

2015 ANNUAL BUSINESS CONFIDENCE INDEX REPORT

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Summary of Key Findings

Anchorage Economic Development Corporation (AEDC) contracted with McDowell Group, an Alaska research and consulting firm, to conduct the seventh annual AEDC Business Confidence Index (BCI) Survey. The purpose of this survey is to assess business conditions in the Anchorage area and measure Anchorage business confidence entering 2015. A total of 245 businesses and organizations in Anchorage and Chugiak/Eagle River participated in the online survey, which was conducted between November 6 and December 19, 2014.

BUSINESS CONFIDENCE INDICES

With a maximum score of 100, an index above 50 indicates a generally optimistic outlook while below 50 indicates a generally pessimistic view.

While the indices in the six main areas (overall composite, Anchorage economy, gross sales, net profits, employment and capital expenditures) have trended upward since the first BCI survey was fielded in 2009; all indices have shifted downward since last year.

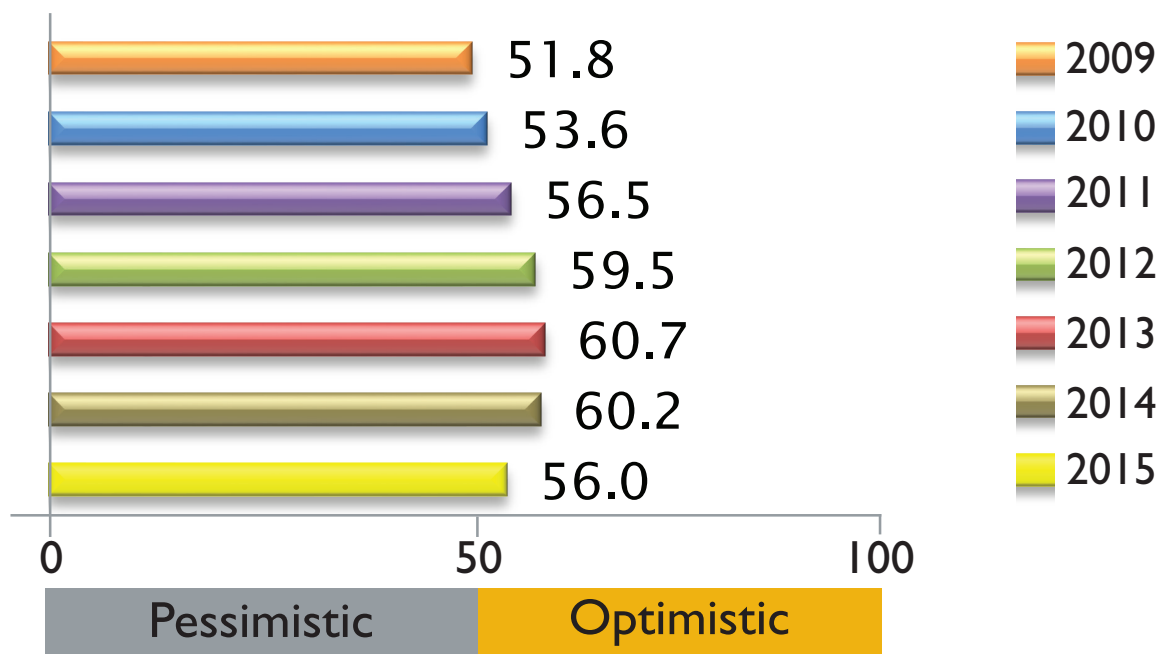
The AEDC Business Confidence Composite Index for 2015 is 56.0, down 4.2 points from 2014 (60.2).

Comparing other indices to last year's results, expectations for 2015 are:

- Lower for the Anchorage Economy, down 11.5 points to 46.9.
- Lower for gross sales, down 3.2 points to 61.9.
- Lower for net profits, down 1.3 points to 61.6.
- Lower for employment, down 1.6 points to 55.1.
- Lower for capital expenditures, down 3.4 points to 54.7.

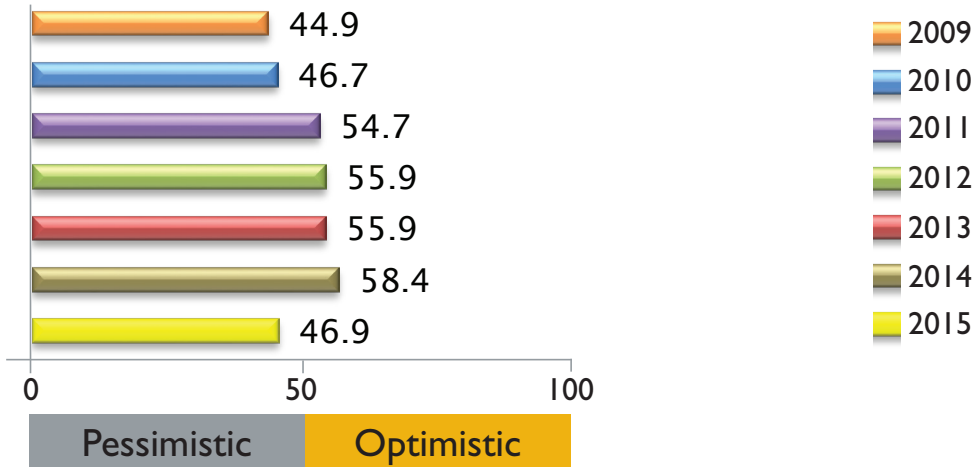
The following charts compare the indices for each annual AEDC BCI survey conducted since 2009.

Composite Business Confidence Index, 2009 - 2015
(0 - Large Decrease, 50 - No Change, 100 - Large Increase)

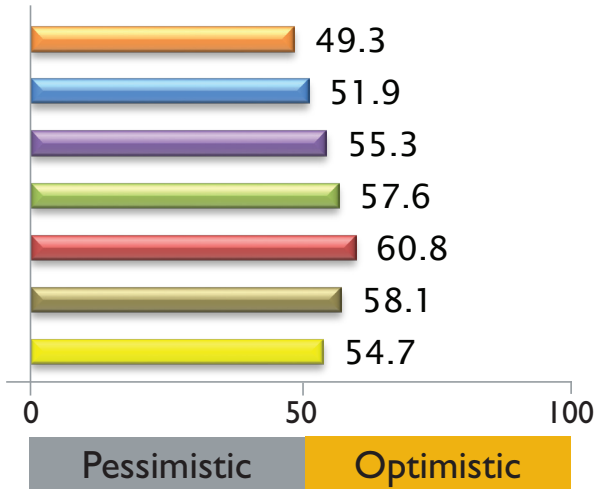


Anchorage Economy, Capital Expenditures, Employment, Net Profits and Gross Sales Business Confidence Indices, 2009-2015
 (0 - Large Decrease, 50 - No Change, 100 - Large Increase)

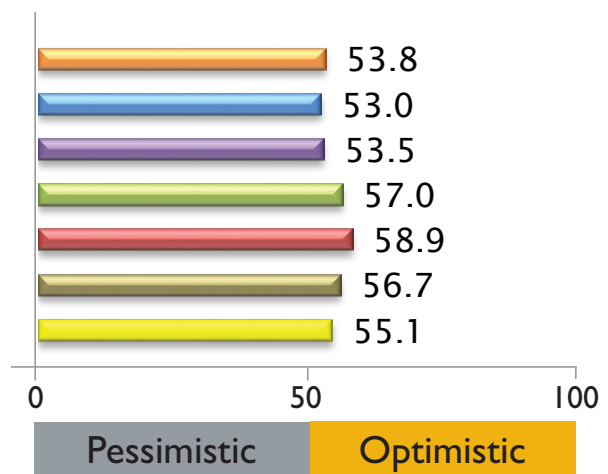
Anchorage Economy



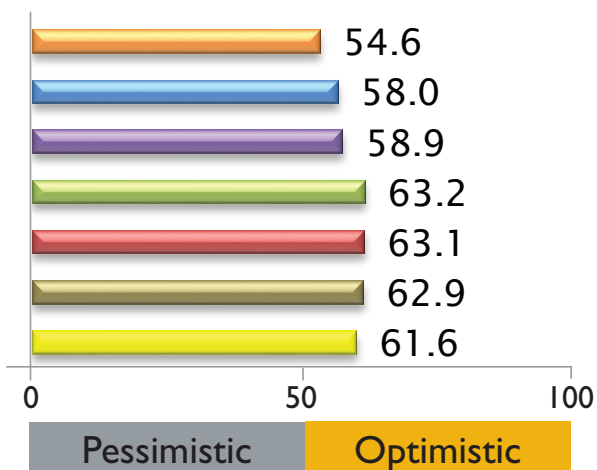
Capital Expenditures



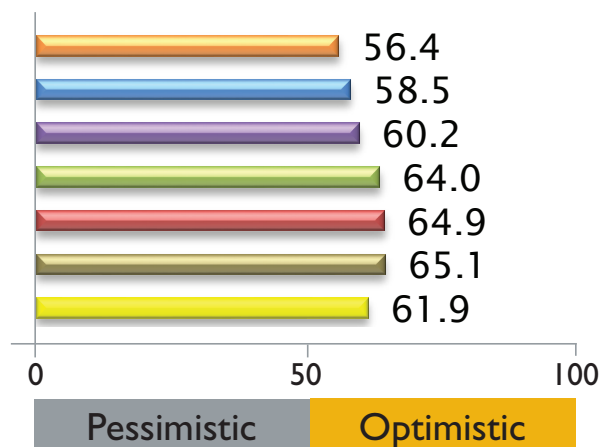
Employment



Net Profits



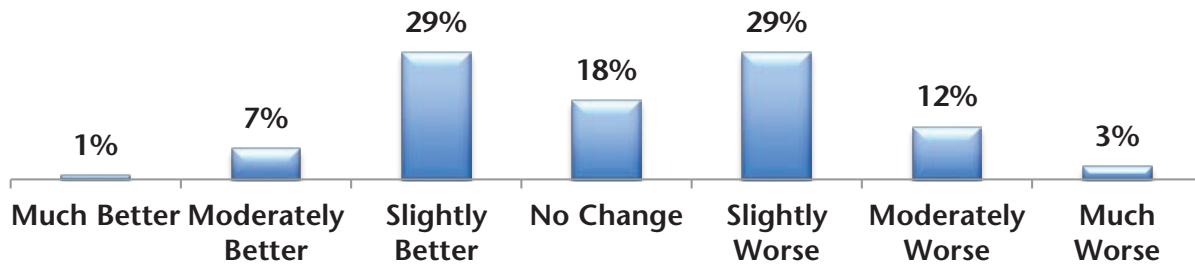
Gross Sales



ANCHORAGE ECONOMY

Business optimism about the overall Anchorage economy have dropped to 2010 levels. Only 37 percent of business respondents expect the Anchorage economy to fare better in 2015 than 2014; with 29 percent of respondents anticipating the local economy to be “slightly better.” Approximately one-fifth of business respondents (18 percent) expect no change, while 44 percent expect the Anchorage economy to be worse in 2015.

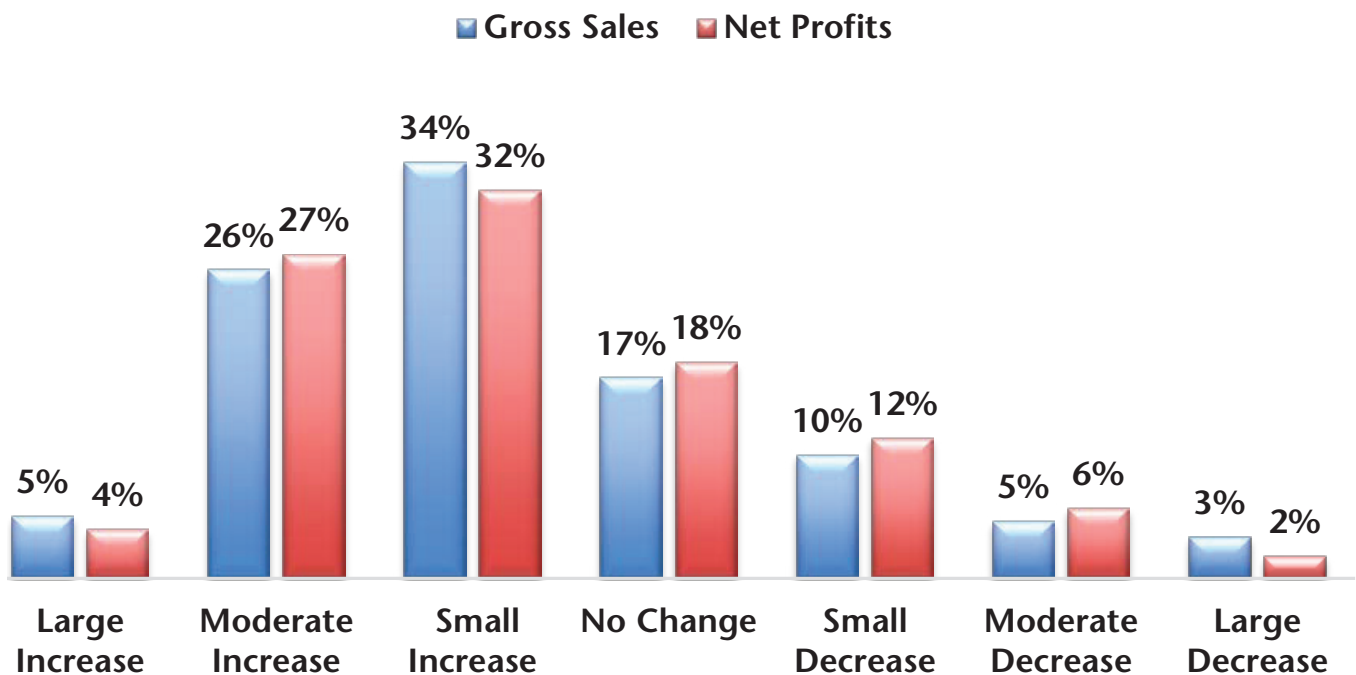
How do you think the Municipality of Anchorage economy will fare in 2015, compared to 2014?



GROSS SALES AND NET PROFITS

The majority of Anchorage business respondents expect their gross sales and net profits to increase in 2015. Nearly two-thirds of respondents expect an increase in gross sales (65 percent) and an increase in net profits (63 percent). These results are lower than last year’s results when 73 percent projected an increase in gross sales, and 68 percent an increase in net profits.

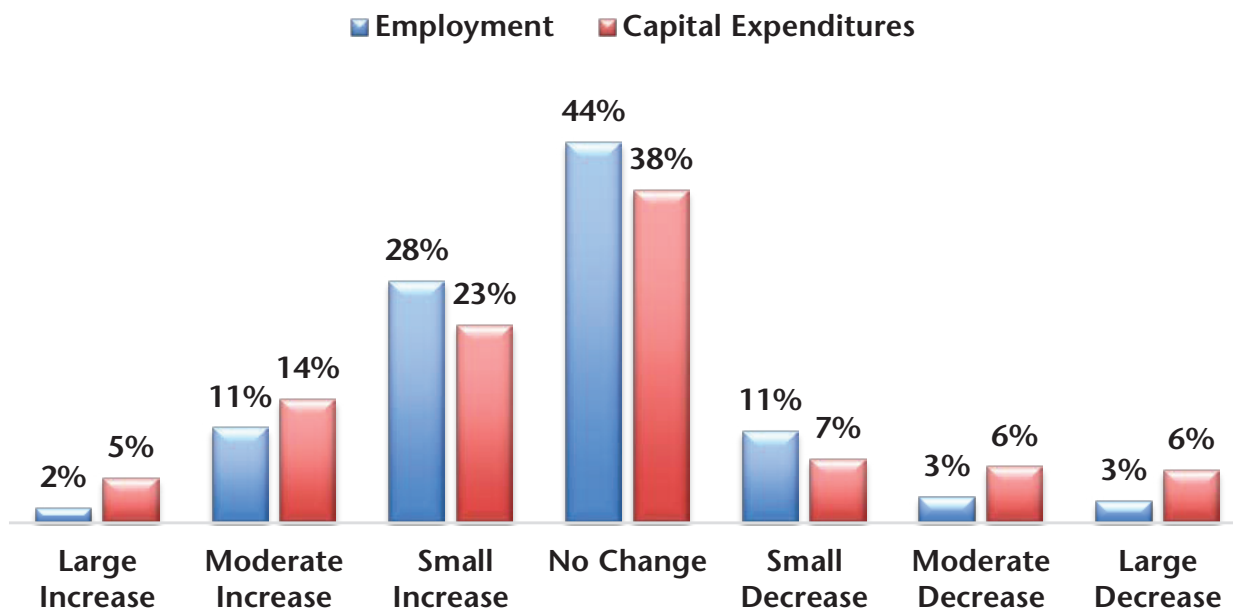
Expectations for Gross Sales and Net Profits in 2015



EMPLOYMENT AND CAPITAL EXPENDITURES

Approximately two-fifths of business respondents expect both increases in their employment in 2015 (41 percent) and capital expenditures (42 percent). These results are lower than last year's results when 46 percent projected an increase in employment and 50 percent an increase in capital expenditures. Those who projected decreases also grew, with 17 percent projecting decreases in employment compared to 13 percent last year, and 19 percent in capital expenditures compared to 16 percent last year.

Expectations for Gross Sales and Net Profits in 2015



BARRIERS TO BUSINESS GROWTH

The top barrier facing Anchorage business respondents is the condition of the state's economy, with 33 percent of respondents indicating the barrier is "significant" to their organization's growth. Health insurance was reported as the second top "significant" barrier (31 percent) this year by business respondents. Last year, the top two barriers were health insurance and federal regulations, both at 33 percent.

When responses are combined that identify "significant" and "moderate" barriers, the top five issues creating business barriers include:

- Condition of the state economy (77 percent)
- Availability of professional/technical workforce (69 percent)
- Condition of the national economy (64 percent)
- Health insurance (59 percent)
- Cost of labor (55 percent)

IMPORTANT ISSUES AFFECTING ANCHORAGE'S ECONOMY

As with previous years, Anchorage businesses and organizations continue to see oil and gas development and associated issues as “very important” to Anchorage’s economy, including declining North Slope oil production (80 percent “very important”), natural gas pipeline from North Slope to Cook Inlet (65 percent) and Cook Inlet resource development (64 percent). While the importance of these projects have all decreased in “very important” percentages from last year, the sustainability of the State of Alaska operating budget increased to 76 percent of business respondents reporting it as “very important” to Anchorage’s economy.

When asked what was the “most important” issue to the Anchorage economy, declining North Slope oil production was most often mentioned (24 percent), the same issue reported as “most important” last year.

BUSINESS SUPPORT FOR AN ANCHORAGE SALES TAX

When businesses were asked if they support the establishment of a municipal sales tax, 60 percent of business respondents indicated they favor a sales tax to offset business and residential property taxes, compared to 58 percent who supported a tax last year.

Do you support establishment of a sales tax to offset business and residential property taxes in Anchorage?

	Dec. 2014 Survey Results	Dec. 2013 Survey Results	Dec. 2012 Survey Results	Dec. 2011 Survey Results
Yes	60%	58%	54%	60%
No	40%	42%	46%	40%

WORKFORCE HOUSING

When asked if the price, quality, and affordability of Anchorage’s housing stock affected a business’ ability to retain and recruit employees, 57 percent of business respondents indicated it did, similar to last year’s response.

Anchorage Economic Development Corporation (AEDC) contracted with McDowell Group for the seventh year to conduct the annual Business Confidence Index (BCI) survey of businesses and organizations in Anchorage (including Eagle River and Chugiak). The purpose of the survey is to identify various factors that affect Anchorage businesses and the overall economy in order to assess business confidence.

The online survey was conducted from November 6 to December 19, 2014. Respondents were asked a series of questions regarding their organization's business performance in 2014 compared to 2013, expectations for 2015, perceived barriers to growth, importance of various projects and issues to the Anchorage economy and their opinion of the overall economies in Anchorage and Alaska. Most of the questions were unchanged from prior surveys, allowing results to be benchmarked. A total of 245 businesses and organizations completed the survey.

A business confidence index model was designed to gauge expectations about the overall Anchorage economy, gross sales, net profits, employment and capital expenditures. The index, with a possible maximum of 100, indicates a positive outlook for percentages above 50 and a negative outlook for numbers below 50. Businesses involved in professional services, finance/insurance/real estate, non-profits, engineering/architecture and tourism/hospitality had the highest percentage of participation in the survey this year.

- When business respondents were asked how net profits compared from 2014 to 2013, the majority of business respondents (61 percent) reported an increase (small, moderate, large combined) in net profits. This is a decrease from last year's results of 65 percent that reported an increase.
- Over one-quarter (27 percent) reported a decrease (small, moderate, large combined) in net profits. This was higher than last year's result of 23 percent of respondents reporting a decrease.
- Twelve percent of respondents reported no change in their net profits between 2014 and 2013.

In term of net profits, how has your business performed in 2014 compared to 2013?

	Dec. 2014 Survey Results	Dec. 2013 Survey Results	Dec. 2012 Survey Results	Dec. 2011 Survey Results	Dec. 2010 Survey Results	Dec. 2009 Survey Results	Dec. 2008 Survey Results
Large increase	8%	6%	10%	8%	6%	6%	12%
Moderate increase	29	24	25	23	20	15	30
Small increase	24	35	21	26	30	21	23
No change	12	12	15	19	9	13	12
Small decrease	14	12	15	12	16	17	13
Moderate decrease	9	9	9	7	10	18	2
Large decrease	4	2	4	6	8	10	8

Note: Results re-calculated to remove "not applicable" responses. Due to rounding, some columns may not add up to 100 percent.

GROSS SALES/ANNUAL OPERATING BUDGET

- Nearly two-thirds of business respondents (65 percent) expect an increase (small, moderate, large combined) of their gross sales or annual operating budgets in 2015; 34 percent expect the increase to be small.
- Eighteen percent of business respondents expect a decrease (small, moderate, large combined) in their gross sales or annual operating budgets in 2015, and 17 percent expect no change.

In terms of gross sales/annual operating budget, how do you expect your organization to perform in 2015 compared to 2014?

	Dec. 2014 Survey Results	Dec. 2013 Survey Results	Dec. 2012 Survey Results	Dec. 2011 Survey Results	Dec. 2010 Survey Results	Dec. 2009 Survey Results	Dec. 2008 Survey Results
Large increase	5%	4%	3%	4%	3%	6%	4%
Moderate increase	26	27	33	26	22	22	26
Small increase	34	42	37	38	38	32	27
No change	17	14	15	19	21	15	8
Small decrease	10	9	6	8	10	13	17
Moderate decrease	5	3	4	2	3	10	15
Large decrease	3	1	3	2	4	4	2

Note: Results re-calculated to remove “not applicable” responses. Due to rounding, some columns may not add up to 100 percent.

NET PROFITS

- The majority of business respondents (63 percent) expect an increase (small, moderate, large combined) in their net profits in 2015; 32 percent expect a small increase.
- One-fifth of business respondents (20 percent) expect a decrease (small, moderate, large combined) in net profits and 18 percent expect no change.

In terms of net profits, how do you expect your organization to perform in 2015 compared to 2014?

	Dec. 2014 Survey Results	Dec. 2013 Survey Results	Dec. 2012 Survey Results	Dec. 2011 Survey Results	Dec. 2010 Survey Results	Dec. 2009 Survey Results	Dec. 2008 Survey Results
Large increase	4%	3%	2%	4%	2%	4%	5%
Moderate increase	27	24	23	23	20	24	20
Small increase	32	41	43	39	38	30	23
No change	18	15	20	19	22	18	15
Small decrease	12	11	7	10	10	12	21
Moderate decrease	6	4	5	2	4	9	14
Large decrease	2	1	-	2	4	4	1

Note: Results re-calculated to remove “not applicable” responses. Due to rounding, some columns may not add up to 100 percent.

EMPLOYMENT

- Over two-fifths of business respondents (41 percent) expect to hire more workers in 2015; though, just over one-quarter (28 percent) expect only a small increase.
- Seventeen percent of business respondents expect a decrease in their hiring in 2015, and 44 percent expect no change in their employment levels.

In terms of employment, how do you expect your organization to perform in 2015 compared to 2014?

	Dec. 2014 Survey Results	Dec. 2013 Survey Results	Dec. 2012 Survey Results	Dec. 2011 Survey Results	Dec. 2010 Survey Results	Dec. 2009 Survey Results	Dec. 2008 Survey Results
Large increase	2%	1%	2%	2%	-%	2%	3%
Moderate increase	11	11	11	11	9	7	13
Small increase	28	33	39	32	25	24	23
No change	44	41	39	43	49	49	35
Small decrease	11	8	6	10	12	11	20
Moderate decrease	3	4	2	2	2	4	6
Large decrease	3	1	<1	1	2	2	1

Note: Results re-calculated to remove “not applicable” responses. Due to rounding, some columns may not add up to 100 percent.

CAPITAL EXPENDITURES

- Forty-two percent of business respondents expect to increase their capital expenditures in 2015, though less than one-quarter of respondents (23 percent) expect small increases.
- Nineteen percent of respondents expect a decrease in their 2015 capital expenditures, and 38 percent expect no change.

In terms of capital expenditure, how do you expect your organization to perform in 2015 compared to 2014?

	Dec. 2014 Survey Results	Dec. 2013 Survey Results	Dec. 2012 Survey Results	Dec. 2011 Survey Results	Dec. 2010 Survey Results	Dec. 2009 Survey Results	Dec. 2008 Survey Results
Large increase	5%	7%	7%	5%	3%	4%	5%
Moderate increase	14	14	18	12	12	8	10
Small increase	23	29	27	28	31	23	22
No change	38	35	35	43	37	42	28
Small decrease	7	8	7	8	7	9	16
Moderate decrease	6	3	4	4	5	8	10
Large decrease	6	5	2	2	5	5	8

Note: Results re-calculated to remove “not applicable” responses. Due to rounding, some columns may not add up to 100 percent.

Barriers to Business Growth

Respondents were asked to rate a list of potential barriers to business growth as either significant, moderate, not a barrier or not applicable.

- Most respondents rated the condition of the state economy as a “significant” barrier to their growth (33 percent).
- When “significant” and “moderate” ratings were combined, the top five barriers to growth are as follows: the condition of the state economy (77 percent), availability of professional/technical workforce (69 percent), condition of the national economy (64 percent), health insurance (59 percent) and cost of labor (55 percent).
- “Other” barriers (or comments) mentioned by respondents not included in the table below can be found in the Appendix.

To what extent are the following factors a barrier to your organization’s growth?

	Significant barrier	Moderate barrier	Not a barrier	Not applicable
Condition of the state economy	33%	44%	19%	3%
Health insurance	31	28	33	8
Availability of professional/technical workforce	26	43	27	4
Federal regulations	25	25	41	9
Condition of the national economy	16	48	32	3
Cost of labor	15	40	41	4
Energy prices	15	33	41	10
Federal taxes	14	22	51	13
Job readiness of entry-level workforce	14	38	39	9
Availability of semi-skilled workforce	13	38	39	10
Municipality of Anchorage regulations	12	25	53	10
State regulations	12	34	46	8
Cost of commercial lease/rental property	10	32	44	14
Transportation linkages with suppliers and markets	9	19	54	18
Workers’ Compensation insurance	9	25	58	8
Access to capital	8	21	59	12
Energy supply	8	18	63	11
Municipality of Anchorage taxes	6	20	61	13
Public safety in Anchorage	5	16	68	11
State taxes	5	15	67	14

Notes: Due to rounding, some rows may not add up to 100 percent.

Capital Improvement Plans

- Less than one-third of business respondents (31 percent) are planning capital improvement projects in the next two years. Of those expecting capital improvements, 78 percent report these improvements will lead to job creation.
- Of the remaining respondents (69 percent) not planning capital improvements, most (73 percent) reported the recent economic climate did not affect their development plans.

Are you planning significant capital improvement in the next two years (2015-2016)?

	Dec. 2014 Survey Results	Dec. 2013 Survey Results	Dec. 2012 Survey Results	Dec. 2011 Survey Results	Dec. 2010 Survey Results	Dec. 2009 Survey Results	Dec. 2008 Survey Results
Planning capital improvement	31%	35%	43%	34%	27%	31%	34%
Will create jobs	78	70	65	71	64	73	74
Will not create jobs	22	30	35	29	36	27	26
Not planning capital improvement	69%	65%	57%	66%	73%	69%	66%
Recent economic climate did not affect plans	73	76	88	72	62	69	74
Recent economic climate affected plans	27	24	12	28	38	31	26

ALASKA ECONOMY

- When asked how the Alaska economy will fare in 2015, over one-third of business respondents (35 percent) reported they think the economy will fare better (slightly, moderately, much combined). This is a decrease from last year when 56 percent of respondents thought the Alaska economy would fare better in the coming year.
- Fifteen percent of respondents think there will be no change in the Alaska economy in 2015.
- Half of the business respondents think the Alaska economy will be worse (slightly, moderately, much combined) in 2015, a significant increase from last year's results of 24 percent.

How do you think the overall Alaska economy will fare next year, compared to this year?

	Dec. 2014 Survey Results	Dec. 2013 Survey Results	Dec. 2012 Survey Results	Dec. 2011 Survey Results	Dec. 2010 Survey Results	Dec. 2009 Survey Results	Dec. 2008 Survey Results
Much better	2%	1%	2%	1%	1%	-%	3%
Moderately better	8	13	11	8	8	7	5
Slightly better	25	42	41	42	38	30	13
No change	15	20	29	26	25	15	14
Slightly worse	29	20	13	19	23	37	44
Moderately worse	16	3	4	3	4	10	17
Much worse	5	1	-	2	2	2	3

Notes: Due to rounding, some rows may not add up to 100 percent.

ANCHORAGE ECONOMY

- Thirty-seven percent of business respondents think the Anchorage economy will fare better (slightly, moderately, much combined) in 2015. This is a significant decrease from last year when 59 percent of respondents reported they think the Anchorage economy will fare better in the coming year.
- Eighteen percent of respondents reported they think there will be no change in the overall Anchorage economy in 2015.
- Forty-four percent of respondents think the Anchorage economy will fare worse (slightly, moderately, much combined) in 2015. This is a significant increase from last year's results when about 19 percent of respondents expected the Anchorage economy to be worse.

How do you think the overall Municipality of Anchorage economy will fare next year, compared to this year?

	Dec. 2014 Survey Results	Dec. 2013 Survey Results	Dec. 2012 Survey Results	Dec. 2011 Survey Results	Dec. 2010 Survey Results	Dec. 2009 Survey Results	Dec. 2008 Survey Results
Much better	1%	1%	1%	-%	1%	-%	3%
Moderately better	7	11	14	7	8	8	8
Slightly better	29	47	36	48	39	25	16
No change	18	22	28	25	27	21	14
Slightly worse	29	17	19	15	21	32	47
Moderately worse	12	1	2	3	3	13	11
Much worse	3	<1	-	2	1	2	1

Note: Due to rounding, some columns may not add up to 100 percent.

Importance of Issues for the Economy

Businesses were asked to rate the importance (very, somewhat or not important) of various projects and issues to the Anchorage economy. One new issue/project was added to the list this year: Anchorage's road infrastructure.

- As in previous years, resource development and its impacts are “very important” to Anchorage businesses, with 80 percent of respondents rating declining North Slope oil production as “very important,” followed by the sustainability of Alaska’s operating budget (76 percent), a natural gas pipeline from the North Slope to Cook Inlet (65 percent) and Cook Inlet resource development (64 percent).
- Other “very important” issues to the Anchorage economy included: workforce affordable housing (56 percent), Pebble Project (54 percent) and 90 percent Anchorage School District high school graduation rate by 2020 (50 percent).
- “Other” issues of high importance to respondents not included in the table below can be found in the Appendix.

How important do you think the following are for the Municipality of Anchorage economy?

	Very important	Somewhat important	Not important	Don't know
Declining North Slope oil production	80%	16%	3%	1%
Sustainability of State of Alaska operating budget	76	21	1	2
Natural gas pipeline from North Slope to Cook Inlet	65	25	7	3
Cook Inlet resource development	64	30	2	4
Workforce affordable housing	56	36	7	2
Pebble Project	54	35	8	2
90% ASD high school graduation rate by 2020	50	39	7	4
Community and neighborhood safety	47	44	8	1
Anchorage's road infrastructure	43	48	7	2
Workforce training	42	50	6	2
Creative environments that enhance community livability	33	46	18	3
Port of Anchorage expansion	33	45	17	4
City parks and trails revitalization	25	46	26	3
Upgrade of energy & water/wastewater utility infrastructure	25	56	13	6
Live. Work. Play. initiative	22	45	26	7
Knik Arm Bridge	21	30	44	6
Susitna-Watana Hydroelectric Project	18	33	40	10
Ship Creek redevelopment	12	42	38	9

Note: Due to rounding, some columns may not add up to 100 percent.

When asked to identify what was the “most important” issue for the Anchorage economy, declining North Slope oil production was rated the most important by 24 percent of respondents, followed by the natural gas pipeline from the North Slope to Cook Inlet (13 percent) and the sustainability of State of Alaska operating budget (12 percent).

Other issues of high importance to respondents can be found in the Appendix.

Which of the following do you think is most important for the Municipality of Anchorage economy?

	Dec. 2014 Survey Results	Dec. 2013 Survey Results	Dec. 2012 Survey Results	Dec. 2011 Survey Results	Dec. 2010 Survey Results	Dec. 2009 Survey Results	Dec. 2008 Survey Results
Declining North Slope oil production	24%	28%	31%	-%	-%	-%	-%
Natural gas pipeline from North Slope to Cook Inlet	13	16	18	14	18	20	25
Sustainability of State of Alaska Operating Budget	12	13	*	*	*	*	*
Affordable workforce housing	8	9	16	28	16	15	*
Cook Inlet resource development	8	8	8	3	5	2	*
Knik Arm Bridge	6	7	8	6	5	6	4
Workforce training	5	5	2	3	2	4	7
Pebble Project	4	<1	1	*	*	*	*
Community and neighborhood safety	3	1	*	*	*	*	*
Live. Work. Play. Initiative	3	1	*	*	*	*	*
Port of Anchorage expansion	3	3	8	10	7	4	2
90% ASD high school graduation rate	2	3	*	*	*	*	*
Anchorage’s road infrastructure	2	*	*	*	*	*	*
Creative environments that enhance community livability	2	1	*	*	*	*	*
Susitna-Watana Hydroelectric Project	2	<1	2	*	*	*	*
Ship Creek Redevelopment	1	-	-	*	*	*	*
Upgrade of utility infrastructure**	1	1	1	3	4	*	*
City parks & trails revitalization	<1	-	*	*	*	*	*
Other**	3	1	4	3	5	4	4

Notes: * Indicates project not included in the survey that year. **Other responses can be found in the Appendix. Due to rounding, some columns may not add up to 100 percent.

BUSINESS SUPPORT FOR AN ANCHORAGE SALES TAX

A majority of respondents (60 percent) support establishing a sales tax in Anchorage, up from 58 percent from last year, and the same percentage as when the question was first asked in 2011.

Do you support establishment of a sales tax to offset business and residential property taxes in Anchorage?

	Dec. 2014 Survey Results	Dec. 2013 Survey Results	Dec. 2012 Survey Results	Dec. 2011 Survey Results
Yes	60%	58%	54%	60%
No	40%	42%	46%	40%

WORKFORCE HOUSING

Similar to last year, a majority of respondents (57 percent) say the price, quality, and affordability of Anchorage’s housing stock affects their ability to retain and recruit employees.

Does the price, quality, and affordability of Anchorage’s housing stock affect your ability to retain and recruit employees?

	Dec. 2014 Survey Results	Dec. 2013 Survey Results
Yes	57%	58%
No	43%	42%

Respondent Characteristics

Respondents self-identified their business sector. The top five sectors represented in this year's survey include professional services, finance/insurance/real estate, non-profit, engineering/architecture and tourism/hospitality.

What sector best describes your organization? (self-identified)

	Dec. 2014 Survey Results	Dec. 2013 Survey Results	Dec. 2012 Survey Results	Dec. 2011 Survey Results	Dec. 2010 Survey Results	Dec. 2009 Survey Results	Dec. 2008 Survey Results
Professional services	21%	15%	12%	10%	9%	12%	14%
Finance/insurance/ real estate	12	20	9	8	10	9	10
Non-profit	11	8	12	13	1	7	6
Engineering/ architecture	8	7	4	7	4	7	11
Tourism/hospitality	6	2	7	5	13	6	7
Health care	5	3	2	3	4	4	2
Wholesale/retail trade	5	3	6	5	7	4	5
Construction/ maintenance	4	8	5	3	9	5	4
Media/ communication	4	2	6	4	7	10	5
Transportation	4	9	7	10	6	5	16
Alaska Native Corporation	2	2	2	4	2	*	*
Arts/education	2	4	3	5	1	3	1
Government/military		5	7	2	1	7	3
Information technology	2	2	4	3	2	3	2
Mining/oil production	2	2	3	4	4	6	9
Mining/oil support services	2	3	3	2	*	*	*
Utilities	2	1	3	2	4	3	3
Social services	<1	-	-	1	*	*	*
Fishing/seafood	-	<1	-	2	-	-	1
Manufacturing	-	1	2	1	3	3	1
Personal services	-	-	-	-	-	2	*
Other**	3	-	4	7	5	3	3

Notes: * Indicates sector not represented in the survey for that year.

**Other sectors included: building management, fitness, landscape/support services, film production, freelance photography, market research industry and water development conveyance and sales.

ORGANIZATION SIZE

When asked about their business' gross sales or annual operating budgets, 64 percent of business respondents had over \$1 million in gross sales or annual operating budgets.

Which of the following categories best describes your organization's annual gross sales or annual operating budget?

	Dec. 2014 Survey Results	Dec. 2013 Survey Results	Dec. 2012 Survey Results	Dec. 2011 Survey Results	Dec. 2010 Survey Results	Dec. 2009 Survey Results	Dec. 2008 Survey Results
Under \$250,000	16%	11%	9%	16%	21%	19%	10%
\$250,000 to \$500,000	8	6	3	4	9	5	4
\$500,000 to \$1 million	8	5	10	9	8	8	7
\$1 million to \$5 million	26	19	20	19	25	20	18
\$5 million to \$10 million	8	12	11	9	10	7	13
More than \$10 million	30	41	45	38	26	38	47
Don't know	5	6	3	5	2	3	3

Note: Due to rounding, some columns may not add up to 100 percent.

CURRENT AND PEAK EMPLOYMENT

Nearly half of business respondents (45 percent) are small businesses with less than 10 full-time and part-time employees. One-quarter of respondents employed 100 or more people in 2014.

How many people (full-time and part-time) do you employ in the Municipality of Anchorage currently?

	Dec. 2014 Survey Results	Dec. 2013 Survey Results	Dec. 2012 Survey Results	Dec. 2011 Survey Results	Dec. 2010 Survey Results	Dec. 2009 Survey Results	Dec. 2008 Survey Results
Under 10	45%	38%	31%	39%	46%	42%	26%
10 to 49	22	20	27	27	28	26	38
50 to 99	5	11	12	7	8	9	8
100 to 249	12	16	12	10	6	9	9
250 to 500	6	3	10	8	7	6	9
500 or more	7	11	8	7	5	8	10
Don't know	2	<1	-	2	1	1	1

Note: Due to rounding, some columns may not add up to 100 percent.

Responses on peak employment are similar to the number of current employees.

How many people (full-time and part-time) do you employ in the Municipality of Anchorage in a peak month?

	Dec. 2014 Survey Results	Dec. 2013 Survey Results	Dec. 2012 Survey Results	Dec. 2011 Survey Results	Dec. 2010 Survey Results	Dec. 2009 Survey Results	Dec. 2008 Survey Results
Under 10	42%	37%	30%	39%	43%	39%	23%
10 to 49	24	22	27	26	29	27	38
50 to 99	7	11	12	8	8	9	10
100 to 249	10	13	11	10	6	10	10
250 to 500	7	5	11	9	10	4	8
500 or more	8	11	9	7	4	9	12
Don't know	2	<1	-	2	1	1	-

Note: Due to rounding, some columns may not add up to 100 percent.

The following section includes verbatim responses for open-ended survey questions.

Are there any other barriers that prevent your organization from achieving growth?

- 1. Other utilities electing to build their own power plants and terminate wholesale power contracts. 2. Consumers practicing energy efficiency and conservation.
- A huge barrier is the way in which credit unions have an advantage over banks because they don't pay federal income taxes.
- Ability to retain technical and educated workforce in AK.
- Access for employees to affordable and quality child care.
- Adequate demand for local services as provided by small businesses.
- Affordable Care Act.
- Affordable early education and child care options.
- Affordable housing for my workers.
- Availability of investor and funding sources.
- Availability of projects in my arena.
- Availability to acquire Downtown adjoining real estate.
- Availability of funds for our senior programs.
- Bonding by Anchorage, increases property taxes.
- Businesses going to cheaper lower 48 businesses to get their needs fulfilled.
- Cap on property tax, slim ability to generate income on existing properties.
- Changing character of our industry.
- Commodity prices (oil, gold, etc.). Fiscal policy (oil taxes, etc.). Land Access (ANWR, etc.).
- Cost of travel in Alaska; State budget cuts to grant programs.
- Declining federal and state budgets to leverage capital and other investments.
- Diversity of our state economy.
- Expansion Availability Downtown.
- Federal budgetary cutbacks.
- Federal Regulations and time it take to process and implement any type of business.
- I am in the Real Estate profession & we are independent contractors working under a brokerage house. There are many facets that affect our industry...both the consumers who are buying & selling real estate but also us as employers. The state seems to think that our employees work for the brokerage which in fact they do not. We pay space lease, set our own office hours and hold individual business licenses. This has posed an issue in us being able to pay our employee's state social security tax. We are currently in limbo on this item. A separate issue we face, and all property owners or future property owners need to be aware of is the Federal Corps of Engineers new bill that is on the table to determine the level of permitting/permission (or if you can even develop a parcel of land abutting any body of water, stream or lake. Many do not consider this type of regulation till it affects them when they go to build a cabin, house, or subdivision. The new guidelines are rigorous & costly.
- If Senator Stoltze attacks the Film Incentive Program again this session.
- Incompetent senior management in the MOA.
- Increased outside competition due to national economy and local opportunities.

- Inefficient state government. Takes forever to get answers to questions--then the answers change all the time. Organized labor controls the state, and their interest is jobs and dues. Their power was demonstrated by their overturning Sullivan's labor initiatives and in running Parnell out of office.
- Lack of affordable financeable housing.
- Lack of growth in rural Alaska.
- Lack of Medicaid rate setting mechanism which limits services available in Anchorage to chronic homeless inebriates and seriously mentally ill.
- Legal.
- Limited size of the Alaska market and difficulty selling Outsiders on why they should use an Alaska firm.
- Local healthcare economy & likelihood of cuts in reimbursement to healthcare professionals.
- Low interest rates supported by federal government.
- ML&P's outdated, exclusionary, and discriminatory interconnect agreement that hurts Anchorage. And the State's inability to remove out of state contracting ESCO companies from their bid list, and then not being able to qualify for their own AHFC/AEA money because the markup from the non-Alaskan contractors is too high.
- Municipal budget.
- Need, competition.
- Obamacare. We decreased our staff to get under the employer mandate. And yes, several people try and reason this has been delayed. Yes, delayed, not taken away. We can't just flick a switch next year and have more or less clients, or more or less quality staff. These both take time to put in place. Also, it's so expensive I can't afford it. And most of our employees are saying the same thing.
- Performance of investment markets.
- Reduction in State and Municipal Capital Improvement Budget.
- Republican domination of city government.
- Significantly lower amounts of corporate and individual contributions to the non-profit 501(c)3 sector.
- State and Federal budget reductions.
- State energy policy as it relates to oil and gas project participation and future fiscal policy.
- The health of other businesses.
- The important discussion of a 'living wage' has been interpreted that all workers, including entry level, are due \$14 an hour and health insurance or they are being exploited. The take-away idea that maybe you shouldn't start a family until you have the ability to earn \$14/hour does not seem to be the message received. This has put lots of pressure on pay levels for small retail. Our pay levels have jumped so we have had to cut staff.
- The price of oil and the decline in oil production.
- Tied to the State & Federal Economy the reduction in both State and Federal spending on capital projects as well as the decline in oil production and prices.
- Uncertainty in Alaska's tax structure.
- Uncertainty regarding the state's economy.
- We need more housing inventory, rental and purchase.
- We provide a service to the major O&G companies. If oil prices are low, production decline is too great or state taxes are too high, our business suffers.
- We receive federal money from Centers for Medicare and Medicaid. The hostility of current congress to

citizens in the form of social service spending and infrastructure investment has reduced reimbursement. Also their refusal to fulfill their role to govern like adults causes economic contraction.

- Zoning restrictions in Anchorage.

Are there any other projects you think are very important for the Anchorage Economy?

- Access to venture capital
- Accessibility (physical)
- After school!
- Anchorage International Airport Improvements
- Better/enhanced route out of Anchorage for commuters
- Bring H2H DOT&PF project back!
- Chronic inebriates in Fairview and downtown
- Continued support for healthcare worker education
- Coordination of MOA and State on projects
- Coordination of MOA departments to streamline permitting
- Dealing with homelessness in Anchorage
- Development of entrepreneurs
- Donlin Creek (3 mentions)
- Downtown Housing
- Downtown Revitalization
- Economic sustainability of ANC
- Eliminating legacy oil's influence on policy
- Encourage Entrepreneurship
- Enhancing bipartisan public policy development
- Enhancing the Community Infrastructure
- Permanent concrete structural homeless encampment
- Expansion of Alaskan tourism/convention business
- Gain control from federal and state overreach
- Gambell Corridor Redevelopment!
- Gasoline
- Growth and Sustainability of Child Care Infrastructure
- Increased support of the arts
- Institute a sales tax
- Knik Bridge
- Lack of State or Municipal incentives for economic development
- Land Exchange for Anchorage Residential Development
- Leadership pipeline - change to advisors, grow new
- Livengood Mine
- Lowering Crime

- Lowering Homelessness
- Maritime (including fisheries) workforce development
- Medicaid Expansion
- ML&P plant expansion/upgrade
- MOA budget cutting has caused slow permitting
- monies for school budget should NOT go to taxi to
- More housing projects in downtown
- More services for the growing senior population
- North slope OCS Exploration and Development
- Oil & gas production
- Oil and Gas (all forms, including LNG)
- Outcome of General Election for Governor
- Outcome of General Election for US Senator
- Outcome of municipal election for Mayor
- Peach Investments 4th and 5th Avenue Project!
- Pebble Mine (3 mentions)
- Plans for retail redevelopment
- Price of LNG for export
- Price of Natural Gas for local use
- Protecting UAA from budget cuts. Higher education is key
- Reducing partisan bias in public policy
- Revitalized local business districts: Spenard Rd.
- Road development in the interior to open lands
- Safety for Downtown Anchorage
- Sane policies around recreational marijuana sales
- Significant structural process reforms MOA
- Slow bleed-out of UAA is a pending catastrophe
- Sustained price of oil. High is good. Low is bad.
- Teacher pay/work performance incentives
- Title 21 is limiting building/renovations
- Title 21 refinement and adoption
- Toll bridge to valley a waste of time and money
- Transit
- Transport children where ever they want to go
- TSIA Expansion/Diversification
- University of Alaska, Anchorage
- Wi-Fi access

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We know the territory.

This economic forecast
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