

We're an Alaskan bank – deeply committed to the communities we serve. We're proud to offer local loan decisions, a full selection of deposit and investment services, on-line banking, and our own personal style of service, which we call "Customer First" service.

*Come in and get the local connection.*

  
**Northrim Bank**  
Customer First Service  
Anchorage • Eagle River • Wasilla • Fairbanks  
562-0062 • 1-800-478-2265  
 www.northrim.com  
Member FDIC • Equal Opportunity Lender

  
**Proud to be Alaskan**

For permission to reproduce any portion of this newsletter, please call (907)258-3700.



Anchorage Economic Development Corporation

900 West Fifth Avenue, Suite 300  
Anchorage, Alaska 99501

BULK RATE  
U.S. POSTAGE  
PAID  
Anchorage, AK  
Permit No. 882

The Anchorage Economic Development Corporation is a private, non-profit corporation (IRS code 501(c)(6)), operating since 1987. It exists to encourage growth and diversity in the Anchorage economy, promote a favorable business climate and improve the standard of living of Anchorage residents. Funding sources for the corporation are municipal grants, state grants and contracts, and private donations.

# UPDATE

◆ Anchorage Economic Development Corporation

August 2001 ◆

## AEDC Rebuilds its Strategic Direction to Better Serve Anchorage

By Jim Gorski  
Chairman, AEDC



The first lesson that every builder learns is that without a good foundation, the ultimate structure is doomed to have problems. This lesson takes many different forms, but the end result is still the same. A one-legged stool, while providing some support, can be tippy. A three-legged stool can offer a fair amount of stability, but is not as secure as a four-legged stool and so on. Upon a

good foundation, all building projects were possible.

The first six months of 2001 have seen a lot of reflection and new energy injected into the Anchorage Economic Development Corporation. We have come to realize that to better serve our community, it is absolutely critical that the economic foundation be expanded and as solid as possible. After a board retreat and a series of follow-up meetings, AEDC has recommitted its efforts to aggressively serve as a catalyst for economic development opportunities within Anchorage. AEDC recognizes, however, that it is but one pillar of the economic foundation. Anchorage's economic development message must be endorsed and shared by all of us in the development community. This means that whenever a visitor or prospective business customer comes to Anchorage, whether they are speaking with the Chamber of Commerce, the Resource Development Council, the World Trade Center, AEDC, or others, each of these organizations has the same general message with respect to

economic development. We each have our respective strengths which should be encouraged and called upon in times of need, but the overriding economic development message must be community-wide and consistent. AEDC will be looking to work more closely with all our development-oriented groups to encourage each to sharpen its message and focus on its respective strengths.

AEDC has also come to realize that in order to maximize its efficiencies, it needs to focus its efforts on industry opportunities that can be leveraged, preferably relying upon Anchorage's existing strengths. While AEDC will not relinquish its extensive economic database, or research and analysis function, it will focus its efforts on attracting new business in select industries with the greatest potential for leveraged growth. For those new ventures that don't quite fit the target, AEDC will be working to insure that these entrepreneurial options are lined up with a local economic development organizations that best fits their present needs. Working in this cooperative fashion, we hope that we all realize a greater efficiency and participation in growing our economic pie.

Finally, whenever practical and possible, AEDC will be requesting assistance from our members to assist in marketing Anchorage opportunities. If a business opportunity is revealed which can be serviced locally, AEDC will seek to "add value" to existing businesses by encouraging those who have already made the commitment to Alaska to step up to the plate and take advantage of an additional business opportunity.

AEDC's new direction is to ensure that it functions as an economic catalyst for Anchorage, which concurrently integrates the particular uniqueness and expertise that the other community-based development agencies and organizations have to offer. Corroborate

See AEDC, *Continued on page 3*

**2001 AEDC BOARD OF DIRECTORS**

**OFFICERS**

James M. Gorski - Chairman  
Partner, Hughes Thorsness Powell  
Huddleston & Bauman LLC  
Gene O'Hara - Vice Chairman  
Hospital Administrator, Providence  
Health System  
Kathy Porterfield - Secretary/Treasurer  
Managing Partner, KPMG

**VOTING MEMBERS**

Dennis Bird- Managing Director for  
AK Operations, Federal Express Corp.  
Nancy Bear Usera- Sr. VP Corporate  
Development, Alaska USA Federal  
Credit Union  
Steve Butterworth- VP Finance,  
Planning & Control, Phillips Alaska,  
Inc.  
Wesley Carson- President & Chief  
Administrative Officer, Alaska  
Communication Systems  
Larry Cash- President, RIM Architects  
Bill Deaver- AK General Manager &  
VP, Totem Ocean Trailer Express, Inc.  
Tony Izzo- President & CEO, Enstar  
Natural Gas Co.  
James Kubitz- VP Real Estate & Project  
Planning, Alaska Railroad Corporation  
Edward Lamb- CEO & President,  
Alaska Regional Hospital  
Tom Maloney- VP, Marketing &  
Business Development, VECO Corp.  
Kirk McGee- VP, Real Estate, CIRI  
Dale Morman- President, Anchorage  
Sand & Gravel Co., Inc.  
Randy Newcomer- President, Williams  
Alaska Petroleum, Inc.  
Carolyn Ottosen- Alaska Division  
Manager, United Parcel Service  
James Palmer- VP External Affairs, BP  
Exploration (Alaska), Inc.  
Mark Pfeffer- President, Koonce Pfeffer  
Bettis  
Mike Porcaro- President, Porcaro  
Communications  
Royce Rock- Business Manager,  
Carpenters Union Local No. 1281  
Mike Sexton- Publisher & President,  
Anchorage Daily News  
Mary Sholton-Witte- Vice President,  
Northern Air Cargo  
Richard Strutz- Regional President,  
Wells Fargo Bank Alaska  
Dana Tindall- Sr. VP Regulatory &  
Legal Affairs, GCI

**AEDC - From Leadership to Action**



**PRESIDENT'S REPORT**

By Larry Crawford  
President & CEO, AEDC

In the last several months the AEDC Board of Directors and I have been revisiting our strategic direction. This process included a one day strategic planning session that was facilitated by Ken Thompson, President & CEO of Pacific Rim Leadership Development. This session was followed by a series of Executive Committee meetings in which the results of the Board's planning sessions were evaluated and expanded upon. At its May 16th meeting, the Board of Directors adopted the following elements defining AEDC's strategic direction.

**AEDC VISION**

AEDC is a catalyst for facilitating diversified economic development and a champion for Anchorage's economic growth.

**SLOGAN**

"Anchorage--Crossroads to the World"

**VALUES**

Ethical • Responsive • Credible • Collaborative • Entrepreneurial • Effective

**PRIORITY STRATEGIES**

1. Execute a well-organized plan to contact key existing businesses and assess policies and programs that would encourage their expansion.
2. Implement a strategic marketing plan focused on attracting new businesses in select industries with the most potential for leveraging growth, incorporating a network of Anchorage business leaders who can help build relationships with others in related industry sectors.
3. Provide Anchorage economic development data and information to businesses.
4. Align with other appropriate organizations in Anchorage to prevent duplication of efforts and to communicate and market a common vision for economic development and growth.
5. Communicate the direction of AEDC to all members and better align them to AEDC efforts, ensuring they see positive contributions and value for their investment in AEDC.
6. Oversee management of financial and personnel resources, ensuring resources are allocated properly to achieve the strategies above in a positive team environment.

Periodically, we will evaluate our strategic priorities in order to keep pace with the needs of the community and the changing global economy.

Welcome to the AEDC Board of Directors  
**Tony Izzo**  
President & CEO, Enstar Natural Gas Co.

See President's  
Report,  
Continued on  
page 3

**New Emergency Department Opens at Providence Alaska Medical Center**

ANCHORAGE, Alaska – Construction completed on a new emergency department at Providence Alaska Medical Center June 28 as it opened its doors for patients.

The new state-of-the art facility is part of a \$45-million expansion project that adds 100,000 square feet of space to Alaska's largest medical center. The opening of the emergency department ended the first phase of the project, which also included expanding the day surgery program, adding new entrance and lobby areas and adding two floors of medical office space.

The last time Providence renovated its emergency department was in 1985 and it was built to handle approximately 30,000 patient visits a year. Currently, the department sees just more than 55,000 patients a year. The new facility is built to handle 75,000 to 80,000 patients a year.

The cornerstone of the new 39-bed emergency area is the 37 private patient rooms built to meet patients' and physicians' requests for privacy.

"The look and feel of this expansion project is a direct response to our programs' growth as well as our patients' and physicians' requests for expanded services and better facility design," said Vince Huntington, assistant administrator for patient support services. "Our patients have told us privacy is important to them, and we're responding by designing these key areas with that in mind. When patients come to this new emergency room, they will immediately notice an improve-

ment in the privacy and comfort of the facilities, which we think will make a difference in how they experience our services."



According to Dr. Dave Ingraham, medical director for the emergency department, the next best attribute of the new facility is

efficiency. "Along with a new look comes a new process created to get our patients in and out more efficiently. Our standard of care hasn't, and doesn't, change," he said. "We continue to provide high quality care, but what the new architectural design does is build in flexibility so we can change and adjust as needs change. This new design gives us the flexibility we need to meet the needs of the community not only today, but also in the future."

In terms of technological upgrades, Ingraham said the emergency department has been using state-of-the-art equipment for some time; however, there have been some additional upgrades built into the new facility. These include digital radiology equipment, a new Web-based patient tracking computer system, and improved communication tools.

"The technological upgrades ultimately improve our processes," he said. "Again, with the emphasis on becoming more efficient. We are constantly working to improve what we do so our service is faster, safer and more comfortable. Our patients deserve no less."

**Special Thanks!**

Thank You to Northern Economics for their substantial contribution to the Cook Inlet Natural Gas Supply and Demand Study that we published in our April issue of UPDATE.

**Thank You Annual Membership Luncheon Sponsors!**

Alaska USA Federal Credit Union  
Providence Health System  
Alaska Regional Hospital  
BP Exploration (Alaska) Inc.

**Welcome New AEDC Members!**

Carlile Enterprises, Inc.  
Forty-Niner Real Estate, Inc.  
Greatland Laser, LLC  
Rise Alaska, LLC

**Thank You UPDATE Newsletter Sponsors!**

Providence Health System  
Northrim Bank

## 4th Annual Logistics Summit Unveils New Opportunities and Developments

By Michael Kean  
Transportation Director, AEDC

The Top of The World Logistics Summit IV took place July 16-18, 2001 at the Hilton Anchorage Hotel. The summit was co-hosted by the Anchorage Economic Development Corporation and the Ted Stevens Anchorage International Airport. The prevailing theme for this annual event was Anchorage's strategic location – from a polar perspective – as the crossroads to the world.



At left: Anchorage business leaders are seated at the head table for the summit dinner.

Our local transportation infrastructure -comprising of the Ted Stevens Anchorage International Airport, Port of Anchorage, Alaska Railroad, and Logistics Trucking Companies – makes Anchorage the commercial center of Alaska. By working in collaboration, they present an opportunity for Anchorage to create future economic development and continue to grow as the logistics center of the northern hemisphere. This year's summit discussed ways that Anchorage could leverage its geographic advantages and attract new logistics-related business to the area.

The summit started off with an education roundtable hosted by the University of Alaska Anchorage. Session attendees included educational and business leaders from Alaska and around the country, as well as business leaders from Europe. The opening reception that followed was held at the Anchorage Hilton Hotel where delegates and guests were greeted by: Mayor George Wuerch, Anchorage Economic Development Corporation President & CEO Larry Crawford, and Ted Stevens Anchorage International Airport Director Mort Plumb.

The summit consisted of 8 sessions, each led by a

panel of 3-4 industry experts. Sessions included presentations on new opportunities and developments in Air Cargo Carriers, Global Postal Cargo, Intermodal Operations, Regulatory Clearance, Site Selection by Business Development & Third Party Logistics Providers, Global Supply Chain Management, Military Logistics and Oil & Gas Opportunities.

The panels of this summer's summit were excellent! The speakers were very informative and the summit continued to build on foundations laid during previous years.

The ultimate goal is to create an industrial global logistics park that would add value to cargo transiting through Anchorage. By continuing to convene those with experience, expertise and a vested interest in achieving this goal, through summits such as the Top of the World, Anchorage can move one step closer to that goal.



Above: Col. Stephen Cooper speaks during the Military Panel.

### Thank you Top of the World Logistics Summit Sponsors!

**Anchorage Economic Development Corporation**  
**Ted Stevens Anchorage International Airport**  
**Williams Lynxs Alaska CargoPort**  
**Carlile Transportation Systems**  
**CIRI**  
**CSX Lines**  
**Keiser Phillips & Associates**  
**Matanuska Susitna Borough**  
**University of Alaska Anchorage**

*Special Thanks to 3M for providing use of the projectors and to Frostbite Productions for assisting with the audio visual production.*

## President's Report *Continued from page 2*

In addition to refining AEDC's overall strategic direction, the major marketing and business development focus for new and existing businesses was established. Our focus for the next 18 months includes:

- Aggressively seeking out and pursuing opportunities with new and existing businesses in air cargo and military & commercial global logistics, light manufacturing & military support functions.
- Building on strengths in the tourism, convention and oil & gas industries.
- Identifying and evaluating potential business opportunities that could be available with increased natural gas supplies.
- Researching opportunities and developing strategies for expanding the high-tech, information technology and telecommunications sectors.
- Promoting, advocating, and facilitating efforts that strengthen our competitive position in the global economy.
- Provide assistance to existing businesses in implementing major economic development projects and expanding the local economy.

The results of the joint planning effort being undertaken by the AEDC with the Municipality of Anchorage and the Anchorage Chamber of Commerce will have a major influence on our future marketing and business development focus. This joint planning effort is discussed further in our cover article from the Board Chairman.

In summary, the AEDC is refocusing its efforts to better serve Anchorage. We all play a part in building our economic community, so we welcome your suggestions and involvement in marketing Anchorage's opportunities.

## AEDC *Continued from page 1*

tive marketing efforts, with a common development theme, will increase by many factors the current, somewhat diversified economic plans in our community. Already efforts have begun, with the Anchorage Chamber of Commerce, to help formulate a model to develop a community-wide economic development plan, to be followed by a strategic Anchorage marketing plan. Your continued financial support in this endeavor is invaluable. AEDC will be asking you, in the future, to perhaps dig deeper and show not only a willingness to provide the necessary financial support, but also provide your experience and talent in helping us market our community.

AEDC recognizes this simple fact: Our collective capabilities are substantial. Its new direction is to tap into that collective pool of wealth and use it to benefit all of us. It is our privilege and honor to serve as a catalyst in helping economic development occur in our community. Spend some time and look over AEDC's new strategic direction and plan for the future. We hope you will agree with us that, while it is a back to basics plan, it is one that will serve Anchorage well in the future. The AEDC board has endorsed and recommitted its support to this endeavor – we hope that you will do so as well.

### 2001 AEDC BOARD OF DIRECTORS

**EX-OFFICIO MEMBERS**  
 MUNICIPALITY OF ANCHORAGE  
 George Wuerch, Mayor  
 Dan Sullivan, Assembly Member  
 Dick Tremaine, Assembly Member

**LEGISLATIVE APPOINTMENTS**  
 Rep. Ethan Berkowitz  
 Senator Johnny Ellis

**FORMER BOARD CHAIRS**  
 Melvin R. Nichols, President, DOWL Engineers  
 Michael F. Brady, President, Ken Brady Construction Co., Inc.  
 B. John Shipe, Chief Information Officer, AK USA Federal Credit Union; CEO & President, AK Options Services Corp.  
 Ernie Hall, President, Alaska Furniture Manufacturers, Inc.  
 Mary K. Hughes, Attorney  
 Tenny B. Owens, President, Artique, Ltd.

**APPOINTED BY BOARD**  
 Bruce Bustamante, President & CEO, Anchorage Convention & Visitor's Bureau  
 E. Lee Gorsuch, Chancellor, University of Alaska, Anchorage  
 April Jensen, President, Anchorage Chamber of Commerce  
 Morton V. Plumb, Airport Director, Ted Stevens Anchorage International Airport  
 Robert Poe, Jr., Executive Director, AIDEA  
 Debby Sedwick, Commissioner, State of Alaska, DCED

**AEDC STAFF**  
 Larry Crawford, President & CEO  
 Michael Kean, Transportation Director  
 Geoffrey Pokorny, Research Director  
 Michelle Dickson, Director of Human Resources & Finance  
 Gene Dusek, Special Projects Manager  
 Cynthia Reimer, Communications Manager  
 Christa Hernandez, Executive Secretary

## Alaska's Corridor of Commerce

### PLATINUM SPOTLIGHT

By Governor Bill Sheffield  
Port Director, Port of Anchorage



Since its start in the 1960s, the Port of Anchorage has become a true corridor of commerce for Alaska. The Port and its business partners have worked together to bring about economic changes and diversification. The Port is the center of an intermodal transportation system serving the entire State of Alaska. Over 80 percent of the

state's residents receive 90 percent of their consumer goods through the Port of Anchorage. The Port plays a vital role supplying the raw materials, petroleum products, building and construction equipment and military supplies that fuel the state's economy. Indeed, it is estimated that the Port of Anchorage contributes \$725 million annually to the state's economy. Located closer to the major trade centers of the North Pacific than any other cargo port in the North America, the Port of Anchorage makes the movement of goods cost effective and helps keep Alaska businesses competitive with lower 48 markets.

The Port also plays a key role in National Defense. The Port's facilities are recognized as a "critical node" for military planners and a strategic port under certain Department of Defense contingency planning scenarios. Cargoes such as bulk jet fuel are supplied to an expanding international airport and to neighboring military bases. Safe, efficient and economical Port and harbor operations are of major importance to our military users as they continue to address their increasing theatre and worldwide deploying military missions.

As important as the Port of Anchorage is to all Alaskans, very few know of it and its operations. The Port is a Department of the Municipality of Anchorage. It is self supporting, receiving no tax support from the Municipality. Port revenues are used to support improvements to the Port, which in turn, provide a safe, efficient, effective and economical business climate for Port users. The Port is initiating an aggressive public

awareness campaign to remind people of our existence and importance to our state and community.

Future development at the Port of Anchorage has three primary objectives: 1) to accommodate existing customer requirements; 2) to accommodate growth and demand for customer services, especially with respect to potential new customers and the new generation vessels anticipated to call at the Port; and, 3) to stimulate economic development for the Municipality of Anchorage and State of Alaska by providing marine and landside transportation system improvements.

Accordingly, we have made a preliminary assessment of the Port's capital requirements and have identified several projects for an initial multi-year capital plan:

**Intermodal Marine Facility.** The first project would be the construction of a new, \$30 million multipurpose dock to accommodate standard 1000ft. container, cruise, military and bulk vessels.

**Intermodal Marine Facility Backlands.** The second project would develop upland support for the new dock including a dedicated buffer near Government Hill.

**Harbor Deepening Project.** Next on the list is dredging the harbor to a depth of -35ft. to -45 ft. along with dock and dock pile renovations. Expected to cost nearly \$47 million, this particular improvement would allow the Port to handle the military's largest supply vessels,

**Intermodal Facility Link.** This would connect the Intermodal Marine Facility to the main dock structure to provide multi-purpose cargo and passenger movement, This project would cost \$30 million.

**Seismic Stability Project.** This \$20 million improvement project would strengthen the existing dock structure to support the increased harbor depth.

**Dock Widening and Crane Acquisition.** Finally, the Port seeks to widen its existing dock to accommodate 100 ft. gage cranes and improve truck circulation, safety and efficiency. There are also plans to acquire the necessary cranes and dock operating support equipment. This project is currently estimated at \$40 million.

Funding sources for all of these projects above include federal grants and retained earnings from the Port.

## 2001 Economic Forecast Update Predicts 3,100 New Jobs

By Jeff Pokorny  
Research Director, AEDC

The first six months of 2001 have come and gone and it's time for our semi-annual look at the Anchorage economy. 2001 has been a fairly good year so far and there seems to be quite a bit of good news economic news for Anchorage, and the possibility of even more good news coming in the future.

Per Capita income data for the state was released recently, and Alaska improved to 15<sup>th</sup> in 2000 with a Per Capita income of \$30,064, up 6.3%. Income for the nation as a whole grew 7.3%. Data for the Boroughs will be released later in the year and census revisions may ultimately change Alaska's rank. However, as long as energy prices remain fairly high, and the economy in the Lower 48 continues to struggle, our relative position should continue to improve.

As the Anchorage economy continues to mature and become more global, we are more closely linked to the global economy than ever before. The global economy is currently slowing (even more than the U.S. economy) and that has created a scenario where, despite the interest rate cuts, the dollar is extremely strong right now. This is affecting global commerce, evidenced by a softening of the air cargo business worldwide.

One other consequence of the strong dollar is that Europe is a bargain for U.S. travelers this summer. A June 23<sup>rd</sup> article in the Anchorage Daily News termed the season "sluggish" and stated that the season might be flat with last year's tourist season. Undoubtedly some tourists have decided to stay home this summer in response to a slowing U.S. economy. However, on closer inspection, several interesting facts came out while I was researching for the update. Rental cars and recreational vehicles are difficult to rent this summer, traffic at the Ted Stevens Anchorage International Airport in May and June is up 3% over last year and bed tax collections are running 11% ahead of last year's pace. While the indepen-

dent traveler market is still strong, my guess is that the package traveler has indeed either stayed home or gone to Europe (my sense is that most people who go to Europe do so on package tours). It's a confusing picture right now, but the bed tax collections in July and August will help clear things up.

In the mining sector (which includes oil and gas), the situation is good. However, Gross National Product growth has slowed in the U.S. to around 1%. Should the economy tip into recession or should global demand slow even more, it may

result in lower oil prices. Currently, there is a tremendous amount of activity in the oil patch statewide, and employment in Anchorage is up some 500 jobs so far this year. The completion of the modules at the Northstar Stevedore Terminal will soften employment in the oil patch for the remainder of the year. Even so, I am revising my forecast from a gain of 100 jobs in 2001 to a gain of 300 jobs.

The construction season is also strong, currently 12% above last year's pace and ahead of 1998's record pace. In the commercial market, several speculative buildings are in the works – most notably a 110,000 square foot building at 3000 C

Street, and plans for a 23 story tower downtown are firming up. Commercial rents are up from an average of \$1.75 last year to approximately \$2.35 this year. Housing starts are up, especially in the duplex and multi-family markets and sales of existing homes are on pace to exceed 1998's pace of 3,400 sales. Prices are up as well, with the average home selling for over \$200,000 so far in 2001. Rates on 30 year fixed mortgages are up to 7.25% from 7% earlier this year, even with the interest rate cuts, due in part to demand for mortgages and a glimmer of inflation on the horizon.

In conclusion, Anchorage is proving once again to be nicely counter-cyclical to the rest of the nation. I am revising the AEDC 2001 economic forecast to show a gain of 3,100 jobs (2.3%) in 2001, with strength in mining construction and services.

