | 2.1% | 6.7% | 4.8% |
| Two or More Races | 4.4% | 5.1% | 4.8% |
| Age | | | |
| Under 5 | 7.9% | 8.3% | 8.4% |
| 18+ | 70.4% | 71.8% | 71.1% |
| 65+ | 7.6% | 7.1% | 7.5% |
| Female | 48.8% | 49.9% | 49.0% |

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

¹A family household is two or more people living together who are related by blood or marriage.

²Poverty is measured using thresholds in a matrix that cross-classifies a variety of factors, such as family size, composition, and the number of people under age 18.

American Community Survey 2006-2008

| | Mat-Su Borough | Anchorage | Alaska |
|--------------------------------------------|-------------------|-----------|----------|
| Total population | 82,485 | 278,716 | 681,235 |
| Type of households | | | |
| Average family size | 4.3 | 3.2 | 3.4 |
| Average household size | 3.8 | 2.7 | 2.8 |
| Family household ¹ | 73.1% | 67.4% | 67.7% |
| Born in Alaska | 36.2% | 33.5% | 38.9% |
| Labor force | 66.2% | 74.7% | 72.3% |
| Income | | | |
| Median household income | \$67,132 | \$72,137 | \$66,293 |
| Median family income | \$74,232 | \$84,443 | \$77,020 |
| Living in poverty ² | 9.6% | 7.6% | 9.5% |
| Educational attainment (age 25+) | | | |
| Less than ninth grade | 2.6% | 3.3% | 3.6% |
| Ninth to 12th grade, no diploma | 7.8% | 4.9% | 5.8% |
| High school graduate or equivalent | 32.7% | 23.7% | 28.5% |
| Some college, no degree | 27.6% | 27.4% | 27.5% |
| Associate's degree | 9.6% | 8.3% | 8.1% |
| Bachelor's degree | 12.9% | 20.7% | 16.8% |
| Graduate or professional degree | 6.8% | 11.6% | 9.7% |
| Veterans | 15.6% | 15.6% | 14.7% |
| Housing | | | |
| Owner-occupied housing units | 80.6% | 61.6% | 64.1% |
| Renter-occupied housing units | 19.4% | 38.4% | 35.9% |
| Mean travel time to work in minutes | 33.7 | 18.1 | 18.1 |

Source: U.S. Department of Commerce, Bureau of the Census, American Community Survey, 2006-2008, Three-Year Estimates

A Safety Minute

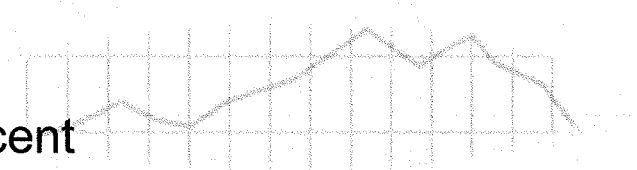
Tread safely this winter

Winter is here, and so are icy, slippery conditions. Slips and falls are the number two cause of accidental death and disability behind vehicle accidents, so please be prepared this season. Preparation may mean anything from studded tires or chains on our vehicles to personal traction devices on our shoes. There are many types of traction devices available depending on your needs. Here are a few more winter travel tips:

- Wear footwear with maximum traction.
- Remove snow immediately from walkways or driveways before it becomes packed or turns to ice.
- Prevent ice from forming by spreading an ice melt product, and always read the directions before use.
- Walk defensively in parking lots, because cars and trucks cannot stop as fast on ice and snow.
- Watch your footing while exiting a vehicle; hold on to the vehicle for more stability.

Employment Scene

Unemployment rate at 7.9 percent



Alaska's seasonally adjusted unemployment rate for October inched up to 7.9 percent. September's rate was revised down slightly, from 7.8 percent to 7.7 percent.

The comparable national jobless rate for October was 9.6 percent, unchanged from September. Exactly a year ago, the national unemployment rate was 10.1 percent, compared to 8.4 percent for Alaska. The improvement in Alaska's jobless rate has been similar to the nation's, but October marks the second straight year that Alaska's unemployment rate has been lower than the national rate.

Winter unemployment begins to climb

Not seasonally adjusted unemployment rates increased in most of the state's regions in October. This is typical when Alaska's labor market enters its winter slump. Fishing declines, the visitor industry is nearly shuttered, and the construction industry buttons down for mostly indoor work. Another sign of the seasonal downturn is October's increase in the number of regular weeks claimed for unemployment — from 8,583 in

September to 10,106 in October.

In nearly all regions, unemployment rates rose in October but remain below year-ago levels. For example, the Gulf Coast region's rate rose to 9.0 percent, from 7.9 percent in September — but that's still lower than last year's 9.8 percent.

Seasonal industries contract

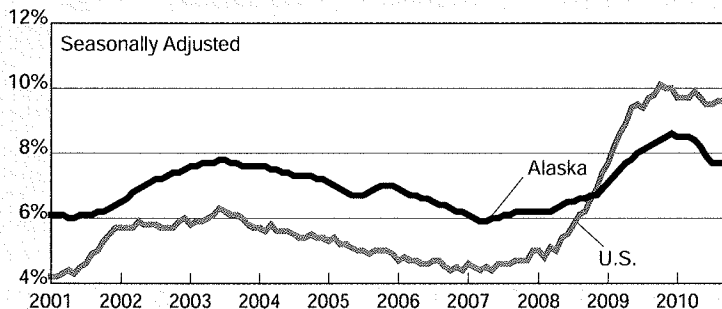
The North Slope Borough and Juneau had the lowest October unemployment rates, and the Wade Hampton Census Area and Skagway had the highest. Although Wade Hampton frequently has one of the highest rates in the state, Skagway had the second-lowest jobless rate in the state just last month. The end of the tourism season explains Skagway's dramatic unemployment shift.

Employment on the rebound in 2010?

Preliminary second-quarter data from the 2010 Census of Employment and Wages (QCEW) became available recently, and the results are intriguing. (Nearly all the QCEW employment is based on quarterly payroll reports provided by employers around the state.) Over-the-year changes in total employment turned negative during the second, third, and fourth quarters of 2009; were mixed during the first quarter of 2010; but turned positive during the second quarter of 2010 (see Exhibit 2).

Why is this important? In 2009, after employment grew for 21 straight years in Alaska, it stopped and lost some ground. That year, employment fell by approximately 0.5 percent, a modest decline but still a loss. Many economic observers, including this author, expected this trend to continue through most of 2010. Instead, only February's over-the-year changes are negative so far. In addition, each

1 Unemployment Rates, Alaska and U.S. January 2001 to October 2010

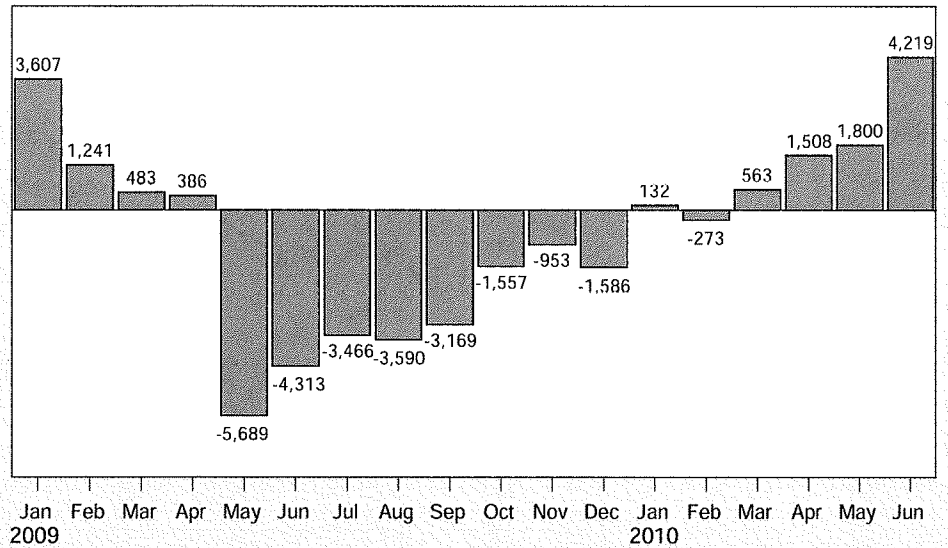


Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

following month has turned increasingly positive. As a result, average employment during the first half of 2010 was up 0.4 percent, or 1,325 jobs, over the same period in 2009 — a small gain, but positive nonetheless.

The jury is still out for 2010, at least until the third-quarter QCEW numbers become available (especially because the third quarter represents peak economic activity of the year). If the trend remains positive in 2010, Alaska will have come through the national recession largely unscathed.

Possible Overall Employment Growth in 2010 Alaska, 2009 to 2010 **2**



Source: Quarterly Census of Employment and Wages (QCEW).

3 Statewide Employment Nonfarm wage and salary

| | Preliminary | | Revised | | Year-Over-Year Change | | |
|----------------------------------------------------|-------------|---------|---------|--------|-------------------------|-------|--|
| | 10/10 | 9/10 | 10/09 | 10/09 | 90% Confidence Interval | | |
| Alaska | | | | | | | |
| Total Nonfarm Wage and Salary¹ | 319,000 | 333,100 | 320,000 | -1,000 | -8,383 | 6,383 | |
| Goods-Producing ² | 43,000 | 49,300 | 42,800 | 200 | -2,684 | 3,084 | |
| Service-Providing ³ | 276,000 | 283,800 | 277,200 | -1,200 | - | - | |
| Mining and Logging | 14,600 | 14,600 | 15,000 | -400 | -1,193 | 393 | |
| Mining | 14,200 | 14,200 | 14,700 | -500 | - | - | |
| Oil and Gas | 11,800 | 11,600 | 12,500 | -700 | - | - | |
| Construction | 16,700 | 18,400 | 17,400 | -700 | -3,283 | 1,883 | |
| Manufacturing | 11,700 | 16,300 | 10,400 | 1,300 | 306 | 2,294 | |
| Seafood Processing | 7,400 | 11,800 | 6,400 | 1,000 | - | - | |
| Trade, Transportation, Utilities | 60,900 | 64,000 | 62,600 | -1,700 | -4,072 | 672 | |
| Wholesale Trade | 6,000 | 6,300 | 6,100 | -100 | -656 | 456 | |
| Retail Trade | 34,800 | 35,600 | 35,700 | -900 | -2,928 | 1,128 | |
| Food and Beverage Stores | 6,000 | 6,100 | 6,300 | -300 | - | - | |
| General Merchandise Stores | 10,000 | 10,100 | 10,300 | -300 | - | - | |
| Transportation, Warehousing, Utilities | 20,100 | 22,100 | 20,800 | -700 | -1,738 | 338 | |
| Air Transportation | 5,400 | 5,600 | 6,100 | -700 | - | - | |
| Truck Transportation | 2,900 | 3,100 | 3,200 | -300 | - | - | |
| Information | 6,400 | 6,300 | 6,500 | -100 | -681 | 481 | |
| Telecommunications | 4,300 | 4,200 | 4,300 | 0 | - | - | |
| Financial Activities | 14,600 | 14,900 | 15,000 | -400 | -2,343 | 1,543 | |
| Professional and Business Services | 25,200 | 26,200 | 25,600 | -400 | -2,193 | 1,393 | |
| Educational⁴ and Health Services | 41,900 | 41,600 | 39,900 | 2,000 | 732 | 3,268 | |
| Health Care | 30,400 | 30,400 | 28,900 | 1,500 | - | - | |
| Leisure and Hospitality | 28,900 | 32,500 | 29,700 | -800 | -2,837 | 1,237 | |
| Accommodations | 6,400 | 8,900 | 6,000 | 400 | - | - | |
| Food Services and Drinking Places | 18,700 | 19,000 | 17,900 | 800 | - | - | |
| Other Services | 11,800 | 11,700 | 11,600 | 200 | -2,976 | 3,376 | |
| Government | 86,300 | 86,600 | 86,300 | 0 | - | - | |
| Federal Government ⁵ | 16,400 | 17,500 | 16,700 | -300 | - | - | |
| State Government | 26,400 | 26,600 | 26,300 | 100 | - | - | |
| State Government Education ⁶ | 8,200 | 8,100 | 8,100 | 100 | - | - | |
| Local Government | 43,500 | 42,500 | 43,300 | 200 | - | - | |
| Local Government Education ⁷ | 25,800 | 24,300 | 24,700 | 1,100 | - | - | |
| Tribal Government | 3,900 | 3,900 | 3,700 | 200 | - | - | |

5 Regional Employment Nonfarm wage and salary

| | Preliminary | | Revised | | Changes from | | Percent Change | |
|------------------------|-------------|---------|---------|--------|--------------|--------|----------------|--|
| | 10/10 | 9/10 | 10/09 | 9/10 | 10/09 | 9/10 | 10/09 | |
| Anch/Mat-Su | 173,100 | 176,300 | 172,000 | -3,200 | 1,100 | -1.8% | 0.6% | |
| Anchorage | 152,450 | 154,650 | 151,700 | -2,200 | 750 | -1.4% | 0.5% | |
| Gulf Coast | 28,800 | 32,600 | 28,100 | -3,800 | 700 | -11.7% | 2.5% | |
| Interior | 44,850 | 48,350 | 44,500 | -3,500 | 350 | -7.2% | 0.8% | |
| Fairbanks ⁸ | 38,700 | 40,200 | 38,300 | -1,500 | 400 | -3.7% | 1.0% | |
| Northern | 20,200 | 19,950 | 20,450 | 250 | -250 | 1.3% | -1.2% | |
| Southeast | 34,800 | 39,100 | 34,900 | -4,300 | -100 | -11.0% | -0.3% | |
| Southwest | 18,000 | 20,000 | 18,000 | -2,000 | 0 | -10.0% | 0.0% | |

A dash indicates that confidence intervals aren't available at this level.

¹ Excludes the self-employed, fishermen and other agricultural workers, and private household workers. For estimates of fish harvesting employment, and other fisheries data, go to labor.alaska.gov/research/seafood/seafood.htm.

² Goods-producing sectors include natural resources and mining, construction, and manufacturing.

³ Service-providing sectors include all others not listed as goods-producing sectors.

⁴ Private education only

⁵ Excludes uniformed military

⁶ Includes the University of Alaska

⁷ Includes public school systems

⁸ Fairbanks North Star Borough

Sources for Exhibits 1, 2, and 3: Alaska Department of Labor and Workforce Development, Research and Analysis Section; U.S. Department of Labor, Bureau of Labor Statistics

Sources for Exhibit 4: Alaska Department of Labor and Workforce Development, Research and Analysis Section; also the U.S. Department of Labor, Bureau of Labor Statistics, for Anchorage/Mat-Su and Fairbanks

4 Unemployment Rates Borough and census area

| SEASONALLY ADJUSTED | Prelim. | Revised | |
|-------------------------------------------------|---------|---------|-------|
| | 10/10 | 09/10 | 10/09 |
| United States | 9.6 | 9.6 | 10.1 |
| Alaska Statewide | 7.9 | 7.7 | 8.4 |
| NOT SEASONALLY ADJUSTED | | | |
| United States | 9.0 | 9.2 | 9.5 |
| Alaska Statewide | 7.6 | 7.3 | 8.0 |
| Anchorage/Mat-Su Region | 6.9 | 6.9 | 7.3 |
| Municipality of Anchorage | 6.5 | 6.7 | 6.8 |
| Matanuska-Susitna Borough | 8.3 | 7.9 | 8.9 |
| Gulf Coast Region | 9.0 | 7.9 | 9.8 |
| Kenai Peninsula Borough | 9.6 | 8.8 | 10.4 |
| Kodiak Island Borough | 6.5 | 5.4 | 7.3 |
| Valdez-Cordova Census Area | 9.4 | 6.4 | 9.8 |
| Interior Region | 7.3 | 6.8 | 7.9 |
| Denali Borough | 14.6 | 4.1 | 17.2 |
| Fairbanks North Star Borough | 6.6 | 6.3 | 7.1 |
| Southeast Fairbanks Census Area | 9.6 | 9.1 | 9.8 |
| Yukon-Koyukuk Census Area | 13.3 | 13.3 | 14.5 |
| Northern Region | 9.4 | 9.8 | 9.2 |
| Nome Census Area | 11.9 | 12.6 | 12.1 |
| North Slope Borough | 5.5 | 5.4 | 5.3 |
| Northwest Arctic Borough | 12.4 | 13.6 | 12.2 |
| Southeast Region | 7.4 | 6.2 | 7.8 |
| Haines Borough | 8.1 | 4.8 | 9.7 |
| Hoonah-Angoon Census Area ¹ | 13.8 | 10.0 | 18.3 |
| Juneau, City and Borough of | 5.8 | 5.3 | 6.2 |
| Ketchikan Gateway Borough ¹ | 7.5 | 6.0 | 7.3 |
| Prince of Wales-Outer Ketchikan CA ¹ | 13.1 | 13.2 | 14.0 |
| Sitka, City and Borough of | 6.2 | 5.5 | 6.9 |
| Skagway, Municipality of ¹ | 20.4 | 3.9 | 13.2 |
| Wrangell-Petersburg Census Area ¹ | 9.1 | 7.7 | 10.0 |
| Yakutat, City and Borough of | 8.4 | 6.7 | 8.4 |
| Southwest Region | 12.1 | 11.8 | 12.5 |
| Aleutians East Borough | 8.1 | 7.8 | 9.9 |
| Aleutians West Census Area | 8.1 | 7.8 | 9.9 |
| Bethel Census Area | 13.4 | 14.8 | 13.3 |
| Bristol Bay Borough | 6.3 | 3.0 | 6.4 |
| Dillingham Census Area | 10.2 | 8.6 | 10.4 |
| Lake and Peninsula Borough | 6.9 | 5.7 | 6.8 |
| Wade Hampton Census Area | 18.1 | 18.7 | 19.1 |

¹ Because of the creation of new boroughs, this borough or census area has been changed or no longer exists. Data for the Skagway Municipality and Hoonah-Angoon Census Area (previously Skagway-Hoonah-Angoon Census Area) became available in 2010. Data for the Wrangell Borough, and Petersburg and Prince of Wales-Hyder census areas will be available in 2011. Until then, data will continue to be published for the old areas.

Changes in Producing the Estimates

The U.S. Department of Labor's Bureau of Labor Statistics has implemented a change to the method used to produce statewide wage and salary employment estimates. That change has resulted in increased monthly volatility in the wage and salary estimates for many states, including Alaska. Therefore, one should be very cautious in interpreting any over-the-year or month-to-month change for these monthly estimates. The Quarterly Census of Employment and Wages series may be a better source of information for trends analysis (<http://labor.alaska.gov/qcew.htm>).

For more current state and regional employment and unemployment data, visit our Web site: laborstats.alaska.gov

Employer Resources

On-the-job training benefits employers as well as workers

As an employer looking to hire new staff, consider establishing an on-the-job training (OJT), which allows you to tap a larger pool of candidates who may need additional training to become qualified.

On-the-job training provides a range of benefits. In addition to helping find, train, and pay candidates while they work, OJTs also reimburse part of the employee's wages during the training period — often a motivating factor for employers. Employers may train workers to meet their specific needs, and OJT hires tend to be more loyal to employers who have provided better career opportunities through training.

The Alaska Department of Labor and Workforce Development's Employment Security Division provides OJTs and wage reimbursement through the Alaska Job Center Network.

The on-the-job training process

The Alaska Job Center looks for candidates who may be a good match for vacant positions, and evaluates the interested employer and the job for OJT eligibility. If eligible, the employer may interview candidates prior to an assessment of the employer's needs and the prospective worker's skills.

The Alaska Job Center uses the WorkKeys®* assessment to compare the individual's abilities to the skills required for the position — this is called a Skills Gap Analysis — and uses this analysis to create a training plan. To finalize the OJT, both parties sign an agreement that delineates the training plan, reimbursement amount, and length of the training.

Throughout the OJT, the job center monitors the work to ensure participants and employers adhere to the training plan, then reimburses employers as outlined in the agreement.

How to seek an on-the-job training

For more information about on-the-job training, contact the Alaska Job Center Network at (877) 724-2539 or go to www.jobs.alaska.gov/offices to find a job center near you.

OJTs are available to public, private nonprofit, and private sector employers based on availability. However, OJTs are not available for gambling establishments, swimming pools, aquariums, zoos, or golf courses. Also, because OJTs are meant to train people for full-time, long-term jobs, they may not be used for high-turnover, part-time, low-skill, or seasonal positions.

**To learn more about WorkKeys® and the Alaska Career Ready Program, visit jobs.alaska.gov/acrw.html.*

SB 44 = SUPPORT
(PROVIDED BY SPONSOR)



City of Coffman Cove

PO Box 18135

102 Denali

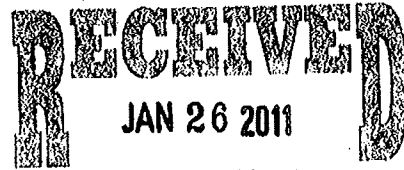
Coffman Cove, AK. 99918

Phone: (907) 329-2233 Fax: (907) 329-2212

Email: coffmancove@msn.com

1-18-2011

Chris Maisch
State of Alaska
Department of Natural Resources
Division of Forestry
550 W. 7th Avenue, Suite 1450
Anchorage, AK 99501



State of Alaska
DNR-Division of Forestry

RE: State Forest

Dear Chris:

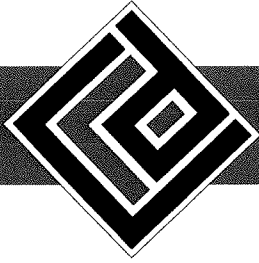
The City of Coffman Cove fully supports the inclusion of additional lands to the State Forest. The addition of 23,181 acres will ensure the future of a small timber industry in Southeast Alaska. The concept of a State Forest is a good management tool to help Southeast Alaska diversify its economy to include timber harvest along with tourism and fishing.

Coffman Cove has a long history as a logging community. While we are trying to incorporate other industries, timber is still an important part of our lifestyle and economy. Other communities in Southeast Alaska find themselves in similar situations. With the shift in US Forest Service management of the Tongass National Forest we find ourselves in a situation where planning for the future is impossible. The establishment of the State Forest will allow some sensible management practices. The additional acreage will ensure there is enough land base to provide some stability.

Please feel free to copy this letter to use in any capacity to support the State Forest. I will write a similar letter to Senator Stedman and Representative Johansen.

Sincerely,

Elaine Price
Elaine Price
City Administrator



RESOURCE DEVELOPMENT COUNCIL

Growing Alaska Through Responsible Resource Development

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Governor Sean Parnell

January 5, 2011

Mr. Chris Maisch, State Forester
Division of Forestry
550 W. 7th Avenue, Suite 1450
Anchorage, AK 99501

RE: Additional Lands to Southeast State Forest

Dear Mr. Maisch:

The Resource Development Council (RDC) is writing to support the inclusion of an additional 23,181 acres to the Southeast State Forest. This state land in southern Southeast Alaska is appropriately suited for inclusion into the new state forest as it has been consistently managed for timber harvest. A state forest designation over these lands would expand the Southeast State Forest to 48,472 acres and ensure they will remain in state ownership and contribute to the long-term viability of the forest products industry in Southeast Alaska.

RDC is a statewide, non-profit, membership-funded organization founded in 1975. The RDC membership is comprised of individuals and companies from Alaska's oil and gas, mining, timber, tourism, and fisheries industries, as well as Alaska Native corporations, local communities, organized labor, and industry support firms. RDC's purpose is to link these diverse interests together to encourage a strong, diversified private sector in Alaska and expand the state's economic base through the responsible development of our natural resources.

RDC supported the creation of the 25,291-acre Southeast State Forest, which was established in June 2010. In Southeast Alaska, demand for state timber exceeds supply and local mills are dependent on a consistent supply to stay in business. The majority of the timber in Southeast Alaska is on federal land, but federal timber sales have declined sharply. Subsequently, the demand for state timber from local mills has increased significantly.

Much of the new state forest was inherited from the U.S. Forest Service with young second-growth stands. There is broad support for shifting timber harvesting in Southeast Alaska from old growth to second growth stands. The new state forest and the proposed additional parcels to it will help provide a sustainable timber supply to local mills and accelerate the harvest of second-growth timber. Actively managed second-growth stands will provide more timber volume per acre on shorter rotations.

The shift to second-growth harvesting can be accelerated and timber volume increased on state land by thinning these stands. However, thinning is a long-term investment and is only justified if the land will be available for timber harvesting.

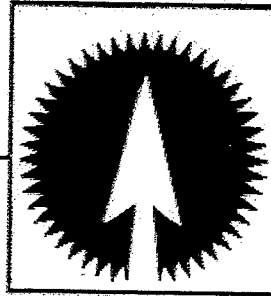
The Division of Forestry will manage the state forest for a long-term supply of timber to local processors, and retain the land in state ownership for multiple use, including wildlife habitat and harvest, as well as recreational activities. The forest will be managed as part of the State Forest System in accordance with a new management plan that will be developed within the next three years. In the interim, existing guidance under the current Prince of Wales Island Area Plan and Central/Southern Southeast area plans will apply.

RDC supports the proposed additions to the Southeast State Forest from lands currently available for timber harvest and believes a larger state forest in the region will benefit the economy.

Sincerely,

Carl Portman
Deputy Director

Alaska Forest Association, Inc.



111 STEDMAN STREET, SUITE 200
KETCHIKAN, ALASKA 99901
Phone: 907-225-6114
Fax: 907-225-5920
E-mail: afa@akforest.org

January 12, 2011

Chris Maisch
State Forester
Alaska Division of Forestry
550 W. 7th Ave., Suite 1450
Anchorage, AK 99501

RE: Support of Additional Lands to Southeast State Forest

Dear Chris:

The Alaska Forest Association supports inclusion of an additional 23,181 acres to the Southeast State Forest. The state's timber sale program in Southeast is very small, but very effective. The federal government controls about 94% of the land in Southeast Alaska but they have been supplying only about 20% of the timber that our industry has harvested in the last few years. While State and private timberlands have supplied the other 80%, this has not been sufficient to keep our mills operating. Currently we have only a single medium-size mill still operating in the region along with a handful of very small mills.

Unlike the federal forest management program, the State effort has provided economically viable timber sales on a regular and consistent basis within the constraints of sustained yield principles. In addition to supporting our timber industry the State's timber sale program brings in revenue in the form of stumpage payments that are invested back into the statewide forest management program.

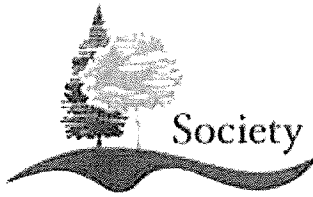
Dedicating more State lands in Southeast Alaska to long-term forest management helps ensure these lands will continue to support the State timber sale program. This helps sustain our remaining timber industry until we can either overcome the impediments that make the federal timber unavailable or until we can persuade Congress to allow the State to own or manage a significant portion of the Tongass. By dedicating lands for long-term forest management the State is better positioned to invest in practices that enhance forest productivity, such as pre-commercial thinning. By increasing the growth and yield from the State Forest, more timber can be supplied to our industry from these lands in perpetuity.

We urge you to support the current efforts to increase the size of the Southern Southeast State Forest.

Sincerely,

Owen Graham
Executive Director
Alaska Forest Association

SERVING ALASKA'S FOREST INDUSTRY



Society of American Foresters

Growing better all the time

January 31, 2011

Alaska, SAF
C/o Maynard Nuss
Executive Secretary
521 High View Drive
Anchorage, Alaska 99515-3716

Governor Parnell
P.O. Box 110001
Juneau, AK 99811-0001

Dear Governor Parnell,

The Alaska Society of American Foresters (SAF) is Alaska's organization of professional foresters and other natural resource scientists dedicated to the sustainable management and protection of Alaska's forests and related resources.

The Alaska Society of American Foresters and Southeast state chapters have reviewed the HB 105 and corresponding Senate Bill 44 – which will add an additional 23,181 acres of State lands to the 25,291 acre existing Southeast State Forest established last year. This expanded Southeast State Forest of 48,474 acres will be managed by the Department of Natural Resource' Division of Forestry, which has an exemplary record of managing Alaska's forests and related resources.

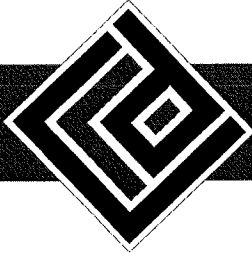
The Alaska SAF commends the Governor Parnell and the Alaska Legislature for the establishment of a SE Alaska State Forest.

The Alaska Society of American Foresters is please to support HB 105. Enactment of HB 105 will enable the Department of Natural Resources Division of Forestry to sustainably manage the timber, fisheries, wildlife, waters, recreation, and other multiple benefits that will strengthen the local economy, provide jobs, and improve quality of life of all Southeast Alaska communities.

Sincerely,

Kathryn S. Pyne,
Alaska SAF, Chair

Cc: Southeast Legislature Delegation; Alaska Congressional Delegation, State Forester Chris Maisch, Southeast Conference, USFS Regional Forester Beth Pendleton, and National SAF.



RESOURCE DEVELOPMENT COUNCIL

Growing Alaska Through Responsible Resource Development

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January 5, 2011

Mr. Chris Maisch, State Forester
Division of Forestry
550 W. 7th Avenue, Suite 1450
Anchorage, AK 99501

RE: Additional Lands to Southeast State Forest

Dear Mr. Maisch:

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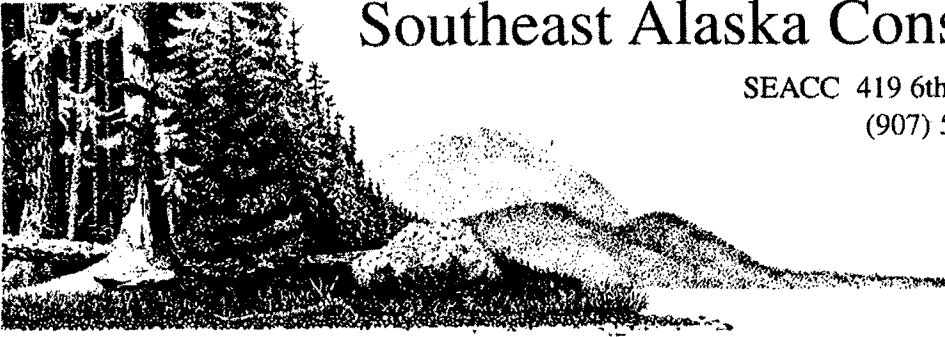
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RDC supports the proposed additions to the Southeast State Forest from lands currently available for timber harvest and believes a larger state forest in the region will benefit the economy.

Sincerely,

Carl Portman
Deputy Director

SB 44 = OPPOSITION



Southeast Alaska Conservation Council

SEACC 419 6th Street, Suite 200, Juneau, AK 99801
(907) 586-6942 phone • (907) 463-3312 fax
www.seacc.org • info@seacc.org

Senator Joe Paskvan
State Capitol Room 115
Juneau AK, 99801

February 04th, 2011

Senator Tom Wagoner
State Capitol Room 427
Juneau AK, 99801

Re: Bills Relating to Southeast State Forest Need to Balance Timber with Other Uses

Dear Senators Paskvan and Wagoner;

The Southeast Alaska Conservation Council appreciates the opportunity to comment on SB 44 and HB 105.

Issue: On January 18, 2011, Governor Parnell transmitted SB 44 and HB 105 to the legislature for consideration, which would add 23,181 acres of land to the Southeast State Forest (SESF).¹ These identical bills would nearly double the size of the 25,291 acre SESF established by the Legislature in 2010.² Last year, SB 225 proposed transferring five of the 23 parcels to be added – about 21 percent of the lands – to the University of Alaska. That bill did not pass.

Concerns: Logging is the main priority for the SESF. Fish and wildlife habitat and community use are secondary. Adding more land to the SESF creates and imbalance between timber development and other uses. Solutions are:

1. **Balance new timber lands with new State Parks;**
2. **Remove land parcels with important to fish and wildlife habitat from legislation.**

Points of concern with SB 44 and HB 105 --

1. Designating this much state land for timber-first management in Southeast Alaska is imbalanced. If SB 44 is enacted, nearly 49,000 acres of state lands in Southeast Alaska will be managed primarily for timber production, when only 25,000 acres is designated for state parks, refuges, and other public use areas.
2. Less than 16 percent of all the State-owned land in Southeast Alaska is safeguarded for the long-term use and enjoyment of current and future generations of Alaskans.
3. DNR wants to add lands to the Southeast State Forest in order to make the long-term investments in actively managing 2nd growth timber stands a realistic management

¹ <http://forestry.alaska.gov/pdfs/2011PublicBriefingHB105.pdf>

² http://forestry.alaska.gov/pdfs/Fact_Sheet_on_SESF.pdf

option. If so, then including the Hook Arm parcel on Dall Island and the Kuiu Island parcel at the mouth of Rowan Bay does not make sense.

- a. Hook Arm parcel (nearly 1,000 acres)
 - i. all old-growth timber
 - ii. the Alaska Heritage Resources Survey reports prehistoric heritage sites in or around this unit
 - iii. pink salmon anadromous stream in unit
 - iv. contains significant karst and cave resources
 - b. Rowan Bay parcel (652 acres)
 - i. Over 80 percent of the parcel is old-growth timber
 - ii. There are two anadromous streams (pink, chum, & coho)
 - iii. Currently, DNR manages the parcel to maintain and retain old-growth habitat for wildlife and salmon.³
 - iv. The Plan also states: “There are numerous heritage sites within the parcel, including the site of the prehistoric Rowan Village.”
4. Given the distance of the Hook Arm and Rowan Bay parcels from the nearest community, the timber will likely be exported.
- a. Exporting Alaska wood means exporting Alaska jobs and the fish and wildlife resources this old-growth habitat supports.
 - b. Nearly 27 percent of the timber sold from State lands in Southeast Alaska the last four years was isolated timber on Zarembo Island like that in Hook Arm and Rowan Bay and sold without a local manufacture requirement. This timber could be exported.
5. AS 41.17.210(a) requires that “[t]he proposal of the governor include a report and recommendations of the commissioner including (1) a preliminary forest inventory” The only inventory information provided by DNR to support SB 44 and HB 105 is the gross acres for each parcel. This is woefully insufficient to evaluate fully the merits of this proposal.

Options for Resolution –

1. **Balance new timber lands with new State Parks.** Designate the following 7991 acres of state land as State Parks:
 - *Sumdum (near Juneau)* – 5 acres -- this small undeveloped parcel occupies the head of Sanford Cove and lies adjacent to a popular cruise ship, charter and recreational boat travel corridor to Tracy and Endicott Arms Wilderness; it is a historic and culturally significant site.
 - Cleveland Peninsula (near Ketchikan) – 4,055 acres -- this parcel consists of three distinct parts, all of which occupy the northern part of Cleveland Peninsula, located northwest of Ketchikan. These lands are highly used by a guided hunting businesses and an important stop over for a youth education program that is the single largest private employer in Wrangell.
 - Mite Cove (near Pelican) – 320 acres – important to the nearby community of Pelican for recreation and subsistence activities; key safe anchorage for commercial boaters, particularly important for a fish packing business key integral to the troll fishery.
 - Lynn Canal and William Henry Bay (near Haines) – 1679 acres—these two parcels are located on the east shore of Lynn Canal. The Lynn Canal uplands and tidelands

³ http://dnr.alaska.gov/mlw/planning/areaplans/cs_southeast/pdf/adoptchap3.pdf at p. 3-71

are recommended for designation as a State Marine Park in the Northern Southeast Area Plan (p.3-84).⁴

- *Rowan Bay (652 acres)* (see description of values above)
- *Hook Arm (Dall Island) – 1,280 acres* – (see description of values above)

The proposed conveyance of the above lands to the University of Alaska last year in SB 225 created substantial public controversy. Public testimony shows these lands contain important cultural, historical, recreation, fish, wildlife and other important community values. We urge the Committee to safeguard these special recreational, scenic, cultural, historical, and wilderness values for the long-term benefit of Southeast Alaskans by designating them state parks.

Designating these lands as state parks will help balance the consumptive and non-consumptive uses of state lands in Southeast Alaska, which is key for maintaining both a strong economy and high quality of life in the region.

2. **Drop the Hook Arm and Rowan Bay parcels from SB 44 & HB 105 and request better inventory information from the Division of Forestry before proceeding further with the bill.**

Sincerely,



Buck Lindekugel

⁴ <http://dnr.alaska.gov/mlw/planning/areaplans/nseap/plan/chap3.pdf>.

Southeast Alaska Fishermen's Alliance

9369 North Douglas Highway

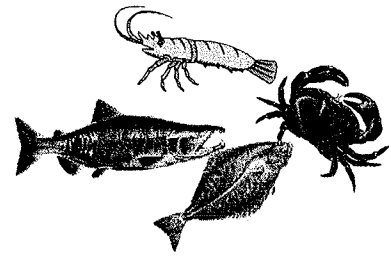
Juneau, AK 99801

Phone: 907-586-6652

Fax: 907-523-1168

Email: seafa@gci.net

Website: <http://www.seafa.org>



February 18, 2011

Alaska State Legislature
Senate Resources Committee
Senator Tom Wagoner, Co-Chair
Joe Paskvan, Co-Chair
120th 4th Street, State Capitol, Room 3
Juneau, AK 99801-1182

RE: SB 44 - An Act relating to the Southeast State Forest

Southeast Alaska Fishermen's Alliance is a non-profit membership based organization that represents commercial fishermen participating in the salmon, crab, shrimp and longline fisheries of Southeast Alaska.

The timber industry in Southeast Alaska has long been an important industry to our region and mostly the timber and fishing industry have managed to co-exist successfully in this region. But, we are concerned as you expand the Southeast State Forest and re-emphasize logging on these lands that you consider the need to extend the logging buffer zones to a width of 100 feet rather than the current 66 feet buffer contained within the Forest Practices Act.

We understand the complexity of the Forest Practice Act and the lengthy battle that occurred to reach a compromise but we believe that it is equally important to be conservative and protect the habitat and watersheds that are so important to the health of our fishery resources.

The commercial fishing industry, subsistence, personal use, and recreational fishermen are all dependent upon maintaining healthy fisheries as are the

coastal communities and safeguarding the watershed systems with 100 foot buffers will go a long way in assuring us that we maintain healthy fishery resource that so many people depend upon.

Sincerely,

A handwritten signature in black ink, appearing to read "Kathy Hansen", followed by a long horizontal line extending to the right.

Kathy Hansen
Executive Director

Mary Jackson

From: Sen. Tom Wagoner
Sent: Monday, February 21, 2011 8:23 AM
To: Mary Jackson
Subject: FW: SE AK Timber Harvest Plan SB 44

-----Original Message-----

From: Marlene Clarke [<mailto:mcwrg@aptalaska.net>]
Sent: Sunday, February 20, 2011 8:30 AM
To: Sen. Tom Wagoner
Subject: SE AK Timber Harvest Plan SB 44

Dear Senator Wagoner,

Sorry I was not able to wait to testify yesterday.

I am concerned about setting state land aside for timber development. Without responsible timber harvest practices in place, there will be harm to fish and wildlife habitat. I am also against the export of round logs. Wrangell has a depressed economy and round log exports will take jobs away from this community. Any timber development in this area should create local jobs with the protection of fish and wildlife in the areas designated.

I also ask that Pats Creek drainage and Earl West be protected from timber harvest. Both areas are well used locally for sport fishing, recreation, with some commercial fishing in both areas. I have seen cohos and chums in Pats Lake. The lake and surrounding areas are well used by locals all year long. Both Earl West and Pats Creek drainage have great sites for launching canoes and kayaks. Also sport fishing for salmon off the beach in Pats Creek drainage is easily accessible to locals.

Sincerely yours,

Marlene Clarke
732 Case Ave.
P.O. Box 1020
Wrangell, AK 99929
907 305 0440

**Petersburg Legislative
Information Office
State of Alaska
Legislative Affairs Agency**

PO Box 1470
Petersburg, AK 99833
Petersburg_lio@legis.state.ak.us
907.772.3741 Fax 772.3779

FAX TRANSMISSION

**TO: Senate Resources
FAX: 907.465. 4779
PHONE: 907.465. 4747/Mary Jackson**

DATE: 3.2. 2011

1 page to follow this cover. Requested testimony notes follow up on SB44: Southeast State Forest given on February 19, 2011. Please provide a copy to all SRES Members.

Thank you,



Ellen Rojcewicz
Petersburg LIO

Testimony Notes on SB44:SE State Forest before Senate Resource Committee 2/19/2011

My name is Eric Lee and I am representing myself. I thank you for this opportunity to comment on SB44.

I was born in Petersburg on Mitkof Island in 1951 and subsistence hunted deer on Mitkof Island every year from the time I was a boy until the season on Mitkof was closed in 1975 due to the drastic decline of deer following extensive logging and two hard winters.

When I was young, before logging deforested much of the best deer winter habitat on Mitkof, game was plentiful. The deer and wolf populations rose and fell in the same natural cycle they had followed for millenia. The deer season was open from August through the end of the year and the limit was four deer.

Following the deer population crash and season closure in 1975, the deer made only a slow and partial recovery. Because of this, the season remained closed entirely for 16 years. In 1991 it was reopened for just two weeks and one buck. In spite of this very restricted management, the deer population has never recovered and, except for a small archery season, the deer season on Mitkof Island remains just two weeks and one buck.

This dramatic reduction in deer-carrying capacity of our island is directly attributable to the deforestation of deer winter range and the extensive system of logging roads on the island which allows poachers access to most of the island for road hunting, and easy traveling for the wolves that use the roads for their migratory hunting.

Much of the low elevation lands on the south side of Mitkof Island that once provided ideal habitat for deer and other animals was roaded and clear-cut during the 1960's, 70's, and 80's. The effect on our subsistence hunting in that area has been dramatic. These lands once were the breadbasket of our community, and now deer are hard to find. A hunter can hunt for days and not see a buck.


The four parcels of land on Mitkof Island, Favor Peak, South Mitkof, Frederick Point, and Woodpecker Cove that are included in this bill are in areas that have already sustained considerable damage from past logging. Of these four parcels, Woodpecker Cove is the most important to our community for subsistence and recreational uses. It has been heavily logged, but is in the process of making slow recovery. There is hope here that some day that area will again be the breadbasket it once was for our community. More logging in the area will set that recovery back many decades and likely some areas will never recover.

The geographic location of the Woodpecker Cove Parcel being higher elevation and facing the mouth of the Stikine River, would mean a very ugly clear-cut would be clearly visible from the mouth of the Stikine River, were that parcel ever logged.

For these reasons I urge the removal of the Woodpecker Cove parcel from this bill. The logging of the other three parcels on our island which has already been heavily logged, will result in further damage to the intact habitat that remains on this island. Therefore it is vitally important that the Woodpecker Cove parcel be withdrawn. It is far too important to our community for subsistence and recreation, and should be spared.

I thank you for your consideration of my comments.

Sincerely,



Eric Lee P.O. Box 858, Petersburg, AK 99833 (907) 518-0901

P.O. Box 971
Wrangell, Alaska 99929
February 25, 2011

As a resident of Wrangell, Alaska, I am writing to **urge** you to consider the consequences of clear-cutting our forests. I do think we should consciously save something for our children's children and otherwise act responsibly concerning our planet and its forests.

Remember wildlife needs habitat
Remember salmon need habitat with buffer zones protecting streams

Our planet is our Garden of Eden to be used responsibly.

Thank you for using our forests wisely.

Cordially,



Jean Petticrew

SB 44
HB 105

TESTIMONY OF RONALD R. WOLFE
SB 44 AN ACT RELATING TO THE SOUTHEAST STATE FOREST”
February 19, 2011

Mr. Chairman, members of the Senate Resources Committee, my name is Ronald Wolfe, I live in Juneau Alaska where I have been a professional forester since 1982. Currently, I am Sealaska Corporation Natural Resource Manager and I wish to offer my testimony in support of SB 44. Mr. Chris Maisch, Alaska State Forester has provided testimony of what this bill does and the specifics of the legislation and rather than repeat the all of the specifics of the bill I offer my concurrence with the information he provided to the committee.

In addition to that information it is important for the Senate Resources Committee to understand the precipitous situation of our Southeast region. Virtually every village and community has lost population over the past decade and The Alaska Economic Trends¹ in December forecast ever further declines in the future to the year 2034:

- (-14.2) % decline for Southeast as a region overall
- (- 33.9) % decline for Prince of Wales and outer Ketchikan
- (- 34.6) % decline for Wrangell-Petersburg
- and the discouraging news continues for every Borough and area in our region

Such population declines adversely impact everything, property values, the ability of communities to operate such basic things as schools, some villages may loose their school altogether, utilities, fuel and grocery delivery, transportation and the list goes on.

We need all of our industries in the face of such dire population forecasts, and it's no secret that the timber industry here is a mere shadow of itself and is on the verge of total collapse which if occurs moves Southeast Alaska closer to a catastrophic economic implosion. The industry today is supported metaphorically by a three legged stool; our timber comes from:

1. Sealaska Corporation and other private landowners
2. the Tongass National Forest, and
3. from the State of Alaska

We depend on each other to create enough critical mass to hang on, we use the same logging contractors, fuel suppliers, tug operators and the entire infrastructure that we need and that also helps to support Southeast Alaska overall.

Timber from these sales will be available for domestic manufacture and round log export. Both markets are important, wood that will go to the few remaining sawmills is important for their survival, but it is important to note that wood that is round log exported may provide higher revenues that make the timber sale economical to operate. In some instances our local mills actually export the logs themselves; so our local sawmills depend on round log export. Sealaska on the other hand is primarily in the round log

¹ Alaska Economic Trends December 2010: Table 9, page 10

export market, but we provide wood to local sawmills as well. So you see our industry is very inter-dependent on markets and infrastructure.

Some have expressed concern over round log export with a claim that we are exporting jobs. This is simply not the case. In addition to the economic contribution discussed earlier Sealaska commissioned an independent third party expert to investigate this in 2005. The McDowell Group² found that domestic manufacture creates 4.5 jobs per million board feet of harvest where as round log export creates 4.3 jobs per million board feet of harvest. Those who claim otherwise do not understand the jobs we create our sort yards and perhaps more importantly the stevedoring jobs for our ship loading.

The study further found that stevedoring and other round log export jobs allow the work force to remain in village where their families live, whereas domestic manufacture jobs require people to relocate to the community where the mill is located. Part time jobs such as stevedoring provide crucial income and allow rural village residents to pursue subsistence activities; both of which are necessary for survival. So you see round log export is important to such communities as Hydaburg, Hoonah and Kake for instance, whereas Viking Lumber is important for Craig and Klawock, and all of this is important for what remains of our industry. I offer the most recent report McDowell Group prepared³ for Sealaska for the year 2008 for further information on the importance of round log export to our region.

It is important for the Committee to understand the land ownership of Southeast Alaska for the contextual setting of the bill. Southeast Alaska is about 23 million acres if one extends the 141st Meridian south and considers all of Alaska to the east to be our Southeast Region. Development is precluded over the vast majority of this region, some 89 %, most of this is owned by the federal government and is in parks, wilderness, national monuments and other classifications which preclude development altogether. Some is in State Parks. Development that occurs on the remaining lands must achieve resource protection first in order to comply with the Tongass Timber Reform Act, de facto roadless rule implementation, the Clean Water Act, the Bald Eagle Protection Act, the Endangered Species Act, the Alaska Forest Resources and Practices Act, Oil Spill laws and the list goes on and on; development can occur only on what's left.

Passage SB 44 will help to stabilize timber supply from state lands and will allow these lands to be managed with a commitment towards forestry that is necessary for the long term planning horizons required for such things as sustainable resource management. These lands will be managed in accordance with our Alaska Forest Resources and Practices Act which has been demonstrated to be working well to protect water quality, anadromous fish habitat, wildlife and other important public resources. Thank you, I urge expeditious passage of this bill.

² Southeast Timber Harvest Employment Impact Analysis, October 2005, McDowell Group

³ The Impact of Sealaska Corporation on the Southeast Economy 2009 Update, McDowell Group

Southeast Timber Harvest Employment Impact Analysis

***PREPARED FOR:
Sealaska Corporation***



Research-Based Consulting

**Juneau
Anchorage**

October 2005

Southeast Timber Harvest Employment Impact Analysis

***PREPARED FOR:
Sealaska Corporation***

PREPARED BY:



Juneau • Anchorage

October 2005

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EXECUTIVE SUMMARY

The purpose of this study was to compare the employment impact of Sealaska timber harvests with the impact of Tongass timber harvests. The primary difference between the two harvests, in terms of job creation, is that Sealaska harvests, in addition to logging jobs, create jobs in shiploading. Tongass harvests, because of the primary manufacturing requirement, create jobs in sawmills. This report examines these and other employment characteristics. Key findings of this study are summarized below:

- Sealaska harvested an average of 92 million board feet (mmbf) of timber from its lands in 2002 and 2003. During those same years the Tongass harvest averaged 42 mmbf.
- Sealaska and Tongass logging typically account for approximately 2.1 jobs per mmbf of timber harvested. This does not include stevedoring or sawmill jobs.
- Sealaska-related stevedoring activity generated jobs for 209 Southeast village residents in 2002 and 2003, with earnings totaling approximately \$1 million annually. This equates to 2.2 jobs per mmbf. These mostly part-time jobs were in Hydaburg, Klawock, Kake and Hoonah.
- Tongass timber harvests created an average of 100 sawmill jobs in Southeast in 2002 and 2003 with payroll of \$2 million annually. This equates to 2.4 jobs per mmbf. These mostly full-time jobs were primarily in Ketchikan, Wrangell and Klawock.
- Including logging and sawmill employment, Tongass harvests created an average of 4.5 jobs per mmbf. This is a measure of direct employment impacts attributable to the Tongass harvest.
- Including logging and stevedoring jobs, Sealaska harvests created an average 4.3 jobs per mmbf. This is a measure of direct employment impacts only.
- Other Sealaska-related impacts are readily measurable. Including employment with Sealaska Timber Corporation (STC) contractors (logging and stevedoring), STC offices and Sealaska Corporation headquarters, Sealaska timber harvests accounted for an average of 416 jobs in 2002 and 2003, from an average annual harvest of 95 million board feet. That equates to 4.9 jobs per mmbf.
- Income from STC logging activity is widely dispersed among village residents and is an important source of cash, particularly for many who have a high degree of dependence on subsistence activities. Placing a domestic

manufacturing requirement on Sealaska timber harvests would transfer jobs from cash-poor areas to communities with existing sawmills.

- Not included in this study is the spending on goods and services by Sealaska Timber Corporation (other than logging and stevedoring), spending by Sealaska Corporation and Sealaska Heritage Institute, and spending by all of the employees of these organizations. This spending creates additional economic activity and employment in Southeast. Previous research has found that direct, indirect and induced employment related to Sealaska peaked at approximately 1,000 jobs in Southeast Alaska in 2002 and 2003.

- Also not factored into this analysis are other Sealaska contributions to Southeast including dividends paid to shareholders, SHI scholarships, and support for various regional programs. The shareholder intern program and shareholder hire policy, which have provided educational and career opportunities (that may not otherwise have been available) to many Southeast residents, are likewise not factored into this analysis.

In summary, the overall economic impact of Sealaska timber harvests is greater than that of the Tongass harvests (as would be expected, with about double the total harvest volume). Further, this analysis suggests that on a per mmbf basis, Sealaska's economic impact at least matches that of the Tongass (even with its primary manufacturing requirements).

INTRODUCTION AND METHODOLOGY

Introduction

The purpose of this analysis is to compare the number of jobs created from timber harvests on Sealaska lands to harvests from the Tongass National Forest in Southeast Alaska on a per-million-board-foot basis.

There are two key components of the Southeast Alaska logging industry: logging activity in the Tongass National Forest and logging on private landholdings. In Southeast, the most significant volume of private timber is harvested by Sealaska Timber Corporation (STC). There are also timber harvests on land owned by the State of Alaska, University of Alaska, Alaska Mental Health Trust, as well as other much smaller scale harvests.

Timber harvested in the Tongass National Forest has primary manufacturing requirements, which mandate that most harvested logs be at least minimally processed in Alaska prior to export. Cedar can be exported as round logs and these exports are an important part of the financial viability of Tongass operators.¹ The primary manufacturing requirement creates employment in local sawmills. Timber harvested from private land in Southeast has no similar manufacturing requirements and is mostly exported as round logs.

While most Sealaska timber is not processed in Southeast Alaska, STC timber contracts create certain jobs that Tongass harvests do not. Log “manufacturing” and scaling are somewhat more labor intensive on Sealaska harvests, as logs are sorted and prepared to the exact specifications of the export market. Ship loading activity, in particular, provides significant employment and wages to village residents in Southeast. Logs are felled, transported to tidewater and loaded on ships in the remote locations along the coast of Prince of Wales (POW) Island, Hoonah and Kake to be transported to market. In addition, Sealaska timber harvests support the operations of Sealaska Corporation and Sealaska Heritage Institute, which provide employment and other economic opportunities in Southeast Alaska.

Methodology

The analysis was based on a combination of primary and secondary research. Primary research sources included a review of internal STC data supplemented by interviews with STC contractors regarding employment on STC contracts in 2002 and 2003. Secondary data sources included published and unpublished employment data from the Alaska Department of Labor and Tongass National Forest timber harvest volume from the USDA Forest Service.

In 2004, yellow cedar accounted for 7.2 percent of the Tongass National Forest harvest and Western red cedar accounted for 7.3 percent of the Tongass harvest.

Published employment data for the forestry and logging industry includes establishments primarily engaged in cutting and trucking timber. However, logging-related employment also includes road building, towing, log scaling, sorting and other jobs. Companies engaged in these logging support activities report their employment to the Alaska Department of Labor in different ways, because of the vertical integration of some companies, or other factors. As a result, establishments engaged in similar activities may be assigned different industry codes under the North American Industry Classification System (NAICS). Certain businesses may be categorized in non-logging NAICS categories. For example, establishments primarily engaged in trucking timber are classified in Industry 484220, Specialized Freight; however, employment numbers specific to timber trucking are not available. As a result, employment estimates for the logging industry as reported by the ADOL include some, but not all, employment in other logging support jobs such as road building, trucking and towing.

Due to these data limitations, this analysis focuses on the economic impacts of logging and sawmill components of the timber harvest process. Employment from logging activity in the Tongass is published annually by the USFS, but was considered preliminary at the time of this report. Following discussions with the USFS regional economist regarding the methodology of the agency's annual report on timber supply and demand, the study team calculated Tongass and Sealaska-related employment based on the most recent logging and sawmill industry employment data. The respective percentages of Tongass and Sealaska timber in 2002 and 2003 were applied to the total regional employment data for the logging industry to estimate employment in these occupations.

The assumption was made that road building, logging and log trucking activity are essentially the same on Tongass and Sealaska harvests. It was further assumed that the difference in employment between Tongass and Sealaska harvests occurs after the logs reach tidewater. For Tongass harvests, logs are either loaded on trucks or barged to sawmills for processing. For Sealaska, logs are staged and rafted by bundles into log booms and loaded on ships for transport (this 'in water' work includes log booming, towing, and rafting ground construction and maintenance) and also transported by truck and barge.

Because of the uncertainty regarding employment from Tongass harvests, the assumption that logging activities are similar for Tongass and Sealaska harvests may not be completely accurate in certain instances. For example, to fully optimize the value of logs for the export market, Sealaska harvests may require more time in bucking and quality control work. Further, it has been reported that Sealaska helicopter-supported harvests create more jobs (up to 50 percent more) than Tongass helicopter-supported harvests, due to the more selective nature of Sealaska's harvests.² Further, due to the importance of quality in log exports, STC contracts create more employment in sort yards. Nevertheless, the basic assumption that harvesting employment is essentially the same of Sealaska and Tongass harvests is required to insure an "apples to apples" comparison is made in the absence of detailed data related to Tongass contractor employment.

² This estimate is based on interviews with representatives of Columbia Helicopters, a firm that conducts helicopter logging on Sealaska land and on the Tongass.

Employment data provided by Sealaska contractors is considered to be accurate, but should be considered best estimates in the absence of Alaska Department of Labor data specific to STC contractors. Similar data on Tongass-related employment at the contractor level was not available; for this reason, the comparison of Sealaska and Tongass employment is based on uniform secondary data sources only. Additional employment data provided by STC contractors is presented at the conclusion of the Sealaska section to illustrate total direct, indirect and induced employment from Sealaska timber harvests. Similar data is not available for Tongass-related employment.

OVERVIEW OF SOUTHEAST ALASKA TIMBER HARVESTS

Southeast Alaska Timber Harvests

Sealaska Timber Corporation (STC) harvests represented 50 percent of the timber cut in Southeast Alaska in 2002 and 2003, while Tongass harvests in that period accounted for between 18 and 27 percent of the total harvest. Other timber harvests occurred on land owned by the State of Alaska, Alaska Mental Health Trust, University of Alaska, Bureau of Indian Affairs (BIA), or other Alaska Native corporations.

**Southeast Alaska Timber Harvests, 2002-2003
(in million board feet)**

| | 2002 | 2003 | Average |
|-------------------------|-------|-------|---------|
| Tongass National Forest | 33.8 | 50.8 | 42.3 |
| Sealaska | 95.9 | 93.8 | 94.9 |
| Other | 63.1 | 41.7 | 52.4 |
| Total Harvest | 192.8 | 186.3 | 189.6 |

Source: USDA Forest Service, *Timber Supply and Demand 2003*

Tongass Harvest Volume

Current Tongass timber harvests are significantly lower than in prior decades and are expected to remain well below the allowable sale quantity (ASQ) of 187 million board feet (mmbf) annually, based on a 2004 McDowell Group report³. In 2003, the Tongass harvest volume was approximately 51 mmbf, a 50 percent increase over the previous year's harvest of 34 mmbf. The most recent two-year average harvest was just over 42 mmbf. Future Tongass harvests are uncertain due to a recent 9th Circuit Court of Appeals decision that found the Forest Service's timber demand analysis flawed.

Sealaska Harvest Volume

STC harvested 95 mmbf of timber annually between 2002 and 2003. Sealaska Corporation is the only ANCSA Corporation in Southeast Alaska with sufficient landholdings to maintain a sustained annual yield of timber⁴.

Southeast Alaska Logging Employment

In 2002 and 2003, logging in Southeast Alaska accounted for an average of 362 and 406 jobs, respectively.⁵ Employment peaked at 519 jobs in August of 2003 and 482

³ McDowell Group, 2004. *Timber Markets Update and Analysis of an Integrated Industry in Alaska*.

⁴ McDowell Group, 2004.

⁵ Alaska Department of Labor and Workforce Development. Does not include stevedoring jobs and all transportation and construction jobs related to logging.

jobs in August of 2003. Based on annual averages, logging in Southeast created 1.9 jobs per mmbf in 2002 and 2.2 jobs per mmbf in 2003.

TONGASS NATIONAL FOREST HARVESTS AND EMPLOYMENT

Tongass-Related Employment

Tongass National Forest logging and sawmilling directly created an average of 187 jobs for the years 2002 and 2003. Timber harvests on the Tongass National Forest create employment in several industries including road building, logging (tractor, shovel, standard cable and helicopter), towing, log scaling and sorting. Because of the prevalence of muskeg and other loose soils in Southeast Alaska, road construction is a significant part of logging support activity. Logging activity (excluding sawmilling) created an average of 63 and 111 jobs in Southeast in 2002 and 2003, respectively, with an average of 87 for the two-year period.

Tongass logging activity also creates employment in Southeast sawmills due to the primary manufacturing requirements for National Forest timber. Tongass timber accounted for 73 percent and 59 percent of the logs milled in Southeast mills in 2002 and 2003, respectively⁶. Based on this volume of Tongass timber supplied annually to Southeast Alaska mills, the Tongass accounted for 110 and 89 sawmill jobs in 2002 and 2003, respectively, for a two-year average of 100 jobs.

Tongass-Related Logging and Sawmill Employment in Southeast Alaska, 2002-2003

| Year | Tongass Logging Employment | Sawmill Employment | Total Tongass-Related Employment |
|-------------------|----------------------------|--------------------|----------------------------------|
| 2002 | 63 | 110 | 173 |
| 2003 | 111 | 89 | 200 |
| 2002-2003 average | 87 | 100 | 187 |

Source: McDowell Group estimate based on employment data from Alaska Department of Labor and Workforce Development and USDA Forest Service, *Timber Supply and Demand 2003*.

Based on the average timber harvest volume of 42 mmbf from the Tongass National Forest, Tongass logging activity created 5.1 jobs per mmbf in 2002, decreasing to 3.9 jobs per mmbf in 2003. The two-year average was approximately 4.4 jobs per mmbf of Tongass timber.

Jobs per Million Board-Feet of Tongass National Forest Timber Harvested, 2002-2003

| Year | Total Tongass-Related Employment | Tongass Harvest (in mmbf) | Employment per mmbf |
|-------------------|----------------------------------|---------------------------|---------------------|
| 2002 | 173 | 33.8 | 5.1 |
| 2003 | 200 | 50.8 | 3.9 |
| 2002-2003 average | 187 | 42.3 | 4.4 |

Source: McDowell Group estimates based on employment data from the Alaska Department of Labor and Workforce Development and timber harvest volumes from USDA Forest Service, *Timber Supply and Demand 2003*.

⁶ Kilborn (2004) in USDA Forest Service, *Timber Supply and Demand 2003*

This estimate of employment per mmbf of timber harvested includes sawmill employment. Because the labor requirements for Tongass logging activity are assumed to be generally similar to Sealaska harvests, any difference in employment rates occurs after the timber is harvested and transported to tidewater. In the case of Tongass timber harvests, this is primarily sawmill employment (while shiploading activity is unique to Sealaska harvests).

The following table illustrates sawmill employment per mmbf for the sawmill component of Tongass employment, indicating an average range of 1.8 to 3.3 sawmill jobs per mmbf of Tongass timber harvested. Sawmill jobs are typically higher paying than jobs created in stevedoring. Statewide, the average annual earnings in the sawmill industry was \$31,716 in 2003 (Southeast regional data is not available due to confidentiality of the data). At the statewide average, Southeast sawmills generated \$2.8 million in earnings in 2003.

**Sawmill Jobs per Million Board-Feet of Tongass National Forest
Timber Harvested, 2002-2003**

| Year | Tongass-Related Sawmill Employment | Tongass Harvest (in mmbf) | Employment per mmbf |
|-------------------|---------------------------------------|---------------------------------|------------------------|
| 2002 | 110 | 33.8 | 3.3 |
| 2003 | 89 | 50.8 | 1.8 |
| 2002-2003 average | 100 | 42.3 | 2.4 |

Source: McDowell Group estimates based on employment data from the Alaska Department of Labor and Workforce Development and timber harvest volumes from USDA Forest Service, *Timber Supply and Demand 2003*.

In addition to logging and sawmill employment, other economic impacts created from Tongass logging include indirect and induced employment. This includes employment created from spending by companies in support of their operations and the induced employment created from spending by employees in the local economies of Southeast Alaska. Fully quantifying these “multiplier” effects is beyond the scope of this study.

OVERVIEW OF SEALASKA HARVESTS AND EMPLOYMENT

Sealaska-Related Employment

Sealaska Timber Corporation logging activity is conducted on Sealaska Corporation's landholdings in remote areas of Southeast Alaska. STC's logging activity is an important source of employment for rural Southeast residents, many of whom find limited employment opportunities in their communities. Income from STC activity is widely dispersed among village residents and is an important source of cash, particularly for many who have a high degree of dependence on subsistence activities. These economic impacts have been documented in previous research⁷.

STC harvested an annual average of 95 mmbf of timber in 2002 and 2003. Most of this harvest occurred in the Prince of Wales Island area (POW), including Dall Island, Natzuhini and Soda Bay. Approximately 65 mmbf was harvested from POW, 17 mmbf from the Hoonah area, and approximately 12 mmbf near Kake in 2003.

Based on the assumption that STC represented 50 percent of the timber harvested in Southeast Alaska in 2002 and 2003, it was assumed that 50 percent of logging employment, as reported by the Alaska Department of Labor, was due to STC logging contracts in that period. Based on that assumption, STC contracts created an annual average of approximately 192 logging jobs in 2002 and 2003. This estimate excludes subcontract activities, and is not a full accounting of STC-related employment due to the data limitations cited above.

Sealaska-Related Logging Employment in Southeast Alaska, 2002-2003

| Year | Sealaska % of Total Harvest | Total Logging Employment | Sealaska Logging Employment |
|-------------------|-----------------------------|--------------------------|-----------------------------|
| 2002 | 50% | 362 | 180 |
| 2003 | 50% | 406 | 204 |
| 2002-2003 Average | 50% | 384 | 192 |

Source: McDowell Group estimates based on employment data from the Alaska Department of Labor and Workforce Development and timber harvest volumes from USDA Forest Service, *Timber Supply and Demand 2003*

An important source of employment not reflected in this data is stevedoring-related activity. This includes preparing the logs for shipping (bundling) and loading the logs on ships. Sealaska logging activity generated employment and income opportunities for an average of 209 individuals in Southeast Alaska in 2002 and 2003. This translates to an average of 2.2 stevedoring jobs per mmbf.

⁷ McDowell Group, 2004, *The Impact of Sealaska Corporation on the Southeast Alaska Economy*.

**Stevedoring Jobs per Million Board-Feet of
Sealaska Timber Harvest, 2002-2003**

| Year | Sealaska harvest in mmbf | Number of Workers | Jobs per mmbf |
|---------|--------------------------|-------------------|---------------|
| 2002 | 95.9 | 211 | 2.2 |
| 2003 | 93.8 | 206 | 2.2 |
| Average | 94.9 | 209 | 2.2 |

Care must be taken in comparing these stevedoring jobs with the sawmill jobs created from Tongass timber harvests (which averaged 100 jobs in 2002 and 2003). Tongass sawmill activity provides generally regular, day-to-day jobs for a smaller number of workers. STC stevedoring-related activity provides intermittent jobs for a larger number of workers. The approximately 100 sawmill workers dependent on the Tongass earned a total of \$2 million in payroll, while the 209 STC-related stevedoring workers earned approximately \$1 million.

Other Sealaska Timber Harvest Related Employment

The total number of jobs that are in some way dependent on the income generated by Sealaska logging activity is greater than the logging and stevedoring jobs. STC activity supports the operations of STC headquarters in Ketchikan, plus three regional offices elsewhere in Southeast Alaska. Logging income also supports employment at Sealaska corporate headquarters and Sealaska Heritage Institute in Juneau. Without logging income, employment levels of both organizations would likely be significantly reduced (if not non-existent).

Based on a 2004 report by McDowell Group, STC contracts created an average of at least 461 jobs in Southeast Alaska in 2002 and 2003. The seasonal nature of logging activity and related changes in demand for labor provide significant peak employment for a larger number of residents than is reflected in the average employment numbers. Peak employment was approximately 713 full-time and part-time employees in 2002 and 2003.

**Sealaska Corporation Direct Employment and STC Contractor
Employment Southeast Alaska, 2002-2003
(Annual Average Employment)**

| Year | STC Headquarters | STC Contractors | Sealaska Corporation and SHI | Total Employment |
|---------------------|------------------|-----------------|------------------------------|------------------|
| 2002 | 29 | 425 | 53 | 507 |
| 2003 | 29 | 331 | 55 | 415 |
| 2002 - 2003 Average | 29 | 378 | 54 | 461 |

Based on direct Sealaska and STC contractor employment, Sealaska logging activity created an average of approximately 4.9 jobs per mmbf of timber harvested in 2002 and 2003.

**Jobs per Million Board-Feet
from Sealaska Timber Harvests, 2002-2003
(Annual Average Employment)**

| Year | Harvest Volume | Employment | Average Jobs per mmbf |
|-------------------|----------------|------------|-----------------------|
| 2002 | 95.9 | 507 | 5.3 |
| 2003 | 93.8 | 415 | 4.4 |
| 2002-2003 Average | 94.9 | 461 | 4.9 |

This method captured some indirect employment impacts, but not all. It did not capture induced impacts. Spending on payroll and purchases of goods and services by Sealaska Timber Corporation, Sealaska Corporation and Sealaska Heritage Institute creates additional economic activity and employment, referred to as a multiplier effect. Including direct, indirect and induced employment, STC activity created approximately 1,000 jobs in Southeast Alaska in 2002 and 2003.

Some of Sealaska's contributions to Southeast are beyond the scope of this report, including dividends paid to shareholders, SHI scholarships, the shareholder intern program and shareholder hire policy, which provide educational and career opportunities to many Southeast residents.

***THE IMPACT OF SEALASKA CORPORATION
ON THE SOUTHEAST ALASKA ECONOMY
2009 UPDATE***

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Executive Summary

The purpose of this study is to measure the economic impact of Sealaska Corporation and its subsidiary operations on Southeast Alaska in 2008. This report presents region-wide data and impacts, as well as data for Kake, Hydaburg, and Prince of Wales Island overall.

Sealaska-Related Spending and Employment in Southeast

- Sealaska Corporation, Sealaska Timber Corporation, and Sealaska Heritage Institute spent \$45 million in 2008 in support of corporate and timber-related operations in Southeast Alaska. This spending included payroll and the purchase of goods and services, including timber harvest-related contracts. Spending was spread throughout the Southeast region. Approximately 350 businesses and organizations in 16 Southeast communities received spending from Sealaska-related activities.
- Region-wide, Sealaska and its contractors directly employed approximately 363 full and part-time workers in 2008. These workers earned an estimated \$15 million in payroll.
- Sealaska and its contractor employment combined make the corporation one of the largest for-profit private sector employers in Southeast Alaska.
- Including direct and indirect employment and payroll, Sealaska-related employment totaled nearly 490 workers and approximately \$21 million in payroll in Southeast Alaska in 2008.

Other Sealaska-Related Benefits in Southeast

Sealaska Corporation has a mission broader than paying dividends to shareholders. In addition to generating dividends, Sealaska's mission includes cultural preservation, shareholder education, and shareholder hire. Sealaska Corporation provides the seed money for the Sealaska Heritage Institute, which sponsors and supports numerous Native culture programs across Southeast Alaska. Using money set aside by Sealaska Corporation, Sealaska Heritage Institute awarded \$410,000 in scholarships in 2008.

Role of Sealaska in Southeast Communities

Sealaska logging activity and, in particular, ship-loading activity, represent important sources of cash to many village residents. A total of 135 Hydaburg and Kake residents earned some income from ship-loading in 2008. Though these jobs are part-time, they are an important source of cash income. This income and other Sealaska-related economic activity are increasingly important in light of the long-term decline in these community's economies and population.

Hydaburg

- In Hydaburg, approximately 68 local residents earned income from Sealaska-related ship-loading and logging activity. Sealaska-related personal income in Hydaburg was approximately \$700,000 in 2008, about 12 percent of the community's total personal income of \$6 million. Hydaburg continues to struggle economically and is Southeast Alaska's poorest community, in terms of per capita income.

Craig, Klawock, and Prince of Wales (POW) Island Economy

- Sealaska is the single largest source of employment on POW Island. Sealaska-related activity contributed approximately 210 jobs to the POW Island economy in 2008. This includes both full-time and part-time employment in Sealaska logging-related activity. (This count includes employment for residents of Hydaburg as well as other POW communities.)
- Sealaska accounted for approximately \$6 million in personal income to residents of Prince of Wales Island in 2008.
- Sealaska contracts related to logging in the POW area totaled \$25 million in 2008.
- In addition to logging contracts, Sealaska spent \$600,000 in 2007 with 31 POW businesses and organizations in Craig, Hydaburg, and Klawock.

Though the Prince of Wales Island population grew slightly in 2008, the island's economy has been in decline in recent years. All of the larger communities on the island have seen population declines, including Craig (down 18 percent since 2000), Klawock (down 8 percent), and Thorne Bay (down 21 percent). In the absence of Sealaska timber harvests, the decline would have been much more severe. Future Sealaska timber harvests will be key in curbing further economic decline on Prince of Wales Island.

Kake

- In Kake, approximately 87 workers earned income from Sealaska-related forest industry activity in 2008. Most of this income is related to ship-loading, but also includes silviculture-related jobs.
- Kake's economy continues to struggle with economic decline. The community's population in 2008 totaled 519 residents, 24 percent below the 2003 population of 679 and 33 percent below Kake's peak population of 775 residents in 1998. The decline in Sealaska timber harvest-related activity is only one of several factors that have affected the local economy.

**Summary of Economic Impacts of Sealaska Corporation
on Southeast Alaska, 2008**

| Total Southeast Regional Impacts | |
|-----------------------------------------------------------------------------|---------------|
| Direct employment (peak) | 363 |
| Direct + indirect employment (peak) | 490 |
| Direct payroll | \$15 million |
| Direct + indirect payroll | \$21 million |
| Total direct Sealaska payroll and spending in Southeast | \$45 million |
| Number of Southeast businesses and organizations receiving Sealaska dollars | 350 |
| Number of Southeast communities receiving Sealaska dollars | 16 |
| Dividends to Southeast shareholders | \$7.9 million |
| Local Area Impacts* | |
| Craig/Klawock and Other POW Island Impacts | |
| Sealaska-related employment | 210 |
| Sealaska-related payroll | \$8 million |
| Sealaska-related income to POW residents | \$6 million |
| Hydaburg Impacts | |
| Sealaska-related employment | 68 |
| Sealaska-related income to Hydaburg residents | \$0.7 million |
| Percentage of total personal income | 12% |
| Kake Impacts | |
| Sealaska-related employment in Kake | 87 |

*Note: Individual area totals do not include all indirect impacts of Sealaska activity. The numbers in this table are based on the best available data and should be considered estimates.

Introduction

Sealaska Corporation is a Native-owned corporation founded in 1971 as one of the 13 regional Native corporations under the Alaska Native Claims Settlement Act (ANCSA). The corporation's mission is to manage corporate assets to provide economic, social, and cultural benefits to its shareholders. Sealaska is the largest private landholder in the Southeast Alaska, and represents more than 20,000 Tlingit, Haida, and Tsimshian shareholders, roughly 40 percent of whom live in Southeast Alaska.

Sealaska's economic activity in Southeast Alaska is generated by its headquarters, and its operations subsidiary Sealaska Timber Corporation (STC) and Sealaska Heritage Institute (SHI). Sealaska Corporation's cultural and educational mission is administered by Sealaska Heritage Institute, which sponsors and supports numerous Native language and culture programs across Southeast Alaska, including the biennial cultural event Celebration. Additionally, Sealaska Heritage Institute awards scholarships each year from funds set aside by Sealaska Corporation to Alaska Natives who are Sealaska shareholders or shareholder descendants.

The purpose of this study is to measure the economic impact of Sealaska Corporation and its subsidiary operations on the Southeast Alaska economy in 2008. Sealaska Timber Corporation, through a number of contracting companies, harvests and exports logs primarily from Prince of Wales Island areas. Communities specifically affected by logging and ship-loading activity include Hydaburg, Klawock, Craig, and the Prince of Wales economy in general. In the past, Kake also has benefitted from STC timber harvests, but currently, activity in these communities is limited to silviculture-related work. Kake residents also are employed loading logs on to ships for export. Juneau, as headquarters to Sealaska Corporation and Sealaska Heritage Institute, benefits from administrative and managerial jobs located in the city.

This analysis includes the employment and personal income effects of Sealaska operations in Southeast overall. Sealaska Corporation, Sealaska Timber Corporation, and Sealaska Heritage Institute provided detailed data on spending and employment in Southeast communities. Additionally, STC provided data on recent timber harvest activity in the region. Key Sealaska contractors were contacted to collect information about the residency of their employees working on Sealaska contracts. This, along with data from the Alaska Department of Labor and Workforce Development (ADOL), the US Bureau of Economic Analysis (BEA), and the US Census Bureau, provided the data used in this analysis.

Personal income is a strong indicator of economic impact in a community or region. Little data, however, exists on personal income in small communities in Alaska. The most current measure of per capita income for communities such as Craig, Klawock, Kake, and Hydaburg is the 2000 Census. More recent data is available from the BEA for larger geographic areas, such as boroughs or census areas; this data, however, does not accurately reflect many of the small communities within these areas.

Given the lack of particularly relevant and timely data, the study team relied on a mix of data to estimate personal income for these communities, including current employment data and wage rate data (ADOL, 2008); census area level income source data (US Census Bureau, 2000 Census and BEA, 2005); as well as other income data from the Commercial Fisheries Entry Commission (CFEC), based on the value of residents' commercial seafood harvest over the last several years.

Sealaska's Economic Impact in Southeast Alaska

This economic impact analysis focuses on the quantifiable impact of Sealaska Corporation business activity, primarily timber harvesting, on Southeast communities in 2008. Impact measures include spending on payroll and on goods and services in Southeast Alaska, as well as local jobs directly related to Sealaska's activities.

In this section, spending and employment data are provided for Sealaska Corporation headquarters and the Sealaska Heritage Institute, both in Juneau, and Sealaska Timber Corporation (STC), headquartered in Ketchikan and with employees in Hoonah and Craig.

Spending and employment data reveal important economic impacts, but do not provide a complete picture of the corporation's impact on the Southeast region or its communities. Each year Sealaska Heritage Institute awards a number of scholarships to shareholders and shareholder descendants. While the dollar value of scholarships awarded in 2008 is included in this analysis, the long-term economic benefits of these investments (such as recipients of educational funding returning to Southeast Alaska with degrees and vocational certificates) are beyond the scope of this report. Sealaska Corporation's shareholder intern program and shareholder hire policy likewise have provided educational and career opportunities that otherwise may not have been available to many Southeast residents. Shareholders also have benefited from corporate dividends. In 2008, Sealaska Corporation paid \$7.9 million to shareholders in Southeast communities, an average of \$432 per shareholder.

Sealaska-Related Spending in Southeast Alaska

Sealaska Corporation headquarters, the Sealaska Heritage Institute, and Sealaska Timber Corporation spent a combined \$45 million in payroll and the purchase of goods and services in Southeast Alaska in 2008. Approximately 350 businesses and nonprofit organizations in 16 Southeast communities received Sealaska-related spending in 2008. These businesses include logging and towing contractors, marine service centers, air carriers, and nonprofit organizations, among others.

Sealaska Corporation Headquarters Spending

In 2008, Sealaska Corporation headquarters spent approximately \$9.1 million on the purchase of goods and services in Southeast communities, compared to \$8.6 million spent in 2007. Sealaska Corporation spending was slightly decreased in Kake, from roughly \$1.6 million in 2007 to \$1.5 million in 2008, and slightly increased in Klawock, from \$860,000 in 2007 to \$1 million in 2008.

**Sealaska Corporation Headquarters Spending
in Southeast Alaska, by Community, 2000, 2002, 2003, 2007 and 2008
(in thousands of dollars)**

| Community | 2000 | 2002 | 2003 | 2007 | 2008 |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|
| Juneau | \$3,950 | \$5,988 | \$3,314 | \$4,055 | \$4,529 |
| Craig | 428 | 381 | 713 | 388 | 411 |
| Hoonah | 196 | 124 | 158 | 66 | 52 |
| Hydaburg | 111 | 167 | 137 | 562 | 654 |
| Ketchikan | 305 | 234 | 103 | 469 | 489 |
| Angoon | 38 | 147 | 91 | 24 | 8 |
| Klawock | 91 | 146 | 86 | 860 | 1,007 |
| Kake | 1,026 | 207 | 66 | 1,571 | 1,490 |
| Sitka | 152 | 27 | 58 | 49 | 47 |
| Yakutat | 58 | 97 | 50 | 317 | 401 |
| Haines | 25 | 9 | 23 | 231 | 43 |
| All Other Southeast | 3 | 3 | 4 | 13 | 9 |
| Total Southeast Spending | \$6,383 | \$7,530 | \$4,803 | \$8,605 | \$9,140 |

Source: Spending data provided by Sealaska Corporation.

Sealaska Heritage Institute Spending

In 2008, the Sealaska Heritage Institute spent a total of approximately \$900,000 on the purchase of goods and services. This includes spending on scholarships awarded to Sealaska shareholders and shareholder descendents. Data on spending by location was unavailable for 2007, but if the proportion spent in Southeast is assumed to be similar to that found in previous studies, approximately two-thirds (\$980,000) was spent in Southeast communities in 2007. In 2008, nearly \$410,000 of the spending went to scholarships awarded to Sealaska shareholders or shareholder descendents living around the country, including Southeast communities.

Sealaska Heritage Institute Spending, 2003, 2007 and 2008

| Region | 2003 | 2007* | 2008 |
|-----------------------|-------------|--------------|-------------|
| Total Spending | \$790,000 | \$1,592,000 | \$900,000 |
| Spending in Southeast | \$485,000 | \$980,000* | \$490,000 |

Source: Spending data provided by Sealaska Heritage Institute.

*Note: The 2007 figure for Heritage Institute spending in Southeast Alaska is a McDowell Group estimate; actual regional spending data were not available from Heritage Institute or Sealaska Corporation at the time of this report.

Sealaska Timber Corporation Spending

Sealaska Timber Corporation spent approximately \$28 million on the purchase of goods and services in support of Southeast logging activity in 2008, a 13 percent increase in spending since 2007. Most of STC's spending goes to logging, stevedoring, and towing contractors operating in the Prince of Wales Island area. The following table shows STC's direct spending by community in 2007 and 2008.

**Sealaska Timber Corporation Spending
In Southeast Alaska, by Community*, 2000, 2002, 2003, 2007 and 2008
(in thousands of dollars)**

| Community | 2000 | 2002 | 2003 | 2007 | 2008 |
|------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| POW Island | \$16,753 | \$15,615 | \$17,304 | \$9,510 | \$12,561 |
| Ketchikan** | 14,093 | 10,928 | 10,751 | 14,701 | 15,350 |
| Kake | 331 | 5,312 | 4,568 | 4 | 4 |
| Hoonah | 16,034 | 5,031 | 4,353 | 783 | 282 |
| Juneau | 177 | 53 | 210 | 19 | 100 |
| All Other Southeast | 537 | 374 | 398 | 9 | 7 |
| Total Spending in Southeast | \$47,925 | \$37,313 | \$37,584 | \$25,026 | \$28,304 |

Source: Vendor data provided by STC.

*Note: Spending attributed to location of contractor or vendor headquarters.

**Note: Ketchikan spending includes STC contracts for logging and related activity located on POW Island.

Sealaska-Related Employment and Payroll

Sealaska Corporation employment and its contractor employment combined continue to make the corporation one of the largest for-profit private sector employers in Southeast Alaska. In terms of peak employment, Sealaska accounts for more jobs than Alaska Airlines or Greens Creek Mining Company, two of the region's other large for-profit private employers.

Sealaska Corporation headquarters employment in Juneau averaged 52 workers in 2008, with a total payroll of \$4.6 million. Sealaska Heritage Institute employment in Juneau averaged 25 workers, with a total payroll of \$950,000 for the year. STC directly employed an average of 16 workers in Southeast in 2008, including 11 in Ketchikan, four in Craig, and one in Hoonah. These jobs accounted for \$1.3 million in total annual payroll.

**Sealaska Corporation, Sealaska Timber Corporation, and Sealaska Heritage Institute,
Payroll in Southeast Alaska, 2000, 2002, 2003, 2007 and 2008
(in thousands of dollars)**

| | 2000 | 2002 | 2003 | 2007 | 2008 |
|---------------------------------------------------|------------------|----------------|----------------|----------------|----------------|
| Sealaska Corporation Headquarters | \$4,200 | \$2,300 | \$2,220 | \$3,889 | \$4,607 |
| Sealaska Heritage Institute | ---* | 490 | 742 | 1,350 | 950 |
| Sealaska Timber Corporation Headquarters | 2,160 | 1,578 | 1,962 | 1,088 | 1,252 |
| Total Sealaska Payroll in Southeast Alaska | \$6,360** | \$4,368 | \$4,924 | \$6,327 | \$6,809 |

Source: Payroll data provided by Sealaska Corporation, Sealaska Heritage Institute, and STC.

*Sealaska Heritage Institute payroll data was unavailable for 2000.

**Does not include Sealaska Heritage Institute Payroll

Sealaska Timber Corporation timber harvest-related contracts and Sealaska silviculture contracts created an estimated peak of 261 jobs in Southeast Alaska in 2008, down from approximately 330 jobs in 2007. While payroll data is not available for these contractors, it is estimated that STC contractor jobs accounted for roughly \$10 million in total payroll in 2008, two-thirds of total Sealaska-related payroll in Southeast Alaska that year.

Sealaska-Related Annual Average Employment in Southeast Alaska, 2002, 2003, 2007 and 2008

| | 2002 | 2003 | 2007 | 2008 |
|---------------------------------------------------------------------|------------|------------|------------|------------|
| Sealaska Corporation Headquarters | 34 | 38 | 45 | 52 |
| Sealaska Heritage Institute | 19 | 17 | 22 | 25 |
| Sealaska Timber Corporation Headquarters | 29 | 29 | 16 | 16 |
| STC and Sealaska Contractors | 425 | 330 | 220 | 165 |
| Total Sealaska-Related Direct Employment in Southeast Alaska | 507 | 415 | 303 | 258 |

Source: Sealaska Corporation, Sealaska Heritage Institute, STC and STC vendor employment data supplied by STC.

Sealaska-Related Peak Employment in Southeast Alaska, 2002, 2003, 2007 and 2008

| | 2002 | 2003 | 2007 | 2008 |
|---------------------------------------------------------------------|------------|------------|------------|------------|
| Sealaska Corporation Headquarters | 40 | 44 | 50 | 60 |
| Sealaska Heritage Institute | 24 | 22 | 24 | 25 |
| Sealaska Timber Corporation Headquarters | 34 | 30 | 17 | 17 |
| STC and Sealaska Contractors | 597 | 635 | 330 | 261 |
| Total Sealaska-Related Direct Employment in Southeast Alaska | 695 | 730 | 421 | 363 |

Source: Sealaska Corporation, Sealaska Heritage Institute, STC and STC vendor employment data supplied by STC.

Region-wide, Sealaska Corporation, Sealaska Heritage Institute, Sealaska Timber Corporation, and STC contractors employed approximately 363 full-time and part-time workers in 2008 in Southeast Alaska. Annual average employment was 258 workers. This represents a 14 percent decline in the total number of employees (peak employment) from 2007 to 2008 and a 15 percent decline in annual average employment during the same time period. Sealaska-related employment created an estimated \$15 million in payroll to Southeast Alaska workers.

The following table provides Sealaska contractor-related employment for key communities and areas of Southeast. Hydaburg, Kake, and the Craig/Klawock areas are the most affected by Sealaska-related employment in the region. The total of 303 workers differs from the peak employment figure of 261 noted in the previous table due to how ship-loading employment is measured. At any one time in 2008, the most people employed loading logs onto ships was 79. A total of 135 Kake and Hydaburg residents, however, earned some income from ship loading in 2008. The following table reflects this larger number. Other Kake and Hydaburg residents were employed in other jobs related to Sealaska timber activity, pushing total Sealaska-related employment in those communities to 87 and 68 jobs, respectively.

**Sealaska Timber Corporation Contractor Employment
in Southeast Alaska, 2000, 2002, 2003, 2007 and 2008**

| Community | 2000 | 2002 | 2003 | 2007 | 2008 |
|----------------------------------|-------------|-------------|-------------|-------------|-------------|
| Kake | 143 | 118 | 130 | 30 | 87 |
| Hydaburg | 74 | 82 | 85 | 70 | 68 |
| Craig/Klawock/Other POW | 249 | 228 | 250 | 200 | 117 |
| All Other Southeast | 309 | 169 | 170 | 30 | 31 |
| Total Southeast Employees | 775 | 597 | 635 | 330 | 303 |

Source: McDowell Group estimates based on data supplied by Sealaska and STC.

Sealaska's direct spending on payroll and the purchase of goods and services creates additional economic activity in the local economy, referred to as the multiplier effect. Including direct and indirect employment and payroll, Sealaska-related employment totals approximately 490 workers and \$21 million in payroll in Southeast Alaska, based on McDowell Group estimates.

Sealaska's Impacts in Local Economies

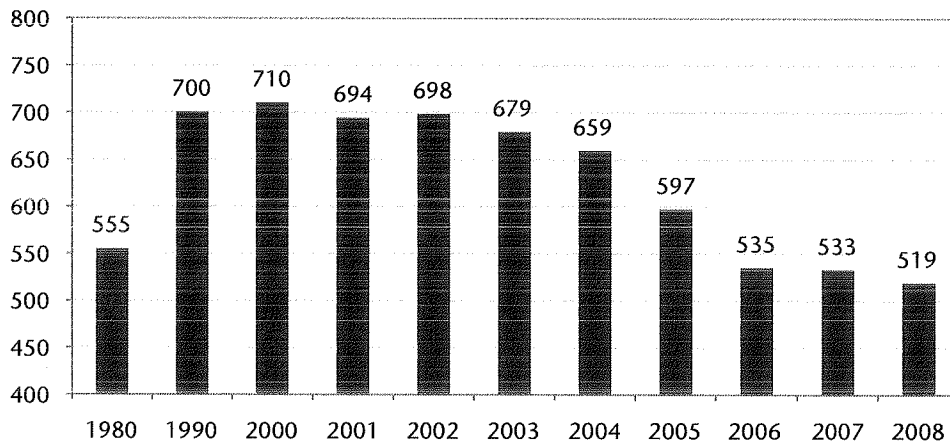
Kake

In the past, Sealaska Timber Corporation timber harvests have played an important role in the Kake economy. Though STC has not harvested any timber in the Kake area since 2006, when 15 mmbf were cut, Sealaska has continued to have a positive economic impact on the community through ship-loading employment and employment associated with silviculture activities. Despite Sealaska's contribution, the community continues to struggle economically.

Population

Kake is a community of 519 residents (2008) located on the northwest coast of Kupreanof Island. The community's population has declined steadily since 2000, when it had 710 residents. Kake's economy is based on commercial fishing and seafood processing, local government, tourism, and remaining timber and silviculture activities.

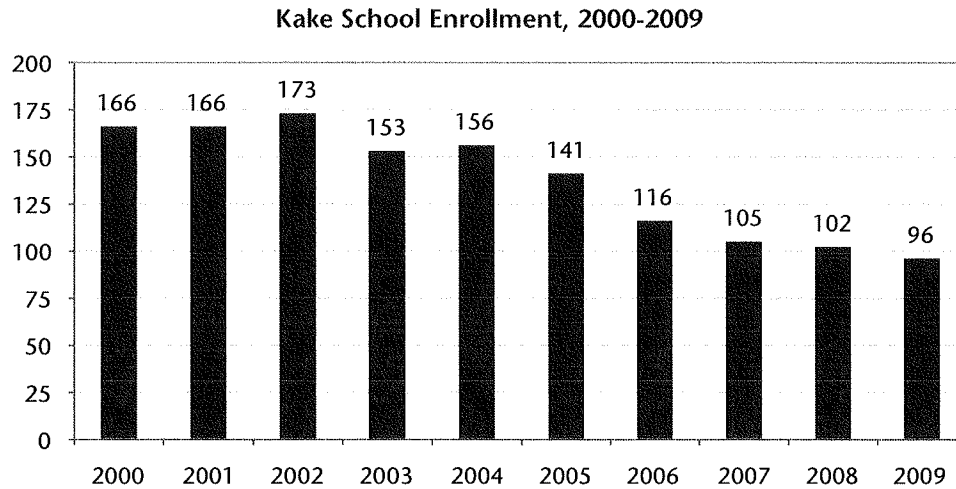
Kake Population, 1980, 1990, and 2000-2008



Source: ADOL 2008 population estimates.

School Enrollment

School enrollment trends reflect the community's population decline. The most recent school enrollment numbers are 45 percent below the peak of seven years ago.



Source: ADEED district enrollment totals, 2000-2009.

Employment

ADOL data illustrates the importance of local government and tribal services in terms of employment in Kake. The top three employers are the City of Kake, the Kake City School District, and the Organized Village of Kake. This indicates a shift from the recent past (2003), when all three top employers were private-sector companies. Currently, Kake Tribal Corporation is the community's largest private-sector employer, and the fourth largest employer overall. Detailed employment data for individual employers is no longer available from ADOL, so 2007 data remains the best available information. The only notable change in the top ten list is the shutdown of LAB Flying Service. It also should be noted that Southeast Stevedoring, which employed 73 Kake residents on a temporary part-time basis in 2008, is not included in ADOL employment data for Kake because it does not have any operations in the Kake area.

Top Ten Employers in Kake, 2007
Non-Agricultural Employment

| Employers | Annual Average Employment | Peak Monthly Employment |
|---------------------------------------------|------------------------------|----------------------------|
| City of Kake | 27 | 37 |
| Kake City School District | 25 | 33 |
| Organized Village of Kake | 25 | 28 |
| Kake Tribal Corporation | 23 | 36 |
| Southeast Alaska Regional Health Consortium | 14 | 15 |
| SOS Value-Mart Inc. | 13 | 15 |
| Gunnuk Creek Hatchery | 13 | 19 |
| CSC Tree Service Inc. | 10 | 36 |
| Catholic Community Services Inc. | 5 | 6 |
| LAB Flying Service Inc. | 5 | 6 |
| All Other Employers (17) | 33 | 59 |
| Total Employment | 193 | 290 |

Source: ADOL, unpublished statewide employer data.

Consistent with population trends, employment in Kake has declined significantly in recent years. From an annual average employment of 311 jobs in 2003, the community's employment fell to 193 in 2007 and recovered very slightly to 196 jobs in 2008. Much of the decrease in employment since 2003 can be attributed to the cessation of Kake Tribal Logging and Timber operations in 2004 and Kake Foods in 2006. Together, these two companies averaged 108 jobs in 2003, according to ADOL.

Employment in Kake, 2003-2008
Non-Agricultural Employment

| Year | Annual Average Employment |
|------|------------------------------|
| 2003 | 311 |
| 2004 | 200 |
| 2005 | 197 |
| 2006 | 218 |
| 2007 | 193 |
| 2008 | 196 |

Source: ADOL, unpublished data.

Wage and salary employment in Kake generated \$4.6 million in payroll in 2008, down from the 2007 payroll total of \$4.8 million, according to ADOL data.

Commercial Fishing

Commercial fishing activity is an important source of income for Kake residents. While participation in commercial fisheries has declined significantly in recent decades, ex-vessel values have been reasonably stable since 2000, with estimated annual gross earnings ranging from \$800,000 to \$1.1 million. In 2008, 23 Kake resident permit holders fished 33 different permits, and earned \$916,000 in gross (ex-vessel) revenue.

Commercial Fishing Activity in Kake, 2000-2008

| Year | Fishermen Who Fished | Permits Fished | Pounds Landed | Est. Gross Earnings |
|------|----------------------|----------------|---------------|---------------------|
| 2000 | 28 | 45 | 1,081,000 | 890,000 |
| 2001 | 26 | 42 | 2,726,000 | 1,018,000 |
| 2002 | 26 | 43 | 2,880,000 | 817,000 |
| 2003 | 24 | 39 | 2,730,000 | 867,000 |
| 2004 | 30 | 43 | 1,290,000 | 883,000 |
| 2005 | 27 | 37 | 970,000 | 810,000 |
| 2006 | 25 | 38 | 1,216,000 | 1,067,000 |
| 2007 | 23 | 32 | 1,524,000 | 1,068,000 |
| 2008 | 23 | 33 | 823,000 | 916,000 |

Source: Commercial Fishing Entry Commission, permit and fishing activity by community, 2000-2008.

Personal Income

Based on data from the Bureau of Economic Analysis and the US Census Bureau, McDowell Group estimates that personal income in Kake totaled approximately \$11 million in 2008.

In 2000, Sealaska directly or indirectly accounted for 30 percent of all personal income dollars flowing into Kake. In 2003, Sealaska accounted for about one-fifth of all personal income dollars, or approximately \$2.5 million (including dividends). In 2008, Sealaska-related employment in the Kake area was limited to 87 mostly part-time jobs, including ship-loading and silviculture jobs. These workers earned approximately half a million dollars. Sealaska also contributed \$207,000 in dividends to Kake residents in 2008. In total, Sealaska accounted for approximately \$700,000 in personal income, or about 6 percent of the community total.

Commercial fishing accounted for an estimated \$600,000 in annual personal income. This amount is less than the total ex-vessel value. Ex-vessel value is a measure of gross income to fishermen. Take-home pay (personal income) is ex-vessel value less expenses such as fuel, gear, insurance, etc.

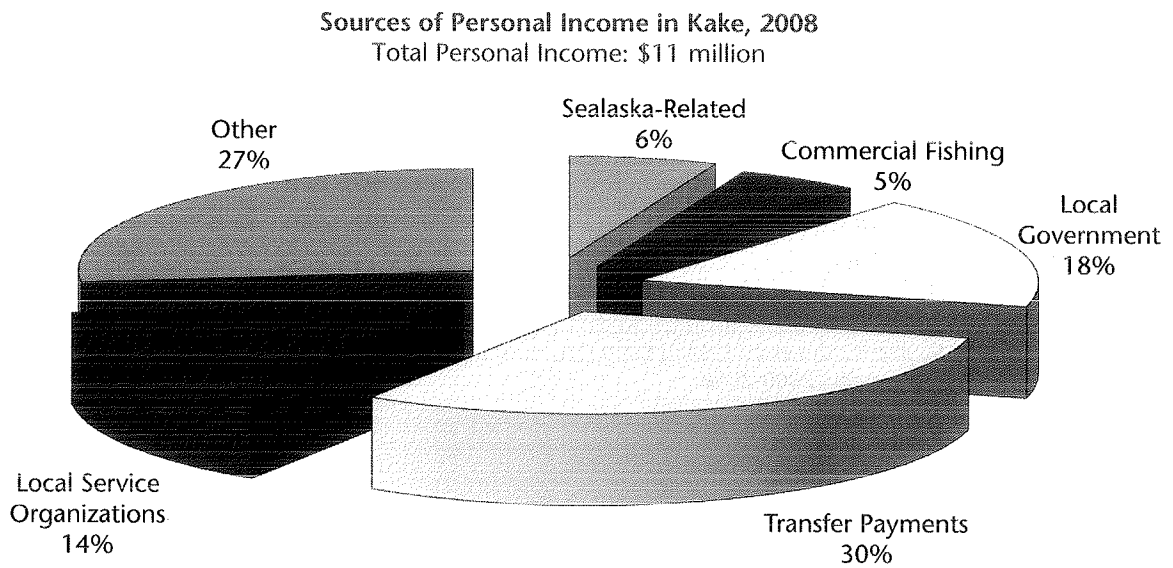
Local government, including city offices and the Kake City School District, contributed \$2 million in personal income to community residents in 2008, approximately 18 percent of all local personal income.

Local service organizations include Organized Village of Kake, Southeast Alaska Regional Health Consortium (SEARHC), the Rural Alaska Community Action Program, and other organizations providing services to local

residents. Together these organizations accounted for approximately \$1.5 million in personal income, or 14 percent of total personal income in 2008.

In 2008, transfer payments accounted for approximately 30 percent of all personal income for Kake residents, or about \$3.3 million. Again, transfer payments include all payments from governments to individuals, such as Alaska Permanent Fund dividends, Social Security payments, welfare payments, and other government transfers.

The "other" category of personal income includes all other sources, in particular income generated from other private sector commercial activity, such as construction, retail sales, and transportation services. It also includes state and federal government, which employ a small number of Kake residents. The total estimated personal income from this category was approximately \$3 million in 2008.



Source: McDowell Group estimates.

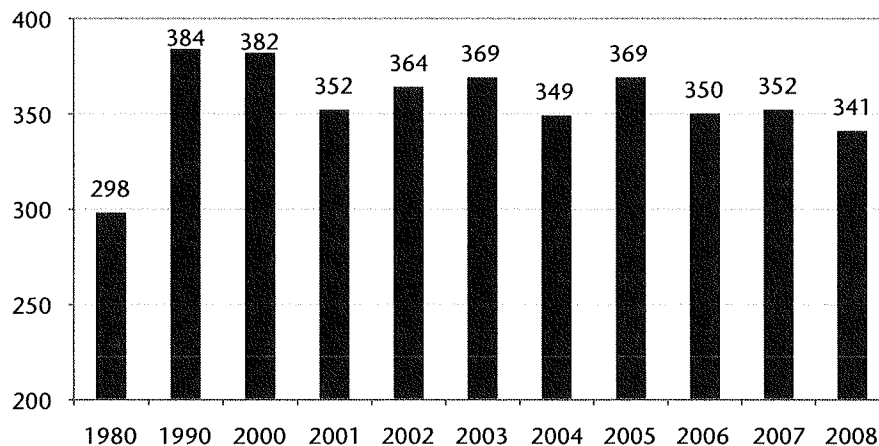
Hydaburg

In 2008, STC harvested 30mmbf in the Hydaburg area, down slightly from 31 mmbf in 2007 and significantly from the 81 mmbf harvested in 2004. With regard to Sealaska timber harvests, the community of Hydaburg benefits primarily from the employment opportunities associated with loading logs onto ships for transport to overseas export markets.

Population

Since 1990, Hydaburg has maintained a fairly stable population, ranging between 340 and 385 residents, though the general trend is down. In 2008, the community had a population of 341, its lowest point since prior to 1990. Hydaburg's economy is based on commercial fishing activity, timber harvesting, and local government.

Hydaburg Population, 1980, 1990, and 2000-2008

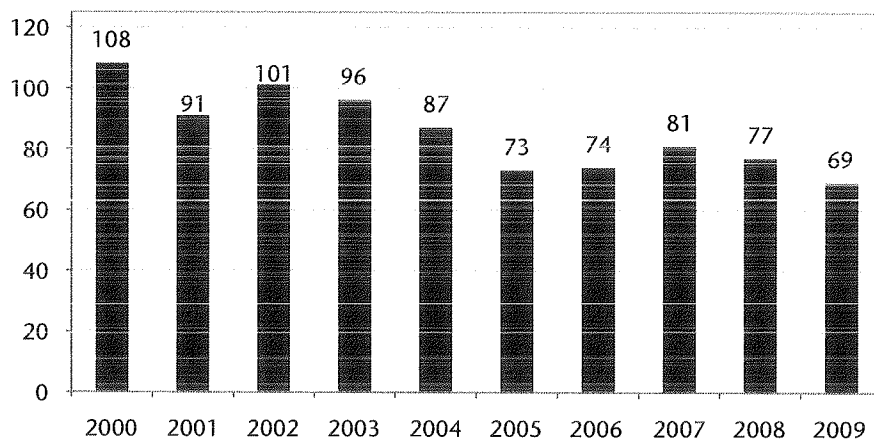


Source: ADOL 2008 population estimates.

School Enrollment

Hydaburg's school enrollment has fallen more significantly than has the local population. School enrollment is currently at about 69 students, 36 percent below the 2000 level.

Hydaburg School Enrollment, 2000-2009



Source: ADEED district enrollment totals 2000-2009.

Employment

As in other remote villages in Southeast, Hydaburg's local school district and tribal council provide a significant number of jobs within the community. Employment data for 2007 indicates the school district was the largest employer in Kake that year; preliminary 2008 data suggests, however, the Hydaburg Cooperative Association moved to the top spot last year.

Top Ten Employers in Hydaburg, 2007
Non-Agricultural Employment

| Employers | Annual Average Employment | Peak Monthly Employment |
|---------------------------------------------|----------------------------------|--------------------------------|
| Hydaburg City School District | 19 | 24 |
| Hydaburg Cooperative Assoc. (IRA) | 17 | 20 |
| Southeast Stevedoring | 15 | 33 |
| Southeast Alaska Regional Health Consortium | 11 | 13 |
| Haida Corporation | 7 | 10 |
| City of Hydaburg | 4 | 5 |
| Catholic Community Services Inc. | 2 | 3 |
| Grants Towing Inc. | 2 | 3 |
| US Postal Service | 2 | 2 |
| Rural Alaska Community Action Program | 1 | 1 |
| All Other Employers (2) | 1 | 3 |
| Total Employment | 80 | 117 |

Source: ADOL, unpublished statewide employer data.

In 2007, Southeast Stevedoring was the top private sector employer in the community, providing one-fifth of the annual average employment. Southeast Stevedoring reported having 60 Hydaburg residents on its payroll in 2007 and 62 in 2008.

Between 2005 and 2007, employment in Hydaburg remained fairly stable at between 70 and 80 annual-average jobs. Employment increased to an average of 87 jobs in 2008, mostly the result of increased local government employment.

Employment in Hydaburg, 2003-2008
Non-Agricultural Employment

| Year | Annual Average Employment |
|-------------|----------------------------------|
| 2003 | 73 |
| 2004 | 71 |
| 2005 | 77 |
| 2006 | 80 |
| 2007 | 80 |
| 2008 | 87 |

Source: ADOL, unpublished data.

Wage and salary employment in Hydaburg generated \$2.9 million in payroll in 2008, up from the 2007 payroll total of \$2.4 million, according to ADOL data.

Commercial Fishing

Earnings for Hydaburg residents from commercial fishing have been increasing in recent years and reached a high of \$1.7 million in 2007. The 2008 total was slightly less, with 23 local fishermen earning just less than \$1.5 million.

Commercial Fishing Activity in Hydaburg, 2000-2008

| Year | Fishermen Who Fished | Permits Fished | Pounds Landed | Est. Gross Earnings |
|------|----------------------|----------------|---------------|---------------------|
| 2000 | 21 | 31 | 935,000 | 510,000 |
| 2001 | 21 | 36 | 1,317,000 | 543,000 |
| 2002 | 18 | 31 | 936,000 | 369,000 |
| 2003 | 23 | 35 | 894,000 | 512,000 |
| 2004 | 21 | 34 | 1,189,000 | 643,000 |
| 2005 | 23 | 37 | 1,347,000 | 621,000 |
| 2006 | 22 | 40 | 965,000 | 832,000 |
| 2007 | 20 | 37 | 2,988,000 | 1,681,000 |
| 2008 | 23 | 40 | 1,492,000 | 1,465,000 |

Source: Commercial Fishing Entry Commission, Permit and Fishing Activity by Community, 2000-2008.

Personal Income

Based on McDowell Group estimates, Hydaburg's personal income totaled approximately \$6 million in 2008. The community has had among the lowest per capita income rates in the state. At the time of the census, per capita income in Hydaburg was \$11,401, about half the Alaska average.

In 2000, Sealaska timber harvests accounted for one-quarter (27 percent) of all personal income in Hydaburg. Southeast Stevedoring was the largest Sealaska-related source of employment, contributing about \$600,000 in personal income to the community that year. In 2008, Sealaska-related employment income to Hydaburg residents from Southeast Stevedoring totaled just less than \$400,000. Including other sources of employment income (several Hydaburg residents work for STC logging contractors) and dividend payments (about \$134,000 in 2008), Sealaska accounted for a total of approximately \$700,000 in personal income for Hydaburg residents in 2008, or about 12 percent of the community total.

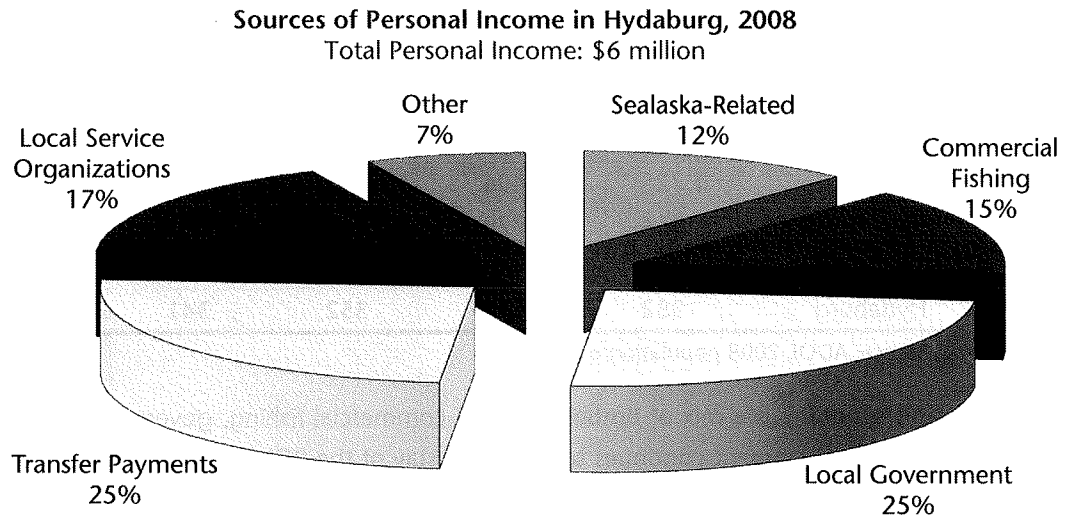
Commercial fishing accounted for an estimated \$900,000 in annual personal income for the 23 Hydaburg resident permit holders who fished 40 different permits in 2008.

Local government, including the school district, accounted for an estimated \$1.5 million in personal income in Hydaburg in 2008, 25 percent of the community total.

Local service organizations, including Southeast Alaska Regional Health Consortium (SEARHC), the Rural Alaska Community Action Program, and the Hydaburg Cooperative Association IRA, accounted for an additional \$1 million in personal income.

Transfer payments also accounted for about one-quarter of all personal income for Hydaburg residents in 2008, or about \$1.5 million. Again, transfer payments include all payments from governments to individuals, such as Permanent Fund dividends, Social Security payments, welfare payments, and other government transfers.

The “other” category of personal income includes all other sources, including Haida Corporation, other local businesses, and US Postal Service positions. The total estimated personal income from this category was roughly \$400,000.



Source: McDowell Group estimates.

Craig, Klawock, and Prince of Wales Island Economy

Though the population of Prince of Wales Island remains well below its peak, the island's population increased slightly in 2008, adding 112 residents, an increase of about 3 percent. Since 2000, the population of POW has declined 13 percent, primarily due to reduced timber harvests. The island's population was 4,581 in 2000, 593 residents more than in 2008. All of the recent growth has been in the Craig/Klawock area. Other communities on the island continue to experience population decline.

POW Island Population, by Community, 2000, 2006-2008

| Community | 2000 | 2006 | 2007 | 2008 | % Change 2000-2008 |
|------------|-------|-------|-------|-------|-----------------------|
| POW Island | 4,581 | 3,984 | 3,876 | 3,988 | -13% |
| Craig | 1,725 | 1,404 | 1,352 | 1,414 | -18% |
| Klawock | 854 | 779 | 741 | 785 | -8% |
| Thorne Bay | 557 | 480 | 465 | 440 | -21% |
| Hydaburg | 382 | 350 | 352 | 341 | -11% |

Source: ADOL 2008 population estimates.

The POW Island economy is a mix of timber industry, commercial fishing, government, and tourism related employment. Local government continues to be a mainstay of the POW economy; the City of Craig and the Craig City School District were among the top three employers in 2007 and 2008. Other key employers include Alaska Commercial Company, the US Forest Service, Viking Lumber, and Southeast Alaska Regional Health Consortium (SEARHC).

Top Ten Employers on Prince of Wales Island, 2007
Non-Agricultural Employment

| Employers | Annual Average Employment | Peak Monthly Employment |
|-----------------------------------------------|------------------------------|----------------------------|
| Craig City School District | 83 | 96 |
| Alaska Commercial Company | 82 | 103 |
| City of Craig | 63 | 70 |
| Southeast Island School District | 56 | 76 |
| US Forest Service (Department of Agriculture) | 49 | 58 |
| Klawock City School District | 37 | 46 |
| Viking Lumber Company, Inc. | 36 | 38 |
| Southeast Alaska Regional Health Consortium | 33 | 36 |
| Alaska Power & Telephone Co. | 31 | 34 |
| City of Klawock | 28 | 31 |
| All Other Employers (142) | 691 | 1,174 |
| Total Employment | 1,187 | 1,762 |

Source: ADOL, unpublished statewide employer data.

Total employment on POW Island in 2008 averaged 1,280 jobs, 36 jobs fewer than in 2007. Total payroll for 2008 was \$40.5 million, just above the 2007 total of \$40.1 million. Sealaska-related employment on POW Island totaled approximately 210 full and part-time jobs and \$8 million in payroll.

Sealaska accounted for approximately \$6 million in personal income to residents of Prince of Wales Island in 2008. (Some Sealaska-related payroll on POW is earned by workers who are not residents of the island).